

Improving CNA Wages and Support through Medicaid Incentive Payment Programs

Certified Nursing Assistants (CNAs) across the U.S. are insufficiently compensated for their work. The inclusion and full funding of workforce metrics in Medicaid incentive payment programs is a powerful way to boost CNA compensation and staffing. The Coalition will work with individual states and the Centers for Medicare & Medicaid Services (CMS) to advance the adoption and scalability of this approach.

Guiding Recommendation from NASEM's The National Imperative to Improve Nursing Home Quality

“Federal and state governments, together with nursing homes, should ensure competitive wages and benefits (including health insurance, child care, and sick pay) to recruit and retain all types of full- and part-time nursing home staff.”
(Recommendation 2A, p. 509)

*The Coalition thanks the
Workforce Committee
for writing this Action Plan.*

Purpose

States have implemented a range of policies to improve wages for direct care workers, including certified nursing assistants (CNAs) in nursing homes, in order to strengthen health workforce recruitment and retention, advance equity for this historically marginalized profession, and improve care and outcomes. Wage pass-through laws (which allocate additional funds specifically for compensation increases through increased Medicaid reimbursement) have been one key mechanism to increase direct care worker wages, although questions remain about the efficacy and transparency of this approach.

In recent years, there has been a rise in state-based Medicaid incentive payment models (such as quality incentive payment and value-based payment programs, among others) in the nursing home sector. These payment models involve certain process, structure, and outcome goals tied to an accompanying payment enhancement if those goals are met (and in some programs, loss of payment, if they are not). States have considerable autonomy to develop such programs within their Medicaid structures, including addressing CNAs' wages, benefits, and other workforce issues by incorporating relevant workforce metrics.

However, few state policymakers have considered wage advancement or other staffing metrics within their incentive payment programs to date. A 2022 scan found that only 12 of the 24 states with a nursing home Medicaid value-based payment program in place included a workforce metric (see Appendix Table 1). These states varied widely in terms of both the type of metric included and the potential efficacy for advancing CNA compensation and stabilizing staffing. Despite the growing interest in including workforce metrics in Medicaid incentive payment programs, there has been very little guidance on how to structure these programs from either the Centers for Medicare & Medicaid Services (CMS) or other organizations.

Illinois and California have developed promising examples to learn from and potentially replicate. Illinois has introduced incentive payments for nursing homes related to tenure- and promotion-based wage enhancements for CNAs, as well as payments tied to staffing ratios. California has established a Workforce & Quality Incentive program, through which nursing homes receive directed payments based on workforce and quality metrics, and a Workforce Standards program, through which nursing homes receive an enhanced *per diem* rate if they meet workforce standards related to wages and other factors.

The Coalition will explore the potential value of incorporating workforce metrics into state-level nursing home Medicaid payment incentive programs, aiming to identify key success factors and potential consequences, both favorable and not. The Coalition will look at options and considerations for increasing CNA wages and benefits through these programs and addressing other workforce issues, including turnover, retention, career advancement,

and staffing levels. Based on the findings from this review and analysis, the Coalition will develop a “how-to guide” for states with various program options. Two primary considerations the guide will address include whether incentive payments are large enough to cover the additional costs associated with wages (or other staffing enhancements); and whether the program structured maximizes the benefit for lower-resource nursing homes (e.g., by using stable, achievable metrics, and by not benchmarking facilities against the state average).

Ideally, the Coalition will also identify at least one state with an existing nursing home Medicaid incentive payment program that agrees to include a CNA compensation metric or other workforce metrics in their program. The Coalition will work with that state to determine that the program is well-designed, based on existing data, and that equity concerns are proactively addressed. Full state funding for the additional elements of the program will be needed for these elements to be successfully implemented.

The Coalition will also make a recommendation to CMS to consider including this guidance for states through a CMS memo, bulletin, or other communication, and/or as part of incentive payment program applications submitted to CMS.

Goal #1: Conduct background research and develop a short, evidence-informed guide on how states can incentivize CNA workforce improvements (such as increased wages and benefits) through nursing home Medicaid payment incentive programs.

Goal #2: Partner with 1-2 states with existing nursing home payment incentive programs to include a metric designed to incentivize nursing home workforce improvements, potentially including increased CNA wages, benefits, or other adjustments.

Goal #3: Collaborate with CMS to provide guidance to states to include CNA compensation metrics or other workforce metrics in their proposed nursing home Medicaid quality incentive programs going forward.

Phases of Work

Progress To Date

The Coalition has begun conducting research on existing nursing home Medicaid incentive payment programs across states (see Appendix for examples of findings) and has spoken with representatives at CMS and other federal agencies, as well as professional and workforce organizations.

Proposed Timeline

The Coalition will develop a guide to share with states by Spring 2024. Additionally, the Coalition will work to identify at least one state willing to pilot test incorporating a wage-related metric or other workforce metrics into its current programs.

The Coalition will also develop a proposal to CMS to include guidance on the inclusion of compensation-related and potentially other workforce metrics in states' Medicaid incentive payment programs. If CMS promulgates this guidance to states seeking approval for Fiscal Year 2025, there will be potential for impact by October 2025.

State Approach

Activity	Completion Date
Collect information on states that have workforce-related metrics in their nursing home incentive payment programs.	November 2023
Identify best practices, challenges, considerations, and actual or potential outcomes and develop a guide to share with states.	March 2024
Reach out to at least 10 states with this guidance about including workforce metrics in their incentive payment programs, with the goal of securing interest and identifying next steps with one state.	June 2024

Federal Approach

Activity	Completion Date
Convene at least two virtual meetings with CMS about encouraging states to include a CNA wage-related metric and potentially other workforce metrics into states' nursing home incentive payment programs.	March 2024
Respond to questions and feedback from CMS, states, and/or others about integration of CNA wages into nursing home Medicaid incentive payment programs.	June 2024 (Ongoing)

Additional Details

Partners and Stakeholders

CMS: The Coalition recommends that CMS participate in information-gathering meetings and subsequently to encourage and assist states to adopt wage-related and/or other workforce metrics into their nursing home incentive payment program proposals. CMS has previously endorsed certain state approaches through informational bulletins and could leverage existing processes to promote workforce metrics through payment incentive programs, highlighting funding considerations and other key success factors.

State Medicaid Agencies: The Coalition recommends that state Medicaid agencies engage in discussions about adding workforce metrics (such as wage-related metrics) to their nursing home incentive payment programs. Once potential states are identified, the Coalition will reach out to continue those conversations.

Nursing Homes: The Coalition expects to engage with nursing home leaders about key factors and considerations for their successful participation in payment incentive programs that include workforce goals.

State/Local Workforce Commission(s): The Coalition expects state or local workforce commissions to provide guidance on living and competitive wages throughout the state.

Equity

The Coalition acknowledges that CNAs are predominantly women and people of color. In addition, 38 percent of CNAs live in or near poverty (below 200 percent of the federal poverty level), and 34 percent of CNAs rely on some form of public assistance. Each workforce-related metric in any nursing home incentive payment program must be assessed for its potential impact on minoritized or vulnerable individuals; programs must be assessed for their potential to promote equal participation and benefit across nursing homes (including those relying primarily on Medicaid funding); and outcome data should be disaggregated by race, ethnicity, gender, and income level as is feasible.

Sustainability and Financing

State Medicaid agencies will need to propose metrics that are quantifiable and measurable, ensure sufficient funding to support nursing home participation and benefit, and obtain approval from CMS to implement their incentive payment program plans. Nursing homes will

need the capacity to track workforce metrics and demonstrate that they have earned the incentive payments.

If at least one state begins working toward including a wage-related or other workforce metrics (such as turnover, retention, or staffing levels) in its Medicaid nursing home incentive payment program, then funding will be needed to support a robust evaluation of the process and dissemination of the findings.

Select References and Materials

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Appendix
Table 1. States with a QIP/VBP Staffing Metric

State	Wage	Retention	Turnover	Staffing	
				Levels	Other*
Illinois	yes	–	–	yes	
Florida	–	–	–	–	yes
Georgia	–	yes	–	–	
Hawaii	–	–	–	–	yes
Indiana	–	yes	–	–	
California	–	–	yes	yes	
Colorado	–	yes	yes	–	yes
Kansas	–	–	yes	yes	yes
Maryland	–	yes	–	yes	yes
Tennessee	–	yes	–	yes	yes
Utah	–	–	–	–	yes
Texas	–	–	–	yes	yes

*Additional information on this category available upon request.

Source: Brown, E., Domi, M., and Gifford, D. 2022. A Review of Nursing Home Medicaid Value-Based Payment Programs. The Center for Health Policy Evaluation in Long-Term Care

Acknowledgements

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