

**Michigan Department of Health and Human Services
Skilled Nursing Facility COVID-19 Response: Direct Care Worker Wage Increase
Frequently Asked Questions**

October 15, 2025

1. Will the direct care worker wage increase continue past September 30, 2025?

a. Has the direct care worker wage increase been extended?

Public Act 22 of 2025 extended the direct care wage hourly increase from October 1, 2025, through September 30, 2026 (FY26).

b. What is the amount of the direct care wage increase?

For eligible direct care workers, the hourly wage increase is \$3.40 for time periods occurring October 1, 2024, through September 30, 2026.

For eligible non-clinical workers, the hour wage increase is \$.85 for time periods occurring October 1, 2024, through September 30, 2026.

i. How are they paid if they are salaried?

If any of the eligible direct care employees are salaried their payments would be determined as follows: \$272 per pay period (\$3.40 x 80 hours) for FY25 and FY26.

If any of the eligible non-clinical staff employees are salaried their payments would be determined as follows: \$68 per pay period (\$.85 x 80 hours) for FY25 and FY26.

c. Has the reimbursement process changed?

The process for requesting reimbursement remains the same, but requests for time periods after September 30, 2025, must be submitted on the updated FY26 reimbursement form.

d. Have there been any changes to who is entitled to the wage increase?

The direct care workers and non-clinical staff employed by the facility eligible for the wage increase remain the same.

Eligible direct care workers include direct hands-on care hours for the following facility employees:

- Registered professional nurse
- Licensed practical nurse
- Competency-evaluated nursing assistant
- Respiratory Therapist

Eligible non-clinical staff include those facility employees who did not receive a wage subsidy as a direct care worker during the previous fiscal year and whose costs are

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reported in the following job classifications in nursing facility institutional cost reports shared with the department:

- Other housekeeping.
- Other maintenance worker.
- Other plant operations.
- Other laundry.
- Dining room assistants.
- Other dietary workers.
- Other medical records.
- Other social services.
- Other diversion therapy.
- Beauty and barber.
- Gift, flower, coffee, and canteen worker.

e. Have there been any changes to the eligible employee hours and payroll tax expenses? Are there additional eligible employee expenses?

The eligible employee hours and payroll tax expenses remain the same for direct care workers and eligible non-clinical staff.

f. Is there a deadline for submitting direct care worker wage increase reimbursement requests?

Reimbursement requests must be submitted within one year of the reimbursement period. For example, requests for October 2024 must be submitted to MDHHS by October 31, 2025, to qualify for reimbursement. No exceptions will be granted.

2. Who is entitled to the increase?

a. Are administrative staff entitled to the increase (DON/MDS, etc.)?

No, administrative staff are not eligible for the direct care worker wage pass-through. Only RNs, LPNs, CNAs and respiratory therapists that are facility employees providing direct patient care are eligible for the direct care wage pass-through. Only the time spent providing direct hands-on care to residents would be eligible for the direct care wage reimbursement. Supervising other staff that are performing hands on direct care would not be eligible for reimbursement.

Non-clinical staff in the categories identified in 1 part d. are also eligible for October 1, 2024, through September 30, 2026.

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- b. Do licensed staff working outside of the eligible direct patient care designations (RNs, LPNs, CNAs and respiratory therapists) qualify for the direct care wage increase? For example:**
- i. Does an activities aide who is also a CNA receive the direct care wage increase for all hours worked or only the hours worked, if any, as a CNA?**
 - ii. Does an administrator who is also a licensed RN receive the direct care wage increase?**

If these staff were to provide any direct patient care, then they would be eligible for the direct care wage increase for those hours, but their direct patient hours must be tracked separately from other hours worked.

- c. Are non-certified aides who perform direct care worker duties eligible for the direct care wage increase?**

Non-certified aides are not eligible for the direct care worker pass-through payments.

- d. Are non-Medicaid certified nursing facilities eligible for the direct care wage increase?**

Only nursing facilities certified to participate in either Medicaid or Medicare are eligible for the direct care worker pass-through payments. Licensed only nursing facilities and hospice residences are not eligible for the direct care worker pass-through payments.

- e. Are contract workers eligible for the direct care wage increase?**

No, contract workers are not eligible for the direct care wage increase.

- f. Are State of Michigan employees eligible for the direct care increase?**

No, State of Michigan employees are not eligible for the direct care wage increase.

- g. Are central office employees eligible for the direct care wage increase?**

No, central office employees are not eligible for the direct care wage increase.

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3. Is there a mechanism to include administrative staff that need to work on the floor to support adequate resident care?

If a mechanism exists to track the amount of time an administrative staff works on the floor, MDHHS will reimburse the direct care wage increase for the time in which they were supporting resident care and providing direct care. The administrative staff person would need to be properly licensed or certified (RN, LPN, CNA or respiratory therapist).

4. What hours are covered?

a. Do we pay the hourly direct care wage increase for PTO/Sick time?

No, only actual hours worked are eligible.

b. We pay 1.5 for working on a holiday; does this mean we have to pay 1.5 times the hourly direct care wage increase for working a holiday (July 4th and Labor Day).

In this scenario for FY25 and FY26 for eligible direct care workers, MDHHS would only pay for the \$3.40/hour of employee time worked and the nursing home would have to make up the additional \$1.70/hour if they choose to make holiday pay.

For FY25 and FY26 for eligible non-clinical workers, MDHHS would only pay for the \$.85/hour of employee time worked and the nursing home would have to make up the additional \$.43/hour if they choose to make holiday pay.

5. What employment costs are eligible for reimbursement?

a. Additional overtime compensation?

For eligible direct care workers, overtime compensation for non-exempt employees is eligible for reimbursement at a rate of \$5.10 for FY25 and FY26. For eligible non-clinical workers, overtime compensation is eligible for reimbursement at a rate of \$1.28 an hour for FY25 and FY26.

Eligible overtime hours would include hours worked over 40 hours a week for non-exempt employees not covered under the "8 and 80" system. For employees covered under the "8 and 80" overtime system, overtime hours would include hours worked over 8 hours in a day or over 80 hours in a two week pay period (i.e., if an employee worked 84 hours in a pay period but had one 12-hour shift then the employee would be eligible for only 4 hours of overtime not 8 hours).

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b. Additional employer contributions to the employee's defined benefit or defined contribution plan?

No, extra retirement contributions would be excluded from the pass-through reimbursement. Since the Senate Fiscal Agency has taken the assumption that retirement contributions are exempt, MDHHS will also consider them exempt from the reimbursement.

c. Increased workers' compensation costs (that may not be realized/calculated until next year)?

No, workers' compensation costs will not be eligible for reimbursement since workers' compensation premium amounts include many factors, not just employee wages.

d. Administrative costs to effect compliance?

No, administrative cost to comply with the law will not be eligible for reimbursement.

e. Additional unemployment costs? See above.

No, extra unemployment costs would be excluded from the pass-through reimbursement. Since the Senate Fiscal Agency has taken the assumption that unemployment costs are exempt, MDHHS will also consider them exempt from the reimbursement.

f. What payroll tax expenses are eligible for reimbursement?

All employer Medicare and Social Security payroll tax expenses associated with the direct care wage increase are eligible for reimbursement. Payroll tax expenses requested for reimbursement cannot exceed 7.65% of the total direct care wage and non-clinical reimbursement. State and federal employer unemployment insurance taxes are not eligible for reimbursement.

6. How are we reimbursed?

a. Process

Nursing homes should complete the Direct Care Worker Wage Pass-Through Reimbursement Form after they have made payroll and submit to the MDHHS-SNF-Testing-Financial@michigan.gov email box to request reimbursement. **When submitting reimbursement requests nursing homes must not submit overlapping months. For example, if the pay period runs May 28, 2025, through June 3, 2025, all May dates of service must be on one reimbursement form and all June dates on another.** Forms not submitted in this manner will be returned for corrections prior to processing.

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b. Required Documentation

Nursing homes will be required to track eligible expenses and retain documentation (i.e., payroll documentation, job descriptions, etc.) to demonstrate that the eligible direct care workers and eligible non-clinical staff received the wage pass-through and were eligible for it, and to show that other eligible expenses were actually incurred.

7. What is the wage level basis?

a. Do I need to include the direct care wage increase for shift differential pay?

Yes, for eligible direct care workers, the \$3.40 an hour increase for FY25 and FY26 applies to shift differential pay. For example, for FY26 it should be \$3.40 an hour above the shift differential wage rate (e.g., if an employee has a standard wage of \$15 an hour but is paid \$18 an hour to work the night shift, then that employee should receive \$21.40 an hour for hours worked during the night shift).

For eligible non-clinical employees, the \$.85 increase for FY25 and FY26 also applies to shift differential pay.

b. Does the direct care wage increase factor into employee bonuses?

No, the direct care wage increase is excluded from employee bonuses.

8. Can a nursing home submit one reimbursement request form and make one lump sum payment to their employees?

No. A nursing home must submit a reimbursement request for each respective month separately.

9. When will we receive reimbursement?

Payments are processed on a biweekly basis as reimbursement request forms are received. Processing times will depend on the volume and quality of requests, but MDHHS expects reimbursement requests to be paid within 2-3 weeks of submission.

10. Will Medicaid consider the additional direct care wage increase per hour for SNF direct care workers as a direct pass-through and not subject to the VCL limits?

The direct care wage increase will be a direct pass-through separate from the Medicaid nursing facility per diem.

11. Can a nursing home use a statistical basis to allocate the nursing home portion of wages for non-clinical staff that split time between the nursing home and a related hospital, Home for the Aged, or Adult Foster Care Facility?

Yes, a nursing home can use a statistical basis to allocate wages if tracking directly is not feasible. If a nursing home elects to use a statistical basis, it must use the statistical basis reported on Worksheet 2 of the most recent Medicaid Facility Cost Report filed by the

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facility, unless an alternative statistical basis approval letter has been issued by MDHHS. If the statistical basis used on the DCW request does not reconcile with either the most recent Medicaid Cost Report or the alternative statistical basis approval letter, the request will be returned to the provider for correction. Documentation to support the cost allocation calculation must be submitted with the Nursing Home Non-Clinical Staff Wage Pass Through Reimbursement Cost Allocation form.

12. When does the direct care worker pass-through payment program end?

The direct care worker wage increase payments are reimbursable for qualifying hours worked through September 30, 2026. If a facility pay period extends beyond September 30, 2026 (i.e., September 20 – October 3) the wage increase currently is only required and reimbursable through September 30, 2026.