



Wage Pass-Through Laws

What Is This Policy?

Overview

Inadequate compensation for direct care workers, especially when compared with jobs with similar entry requirements, is a long-standing issue in long-term care ([Scales, 2022](#); [Tyler, 2022](#)). In the late 1980s, states began implementing laws to address this problem, which were recognized as “wage pass-through” laws in the late 1990s ([Yearby et al., 2020](#)). These laws created programs to allocate funds through Medicaid reimbursement to increase direct care worker compensation. As of 2002, 21 states had created such programs; as of 2022, that had increased to 22 states and DC ([ASPE & HHS, 2002](#), [RTI, 2024](#)).

There are three main types of wage pass-through laws: one, designating a specific dollar amount to be added to wages and benefits; two, setting a particular percentage of reimbursement rate increase to be used for wages and benefits; and three, designating a trust fund or assessment to be used to increase wages and benefits ([Yearby et al., 2020](#)). Size, equity, universality, specificity, accountability, continuity, and notice are all important design issues that states must consider when implementing wage pass-through laws ([ASPE & HHS, 2002](#)).

For recent information, in September 2020, Professor Yearby and her students published [a report](#) reviewing the wage pass-through laws as of December 17, 2019. For each state’s law, they summarized the essential details. The National Governors Association also conducted [a review](#) in 2022 of states’ policies to address the wages of the direct care workforce through Medicaid policies. However, this review was not specific to wage pass-through laws. RTI also conducted a review of state wage policies on direct worker wages. Their descriptive analysis found that wage pass-through laws were associated with a decrease in the wage gap between direct care workers and other entry-level workers between 2009 and 2019. However, while the gap was slightly decreased, it still existed ([RTI, 2024](#)).

Wage Pass-through Policies Implemented Since 2009

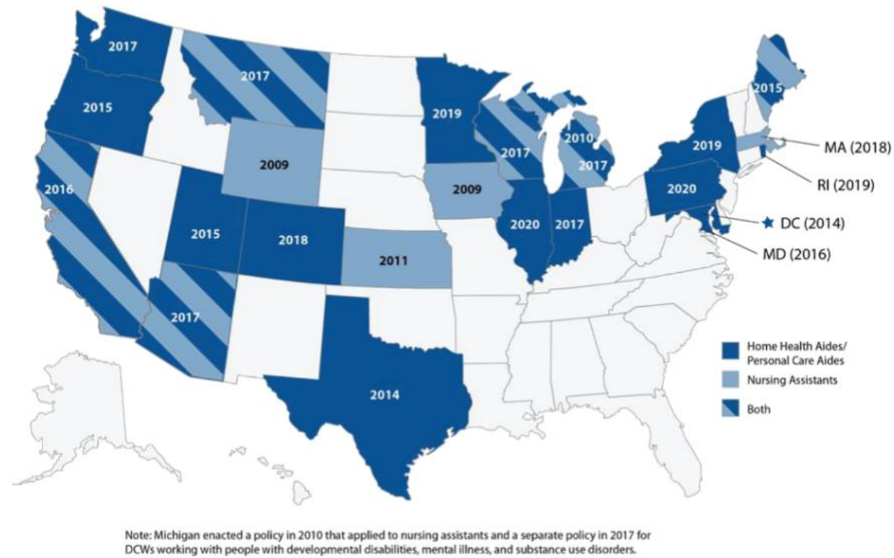


Figure 1: Map from RTI presentation on Wage Pass-Through laws. Tyler, 2022.

Case Study

Example: Wage Pass-Through Program in Illinois

The program in Illinois started in 2008 and was created through statutes and regulations to increase wages for homemakers that work for a provider agency. This program is an example of two types—it designates both a certain dollar amount and a certain percentage of a reimbursement rate increase to be used for wages/benefits.

In terms of equity, this increase was for homemakers who provided services through the state’s Medicaid Community Care Program. In relation to universality, the hourly wage increase is mandatory, and for accountability, provider agencies must submit reports verifying compliance ([IHJE, 2020](#)).

Other resources from KFF about payment rates for direct care workers and related workforce issues:

- [Payment Rates for Medicaid Home- and Community-Based Services \(HCBS\): States’ Responses to Workforce Challenges](#) (October 24, 2023): This issue brief describes states’ ongoing efforts to respond to the workforce crunch and how they pay HCBS workers,

which are central challenges in ensuring that HCBS services are accessible to the 4 million Medicaid enrollees who use them.

- [The Health Wonk Shop: The Health Care Workforce Under Pressure – Strikes, Shortages, and Staffing Requirements](#) (November 16, 2023): This panel addressed the reasons and locations of worker shortages, the factors driving recent strikes, the impact of these pressures on health systems, and the potential effects of proposed new staffing requirements on nursing homes. Additionally, the discussion delved into distinctions between rural and urban settings, examining how the pandemic and various factors have heightened burnout among healthcare workers.
- [What are the Recent Trends in Health Sector Employment](#) (November 15, 2023): The [chart collection](#) thoroughly explores employment data and analyzes changes in jobs and wages within the health sector since the COVID-19 pandemic. Although hospitals and physicians' offices have reverted to staffing levels observed before the pandemic, sectors like elderly care and skilled nursing care facilities still experience comparatively lower employment rates.

Summary

Wage pass-through laws are a mechanism to increase the pay of direct care workers. Perhaps because the first wage pass-through laws were passed more than 20 years ago, most academic publications on their impact are from 10 years ago, and there is limited recent research on this topic. However, discussions about the COVID-19 pandemic and direct care work have somewhat revived the topic.

What Are Related Datasets?

The Online Survey Certification and Reporting (OSCAR) or Certification and Survey Provider Enhanced Reports (CASPER)

Description	OSCAR/CASPER is an online data system from the Centers for Medicare and Medicaid Services (CMS) (KFF, 2018). OSCAR is a network of statistics collected by the Centers for Medicare and Medicaid Services (CMS) from the state surveyors using data collected from nursing facilities at the time of the annual survey (Leading Age). CASPER is a part of Quality Improvement and Evaluation System (QIES), where users can request and/or retrieve reports (CASPER Reports). OSCAR platform was replaced by the CASPER system and QIES in mid-2012 (Cowles Research Group). OSCAR/CASPER is an online platform that contains data that can be relevant to wage pass-through laws, such as facility-level staffing, facility characteristics, and resident characteristics.
Time Period	All facilities are surveyed every 9-15 months.
Tags	Nursing Facilities
Public/Proprietary	Public
Related Variables	State, Staffing levels, Nurse Staffing Hours, Patient Outcomes, Facility Characteristics
Example Articles	<ul style="list-style-type: none"> Blankart, C. R., Foster, A. D., & Mor, V. (2019). The effect of political control on financial performance, structure, and outcomes of US nursing homes. <i>Health Services Research</i>, 54(1), 167–180. https://doi.org/10.1111/1475-6773.13061 Feng, Z., Lee, Y. S., Kuo, S., Intrator, O., Foster, A., & Mor, V. (2010). Do Medicaid Wage Pass-through Payments Increase Nursing Home Staffing?: Medicaid Wage Pass-Through and Nursing Home Staffing. <i>Health Services Research</i>, 45(3), 728–747. https://doi.org/10.1111/j.1475-6773.2010.01109.x Foster, A. D., & Lee, Y. S. (2015). Staffing subsidies and the quality of care in nursing homes. <i>Journal of Health Economics</i>, 41, 133–147. https://doi.org/10.1016/j.jhealeco.2015.02.002 Harrington, C., Carrilo, H., Garfield, R., & Squires E. (2018). Nursing Facilities, Staffing, Residents and Facility Deficiencies, 2009 Through 2016. KFF. Hyer, K., Thomas, K. S., Johnson, C. E., Harman, J. S., & Weech-Maldonado, R. (2013). Do Medicaid Incentive Payments Boost Quality? Florida’s Direct Care Staffing Adjustment Program. <i>Journal of Aging & Social Policy</i>, 25(1), 65–82. https://doi.org/10.1080/08959420.2012.705629
Dataset Details	As of December 2023, much of the information on the CASPER platform can also be found publicly on the CMS website . Researchers used

	OSCAR data to analyze how wage-pass through laws were related to direct-care staff hours per resident day in nursing homes and patient outcomes (Feng et al., 2010; Foster et al., 2025). However, few recent studies used CASPER data to do analyses related to wage pass-through laws.
Relevant Links	<ul style="list-style-type: none"> • OSCAR to CASPER information from Cowles Research Group • OSCAR Quarterly Reports from Leading Age (2014-2018) • Skilled Nursing Facility (SNF) Quality Reporting Program (QRP) Public Reporting <ul style="list-style-type: none"> • Care Compare • Provider Data Catalog (PDC) • Technical Notes on using OSCAR/CASPER data (KFF)
Limitations	In 2020, CMS staff were required to change the CASPER/QIES data system under very short notice. In the spring of 2020, CMS suspended standard annual surveys of nursing homes to put all their resources toward specially focused infection control COVID-19 surveys. There was a scramble among State Survey Agencies to complete the Focused Infection Control surveys of nursing homes to get as much of the performance-based funding that was available through the Coronavirus Aid, Relief and Economic Security (CARES) Act supplemental grants for State Survey Agencies (Cowles Research Group). The OSCAR/CASPER was an online data system instead of real dataset names, which may confuse researchers when finding nursing facilities' data.
In our harmonized dataset?	No

LTCFocus

Description	The LTCFocus dataset is produced by the Shaping Long-Term Care in America Project at Brown University Center for Gerontology and Healthcare Research. They are supported in part by the National Institute on Aging. This dataset provides data on nursing home care in the US. It has been used by academic researchers to study various topics, such as nursing home staffing and dementia training requirements, but has not been used to research wage pass-through laws specifically.
Time Period	2000-2021, but some variables are only available for a subset of years
Tags	Nursing home care
Public/Proprietary	Public
Related Variables	Wage pass-through policy, provider ID number

<p>Example Articles</p>	<ul style="list-style-type: none"> • Jun, H., & Grabowski, D. C. (2024). Nursing home staffing: Share of immigrant certified nursing assistants grew as US-Born staff numbers fell, 2010–21. <i>Health Affairs</i>, 43(1), 108–117. • Mukamel, D. B., Ladd, H., Saliba, D., & Konetzka, R. T. (2023). Dementia, nurse staffing, and health outcomes in nursing homes. <i>Health Services Research</i>. • Sinha, S., Mukamel, D. B., Saliba, D., Ladd, H., & Konetzka, R. T. (2023). New dimensions of staffing patterns in nursing homes and nursing home quality: comparing staffing instability to staffing turnover. <i>Journal of the American Medical Directors Association</i>, 24(8), 1099-1105.e7.
<p>Dataset Details</p>	<p>The website hosts data regarding the health and functional status of nursing home residents, characteristics of care facilities, state policies relevant to long-term care services and financing (e.g., whether a state has wage pass-through policy), and data characterizing the markets in which facilities exist. These data will allow researchers to examine the relationship between state policies and local market forces, and the quality of long-term care. LTCFocus integrates data from a variety of sources, such as Certification And Survey Provider Enhanced Reporting (CASPER), Minimum Data Set(MDS), and Residential History File (RHF). The data can be downloaded easily by filling out a form on the lctfocus.org. The data files are divided by year and by geography—state and national—and there is also a data dictionary.</p>
<p>Relevant Links</p>	<ul style="list-style-type: none"> • LTC Focus Website • LTC Focus Data Download
<p>Limitations</p>	<p>Some variables are only available for a subset of years.</p>
<p>In our harmonized dataset?</p>	<p>No</p>

Survey of Income and Program Participation (SIPP)

<p>Description</p>	<p>The SIPP dataset is collected by the US Census and contains detailed information on the financial situations of households and individuals, including employment status and income. While this is a dataset collecting information on the general population (similar to the American Time Use Survey and American Community Survey), researchers can use it to study the direct care workforce (Compendium of Federal Data Sources to Support Health Workforce Analysis, 2022).</p>
<p>Time Period</p>	<p>1984-2022</p>
<p>Tags</p>	<p>Workforce</p>
<p>Public/Proprietary</p>	<p>Public</p>

Related Variables	Employment status, income, insurance coverage, demographics, educational attainment
Example Articles	<ul style="list-style-type: none"> • Baughman, R. A., & Smith, K. E. (2012). Labor Mobility of the Direct Care Workforce: Implications for the Provision of Long-Term Care: Implications for the Provision of Long-Term Care. <i>Health Economics</i>, 21(12), 1402–1415. • Baughman, R. A., & Smith, K. (2010). The Effect of Medicaid Wage Pass-Through Programs on the Wages of Direct Care Workers. <i>Medical Care</i>, 48(5), 426–432.
Dataset Details	Data is collected through a continuous sequence of national panels. Each panel consists of a nationally representative sample, which is interviewed regularly over approximately four years. The data is released by the US Census in cross-sectional, topical modules and longitudinal reports.
Relevant Links	<ul style="list-style-type: none"> • US Census: Survey of Income and Program Participation Datasets
Limitations	The dataset is not specific to the direct care workforce, so researchers will need to restrict the dataset to the specific population they are studying.
In our harmonized dataset?	No

[Harmonized dataset](#)

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