FINANCIAL RETENTION STRATEGIES ASSOCIATED WITH NURSE AIDE TURNOVER IN OHIO NURSING HOMES

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BACKGROUND

Having an adequate number of workers to provide services has been a continuing challenge across the array of long-term services settings. While nursing homes, assisted living, and home care each have unique workforce challenges, the nursing home environment has individuals with the highest levels of need and they are very much dependent on nurse aides and nurses to deliver quality care. Studies consistently identify nursing home staffing as a critical component in achieving quality of care. However, nursing homes have historically experienced high rates of turnover among direct care staff, particularly nurse aides, who provide most of the direct care to residents. Not only are high turnover rates associated with lower quality, they can potentially increase costs due to recruitment expenditures and wage increases necessary to fill open positions. During the COVID-19 pandemic, the nursing home industry experienced a substantial increase in the proportion of nursing homes that used temporary staffing agencies, which was much more costly than internal organizational employees. In this brief, we examine financial retention strategies nursing home utilized to determine if they are associated with lower turnover rates among nurse aides.

STUDY APPROACH

To examine nursing home financial retention strategies, we calculated turnover rates among nurse aides for 880 Ohio nursing homes using Payroll-Based Journal data for 2023. The turnover rate we calculated reflects the proportion of nurse aides that worked in the nursing home at the beginning of the year that stopped working at that nursing home by the end

ONE-YEAR TURNOVER RATES AMONG NURSE AIDES IN OHIO IS LOWER THAN THE NATION, BUT STILL ALMOST 50%.

OFFERING TARGETED FRINGE BENEFITS IS ASSOCIATED WITH LOWER NURSE AIDE TURNOVER.

IN ADDITION TO FINANCIAL COMPENSATION, WHEN IT COMES TO TURNOVER, MANAGEMENT MATTERS.

of the year. These turnover rates were merged with data from Medicare Cost Reports and the 2023 Ohio Biennial Survey of Long-term Care Facilities that provided information on retention strategies, including: average wage rates and information on fringe benefits, such as the specific fringe benefits that were offered and the amount of money spent on all fringe benefits as a percentage of total wage compensation that we refer to as the fringe benefit rate. A fringe benefit rate of 14% means that if a worker received $10 per hour in wages, they received compensation that averaged $1.40 per hour in fringe benefits.

RESULTS

Nurse Aide Turnover in Ohio Compared to Nation

Nationally, more than half of the nurse aides employed left their job in the nursing home in 2023 (55.6%) (See Table 1). Ohio nursing homes' nurse aide turnover rate at 48.2% was below the national average and was the lowest among its neighboring states. Pennsylvania, with a 60% turnover rate and West Virginia, with a 76% turnover rate were substantially higher than Ohio, but even Ohio's rate, which was approaching 50%, presents a challenge.

TABLE 1. NURSE AIDE TURNOVER, WAGES, FRINGE BENEFIT RATES FOR OHIO'S NURSING HOMES COMPARE TO THE NATION AND BORDER STATES, 2023

State	Nurse Aide Turnover (%)	Nurse Aide Hourly Wages ($)	Fringe Benefit Rate (%)
Nation	55.58	23.97	16.55
OH	48.24	23.28	16.78
IN	50.19	23.58	15.73
KY	51.46	21.57	14.83
MI	48.97	24.70	17.71
PA	59.84	26.50	19.51
WV	76.19	21.53	15.38

Source: Payroll-Based Journal data and Medicare Cost Reports

A better understanding of factors that are associated with lower turnover can assist Ohio nursing homes in improving the quality of care delivered. In addition to reporting the average turnover rate for the nation, Ohio, and surrounding states, Table 1 also reports the average nurse aide hourly wage rates and fringe benefit rates. Ohio's average nurse aide hourly wage was slightly below the national average ($0.21 per hour) and was lower than

several neighboring states (Indiana, Michigan, and Pennsylvania) which, despite offering slightly higher compensation, each had higher turnover rates than Ohio. With respect to the fringe benefit rate, Ohio was found to be slightly above the national average and higher than several neighboring states (Indiana, Kentucky, and West Virginia). Ohio's fringe benefit rate was found to be below Michigan and Pennsylvania, who both experienced higher turnover rates.

Wages and Fringe in Low and High Turnover in Ohio's Nursing Homes

Despite differences in turnover rates between Ohio and neighboring states, there are only modest differences in hourly wages and the magnitude of fringe benefit rates. To better understand Ohio, we categorized nursing homes across the state into high and low turnover categories and examined whether the salary and fringe benefits offered varied by each group (See Table 2). Low-turnover nursing homes have an average turnover rate among nurse aides of around 25%, whereas high-turnover nursing homes, on average, have a turnover rate of 78%. There was virtually no difference between high and low-turnover nursing homes in terms of average wages ($23.61 vs $23.55). The fringe benefit rate among high-turnover nursing homes was only slightly lower than low-turnover nursing homes (17.9% vs. 17.5%).

TABLE 2. WAGES AND FRINGE BENEFIT RATES FOR OHIO'S NURSING HOMES WITH LOW AND HIGH NURSE AIDE TURNOVER, 2023

Nurse Aide Turnover, Wages, and Fringe Benefit Rate	Turnover	
	Low	High
Nurse Aide Turnover (%)	24.98	78.48
Nurse Aide Hourly Wages ($)	23.61	23.55
Fringe Benefit Rate (%)	17.86	17.49

Note: Table 2 reports the wage and fringe benefits used by Ohio nursing homes to improve turnover, with results reported for low-turnover nursing homes (i.e., the 25% of nursing homes with the lowest turnover rates) and high-turnover nursing homes (i.e., the 25% of nursing homes with the highest turnover rates)

Benefits Offered in Ohio's Nursing Homes by Turnover

We next explored whether other factors, such as the specific fringe benefits offered by nursing homes that might play a role in nurse aide turnover. For example, some nurse aides may value paid vacations and sick leave as more important than retirement benefits. Table 3 reports the fringe benefit strategies used by high and low-turnover nursing homes in Ohio, with differences being found. On average, 72% of low-turnover nursing homes

provided longevity wage increases to retain nurse aides compared to 62% among high-turnover nursing homes. Bonus pay for attendance demonstrates a 19% difference in the average between low and high-turnover nursing homes. Among other traditional benefits, 401K offerings, tuition reimbursement, and bonuses in the form of birthday recognitions or free/reduced meals were also more likely to be offered (11-20% higher rates) in low-turnover nursing homes relative to high-turnover nursing homes. Examining non-traditional benefit approaches, financial assistance with transportation was offered at slightly higher rates among low-turnover nursing homes. In contrast, childcare, emergency financial support, and same-day pay were much less likely among low-turnover nursing homes.

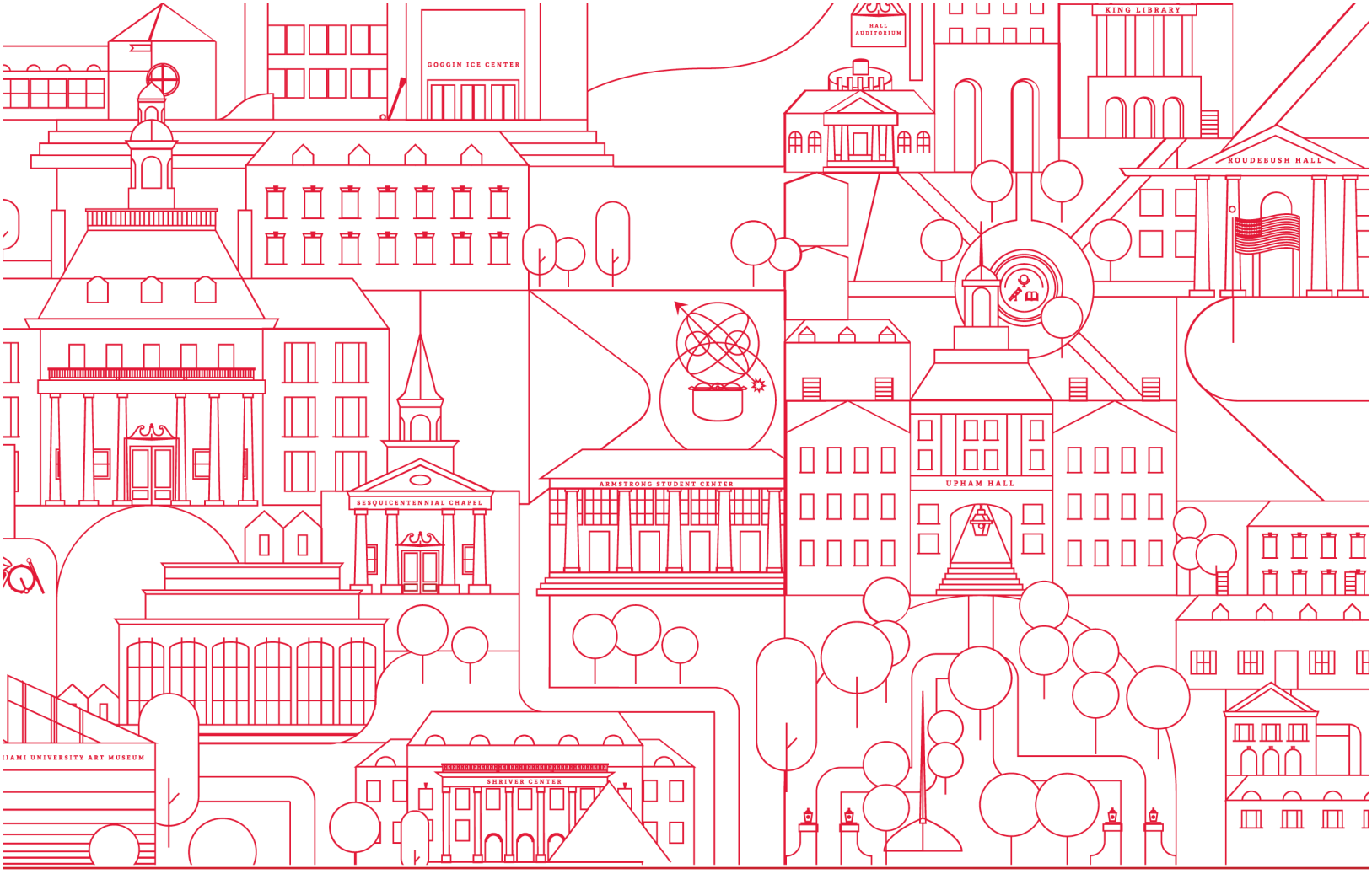
TABLE 3. FRINGE BENEFIT OFFERINGS FOR OHIO'S NURSING HOMES WITH LOW AND HIGH NURSE AIDE TURNOVER, 2023

Fringe Benefit Offered	Turnover	
	Low	High
Panel A: Direct Wage Compensation Strategies		
Longevity wage increases	72.15	62.94
Merit wage increases	76.43	74.47
Bonuses for attendance	58.86	39.86
Extra pay for shift differential	91.82	83.92
Hiring bonus after time on the job	55.97	42.25
Bonuses, raises, or other rewards when they complete extra education or training	49.04	43.26
Panel B: Other Traditional Benefits		
401K or other retirement plan	93.71	82.64
Paid sick leave	79.25	81.82
Paid vacation	98.74	99.31
Tuition reimbursement	87.34	76.39
Career ladders	68.99	71.13
Bonuses not tied to education, training, attendance, shift differential, or hiring (e.g. birthday gift card, reduced or free meals at facility)	70.89	50.71
Panel C: Non-Traditional Benefits		
Financial assistance with transportation (e.g., gas money, car repair)	22.29	19.86
Child care	4.46	6.38
Emergency financial support	35.03	42.25
Same day pay	46.50	54.29

Notes: Table 3 reports the fringe benefit offerings and compensation strategies used by Ohio nursing homes to improve turnover, with results reported for low-turnover nursing homes (i.e., the 25% of nursing homes with the lowest turnover rates) and high-turnover nursing homes (i.e., the 25% of nursing homes with the highest turnover rates)

CONCLUSION

While all nursing homes face workforce challenges in retaining nurse aides, this study shows that there is tremendous variation in turnover rates across Ohio nursing homes. Despite similar environmental conditions, such as labor market wages and unemployment rates, some nursing homes do a much better job of keeping direct care staff in the workplace. There are many factors that influence employee turnover rates, but the financial packages available are certainly one important factor. This study finds that while there were little differences in the wages and overall spending on fringe benefits between the high and low-turnover nursing homes, there were strategy differences in how fringe benefits were offered that were associated with lower turnover rates. These results indicate that when nursing homes are able to offer fringe benefits that are in demand by workers, the likelihood of success increases. This implies that efforts to gain input from direct care workers to help shape the compensation package can pay dividends. It is also important to recognize that there are many other factors that influence turnover rates, such as the facility's workplace culture, that future research needs to examine. What we know is that there are considerable differences in rates of turnover and many of these might be mitigated through good management decisions. The challenge now is to identify good data on which to make solid management decision to improve workforce retention and ultimately quality.



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