



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

JAN 05 2017

Subject: 2017 Minimum Wage Adjustment

Dear Administrator:

This letter is to provide information about the State's Minimum Wage increase for your assisted living program (ALP), if applicable, beginning in 2017. The Minimum Wage Act (Article 19 of the New York State Labor Law) establishes minimum wage increases beginning January 1, 2017.

The New York State Department of Health (NYSDOH) in collaboration with ALP Associations and industry representatives identified specific labor costs attributable to minimum wage increases by conducting a wage survey, completed by the ALPs. The method for collecting information and calculating impacts may change in subsequent years. For those regions which reported zero impact from the 2017 minimum wage levels, no adjustment to the rates will be made. For those facilities that reported a minimum wage impact, the methodology used to calculate the rate adjustment is as follows:

- The minimum wage impact was based on a total number of hours worked by ALP workers and contract staff at wage levels below the new 2017 minimum wage amount.
- Minimum wage increases (as determined by amounts reported in the survey) are calculated on a regional basis consistent with the ALP rate methodology.
- The Department will include rate adjustments, for the increased funding, in the final January 1, 2017 promulgated rates. However, the rate increases to reflect minimum wage costs will be dependent upon State Plan Amendment approval by The Centers for Medicare and Medicaid Services.
- The aggregate additional funds paid to ALPS shall be paid out entirely to workers for appropriate statutory wage obligations (including the direct salary costs and related fringe benefits of minimum wage).
- Providers cannot use any of these additional funds for any purpose other than appropriate statutory wage obligations directly associated to the minimum wage increase and shall reserve unspent funds to be returned to the State in the next reimbursement cycle through a rate adjustment or some other mechanism, as determined by the Department of Health. In compliance with the appropriation language included in the SFY 2016-17 Budget, which states: "Each eligible organization... may be required to submit written certification... attesting to the total amount of funds used by the eligible organization, how such funding will be or was used for purposes eligible under these

appropriations and any other reporting deemed necessary by the commissioner.” the Department intends to issue minimum wage cost report modifications to ensure dollars were used appropriately . Dollars that were used inappropriately will be returned to the State through a future rate adjustment or some other mechanism, as determined by the Department of Health, in the next rate cycle. The Department will use this cost report data and other reported data to develop future minimum wage reimbursement rates. The Department reserves the right to request any additional data necessary to assist with the development of these future minimum wage reimbursement rates.

- OMIG will also conduct audits of all providers to ensure that payments were made in accordance with statutory requirements and the method discussed above. ALP providers shall maintain all records and reports required to verify that appropriate salary increases directly associated with the minimum wage increase were made and shall present them to OMIG upon request.

Questions:

If you have any questions regarding the Minimum Wage Adjustment, please send an email with the subject line **ALP - Minimum Wage** to **NFRates@health.state.ny.us**.

Sincerely,



Steven M. Simmons
Director
Bureau of Residential Health Care
Reimbursement
Office of Health Insurance Programs

Attachments