



**Department
of Health**

**Office of
Health Insurance
Programs**

Medicaid Managed Long Term Care

Bureau of Managed Long Term Care Rate Setting
Division of Finance and Rate Setting
Office of Health Insurance Program
Department of Health

November 2016

Minimum Wage Guideline

- Effective January 1, 2017, MCOs shall supplement their contracted reimbursement rates for providers which shall utilize the \$1.33 (for MLTC Partial Cap NYC and may differ for other managed care programs or regions) of additional funds to pay the full increment of the additional statutory wage cost, as identified by DOH, for direct care workers.
- The aggregate additional funds paid to MCOs shall be paid out entirely to providers and subsequently to workers for appropriate statutory wage obligations (including the direct salary costs and related fringe benefits of minimum wage and wage parity amounts).
- This does not obligate an MCO to give every provider a \$1.33/hour increase in additional reimbursement which allows MCOs to allocate total minimum wage resources appropriately based on provider network need.

Minimum Wage Guideline

- MCOs 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, the Department intends to issue minimum wage cost report modifications to ensure dollars were used appropriately.
- The Department of Labor will be responsible for ensuring that providers are paying workers in compliance with these statutory wage requirements. OMIG will also conduct audits of MCOs and providers to ensure that payments were made in accordance with statutory requirements.

Minimum Wage Adjustment

| MLTC Rate Buildup | | | |
|-------------------|--|----------------|----------------|
| | | <u>April</u> | <u>October</u> |
| A | Base Wage | \$10.00 | \$10.00 |
| B | Additional Taxable Wages | \$1.69 | \$1.69 |
| C | Additional non-taxable | \$2.40 | \$2.40 |
| D | Prevailing Wage | \$14.09 | \$14.09 |
| E | Additional Provider Costs | \$2.26 | \$2.26 |
| F | Worker Hourly Cost | \$16.35 | \$16.35 |
| G | FLSA | \$0.34 | \$0.34 |
| H | Total Worker Hourly Cost with FLSA | \$16.69 | \$16.69 |
| I | Worker Cost Change | \$0.34 | \$0.34 |
| J | Amount in April 2016 Rate | \$17.03 | \$17.03 |
| K | Minimum Wage Adjustment | NA | \$0.99 |
| L | Total Worker Hourly Cost for Minimum Wage | NA | \$18.02 |
| M | Admin | \$2.45 | \$2.45 |
| N | Total Worker Cost with Admin | \$19.48 | \$20.47 |

| Worker Cost Buildup | | | | |
|---------------------|---|----------------|----------------|-----------------------------|
| | | <u>April</u> | <u>October</u> | <u>Worker Cost Increase</u> |
| A | Base Wage | \$10.00 | \$11.00 | \$1.00 |
| B | Additional Taxable Wages | \$1.69 | \$1.79 | \$0.10 |
| C | Supplemental non-taxable wages | \$2.40 | \$2.40 | \$0 |
| D | Prevailing Wage | \$14.09 | \$15.19 | \$1.10 |
| E | Additional Provider Costs | \$2.26 | \$2.49 | \$0.23 |
| F | Worker Hourly Cost | \$16.35 | \$17.68 | \$1.33 |
| G | FLSA | \$0.34 | \$0.34 | \$0 |
| H | Total Worker Hourly Cost with FLSA | \$16.69 | \$18.02 | \$1.33 |



Minimum Wage Guideline

- Plans have flexibility and may re-negotiate rates (including reductions), however, minimum wage funding cannot be used to subsequently increase rates after a reduction to address minimum wage.
- Rate Setting Reconciliation will be the method used to validate amounts distributed through rates.
 - Home Care Provider Wage Survey
 - Health Plan and Home Care Provider supplemental cost reports

Minimum Wage Rate Setting and Reconciliation

Providers:

- In FFS (hospital, NH, etc.), the Department conducted a survey to capture the resources needed for hours worked below the minimum wage amount of \$11 per hour. These results were attested to (consistent with statute) and used in the rate development methodology.
- For the Home Care sector, the Department will release a similar survey in mid-December with a 3-4 week turnaround. This will be used to verify the accuracy of the current DOH/industry estimate. The results will be included in the April 2017 rates, including any necessary reconciliation of State funds.
- In March 2017, an additional survey (3-4 week turnaround) will be issued to all sectors to estimate the out year impacts of the minimum wage, including subsequent year incremental increases for Financial Plan purposes.

Minimum Wage Rate Setting and Reconciliation

Providers and Plans:

- To verify that resources included in the rates were utilized specifically for minimum wage, a supplemental cost report will be released in the last quarter of each calendar year and due back to the Department by the subsequent April for inclusion in the next rate cycle.
- This supplemental cost report will include sufficient detail to verify provider wage scale and the specific wage related fringe benefits and establish future reimbursement rates. Any necessary reconciliations (up or down) will be made in reimbursement rates for the next rate cycle.
- Unused funds or funds that were determined to be used inappropriately will be returned to the State Financial Plan/General Fund through an adjustment in Medicaid transfers, within the State fiscal year and at a time determined appropriate by the Division of the Budget.

Minimum Wage Timeline

| Date | Item |
|-------------------|--|
| August 12, 2016 | April 1, 2016 Partial Capitation Draft Rates Released |
| August 19, 2016 | Actuarial Memo Released |
| August 29, 2016 | Summary of Methods Released |
| September 8, 2016 | Rate Setting-Only Plan Meeting |
| November 8, 2016 | October 1, 2016 Partial Capitation Draft Rates (inc. Min. Wage) Released |
| November 15, 2016 | The Department of Health will convene a stakeholder workgroup prior to November 15th |
| Mid-December 2016 | Minimum Wage Survey to be Issued to Home Care Providers (consistent with other sectors) to verify accuracy of current estimate |
| March 2017 | An additional survey will be issued to all sectors to estimate the out year impacts of the minimum wage |
| April 2017 | Results of December provider survey are incorporated into rates |
| Ongoing | A supplemental cost report will be released in the last quarter of each CY and due back to DOH by the subsequent April for inclusion in the next rate cycle. |

Minimum Wage Impacts

| Product/Region | Rate Impact |
|--------------------------|------------------------------|
| MLTC Partial Cap NYC | Released November 8, 2016 |
| MLTC Partial Cap Upstate | No Impact SFY 16-17 |
| PACE | Draft Impact Mid-November |
| MAP | Draft Impact End of December |
| FIDA | Draft Impact Mid-December |
| MA | Draft Impact End of December |
| Mainstream | April 2017 |
| HARP | April 2017 |
| CDPAS | No Impact SFY 16-17 |

Managed Long Term Care Rate Status & Timeline

| Rate Package | Comment/Projected Completion |
|---------------------------------------|-------------------------------------|
| October 2016 Partial Capitation Rates | Drafts Released November 8, 2016 |
| April 2016 FIDA Rates | Draft Rates – December 2016 |
| October 2016 FIDA Rates | Draft Rates – December 2016 |
| April 2016 PACE Rates | Draft Rates – Week of November 14th |
| January 2015 MAP Rates | Draft Rates – Week of November 14th |
| January 2016 MAP Rates | Draft Rates – December 2016 |
| January 2017 MAP Rates | Draft Rates – December 2016 |
| January 2015 MA Rates | Draft Rates – December 2016 |
| January 2016 MA Rates | Draft Rates – December 2016 |
| January 2017 MA Rates | Draft Rates – January 2017 |

Updates can be found on the DOH website: http://www.health.ny.gov/facilities/medicaid_rate_inventory/

Questions

- Questions regarding the risk rate methodology can be submitted via e-mail to:

MLTC Bureau Mail Log – mltcrs@health.ny.gov