

CMHPSM Direct Care Wage Increase Workgroup Proposed Action Plan

Summary

A CMHPSM workgroup of Network Management and Finance committee members was established to operationalize the MDHHS funded/mandated direct care wage increase. Wages for employees of all CMHPSM contracted providers in direct care roles are to be increased by \$0.50/ hour effective October 1,2017. The state has increased capitation rates and therefore revenue projections to cover the PIHP/CMHSP cost of the wage increase.

The CMHPSM workgroup proposes the following plan to the Regional Operating Committee on October 11,2017:

- Increase fee schedules as outlined below prior to November 1, 2017.
- CMHSPs will amend all contracts with their providers to reflect the rate increases as applicable and include any workgroup developed language related to requirements of this funding increase.
- PIHP will create wage increase documentation forms related to future MDHHS auditing such as provider reporting forms and contractor employee attestation forms.
- PIHP will publicize wage increase information on CMHPSM website.

Workgroup

Workgroup members include:

PIHP: James Colaianne & Suzanne Stolz

Lenawee: Debi Andrews & Shar Dunbar

Livingston: Deb McCririe & Katelynn Aulette

Monroe: Beth Didario & Jeff Koras

Washtenaw: Megan Taylor, Nicole Phelps, Sara Hungerford & Seth Dominique

Revenue

Milliman revised our regional funding projection at our September 2017 rate setting meeting to include an additional revenue to cover the direct care wage increase. The rate changes project to the following “increase” over the draft FY18 rates that were provided in July 2017. The draft FY18 rates showed a decrease in projected revenue based upon estimated enrollees from FY17 rates. Thus, the final FY18 reflect both a decrease in base experience from FY17 and then an increase to reflect the direct care wage increase for FY18.

Funding Type	Milliman Estimated FY18 Impact on Service Expenditures	FY18 CMHPSM Total Increase over Draft FY18 Rates linked to direct care wage increase*
Traditional Medicaid	\$3,516,000.00	\$3,763,000.00
Healthy Michigan Plan	\$37,000.00	\$40,000.00

*MDHHS included the typical PIHP administrative load of 7% on the additional funding.

Proposed Fringe Rate Calculation

While Milliman did not include fringe costs when calculating a revenue increase they did tack on the PIHP administrative load in the rate increase. The Workgroup determined that the PIHP/CMHSP system should cover these fringe costs related to contracted providers increasing their direct care employees wages by the full \$0.50/per hour. It would be unfair to pass along a requirement to the provider network without the additional funding to cover the true operational costs of a \$0.50 wage increase. The Workgroup analyzed fringe costs locally and then came to a regional agreement related to fringe calculations.

The Workgroup proposes the following fringe calculation (shown on an hourly and 15 minute basis:

Non-Shared Hourly Aide Level Wage Increase	Fringe	Hourly	15 Min
Increased Wage		\$ 0.500	\$ 0.125
FICA	7.65%	\$ 0.038	\$ 0.010
Workers Comp	2.80%	\$ 0.014	\$ 0.004
Unemployment Tax	0.30%	\$ 0.002	\$ 0.000
Other employer Costs	1.00%	\$ 0.005	\$ 0.001
		\$ 0.56	\$ 0.14

In summary the Workgroup is proposing that wherever the contracted provider is expected to increase their employees wage by \$0.50/per hour the CMHSPs will increase the provider’s fee screen reimbursement by \$0.56 / per hour.

Proposed Direct Care Rate Changes (Effective 10-1-2017)

Regionally Agreed 15 Minute/ Hourly Direct Care Codes					
Type	CPT Code	Modifier	FY17 Rate	Increase	FY18 Rate
Hourly*	H0043 Site Plan (Hourly Staff Calc)		\$ 16.64	\$ 0.56	\$ 17.20
15 Min	H2015		\$ 4.16	\$ 0.14	\$ 4.30
15 Min	H2015 (Shared)	TT	\$ 2.08	\$ 0.07	\$ 2.15

Non-Regionally Agreed 15 Minute / Hourly Direct Care Codes					
Type	CPT Code	Modifier	FY17 Rate	Increase	
15 Min	H2014 Skill-Building		Varies	\$ 0.14	
15 Min	H2014 Shared Skill-Building	TT	Varies	\$ 0.07	
15 Min	H2015 Self Determination		Varies	\$ 0.14	
15 Min	H2023 Supported Employment		Varies	\$ 0.14	
15 Min	H2023 Shared Sup Employment	TT	Varies	\$ 0.07	
15 Min	T1005 Respite		Varies	\$ 0.14	
Hour	T2015 Pre-Vocational		Varies	\$ 0.56	

Non-Regionally Agreed Per Diem Direct Care Codes				
Type	CPT Code	Modifier	Increase	
Per Diem	H0043 Direct Authorized		4.00%	
Per Diem	H0045 Respite Per Diem		4.00%	
Per Diem	H2016 / T1020 Licensed Res	Varies	4.00%	
Per Diem	T2036 Respite Camp Night		4.00%	
Per Diem	T2037 Respite Camp Day		4.00%	

Estimated Financial Impact

The workgroup estimated a regional impact of between \$2.7 to 3.0 million in increased expenditures based upon service projections and the proposed new rate structure. A detailed funding bucket report for all four CMHSPs was revised to include the proposed rate structure and the projected service utilization of all direct care services within the CMHPSM region.

The Workgroup is projecting CMHSPs will see increased expenditures in FY18 related to the direct care wage increase based on projecting FY17 service data as depicted below:

CMHSP	2016 Q1	2017 Q2	Q3	Q4	FY17 Total
Lenawee	\$74,507	\$75,825	\$77,188	\$75,000*	\$302,520
Livingston	\$115,747	\$115,204	\$114,303	\$115,000*	\$460,254
Monroe	\$162,686	\$164,673	\$170,918	\$167,000*	\$665,277
Washtenaw	\$332,484	\$335,232	\$341,751	\$335,000*	\$1,344,467
Grand Total	\$685,424	\$690,933	\$704,160	\$692,000*	\$2,772,517

*Estimated impact based on FY17 extrapolated to Q4

Compliance

The Workgroup is still reviewing compliance documentation options, and is awaiting guidance from MDHHS on specific requirements. It is expected that the PIHP will receive further guidance in future MDHHS/PIHP Rate Setting Meetings (currently scheduled for November 2017). In absence of official guidance, the Workgroup has developed two provider monitoring documents. The Workgroup has determined that it is probably best practice to document this wage increase requirement in a detailed, deliberate manner for compliance and assurance to our local and regional boards, MDHHS requirements and the Michigan Legislature as funders.

Direct Care Wage Increase Provider Summary Form

The provider monitoring spreadsheet requires contracted providers to identify each individual direct care worker's hourly wage on September 30, 2017 and October 1, 2017.

FY18 Direct Care Aide Level Wage Increase Attestation Form

The employee attestation sheet requires contracted providers to have employees attest to the fact that their wages were increased on October 1, 2017 or back pay was received for hours worked on or after October 1, 2017 related to the wage increase if their wage was increased after October 1, 2017.

Project Timeline

- September 29, 2017 – Workgroup Meeting #1: Letter developed for CMH notification, initial proposed rate increase data reviewed.
- October 5, 2017 – Workgroup Meeting #2: Reviewed regional data related to rate increase, reviewed MSHN plan documentation.
- October 11, 2017 - ROC Review of Proposed Action Plan
- October 13, 2017 - Workgroup Meeting #3: Review proposed plan and operationalization steps. Review compliance documentation and create CMHPSM compliance documents/forms.
- Prior to October 31, 2017- Amendments / Fee schedules updated to reflect rate changes prior to October service claims being submitted.
- November 2017 – Regional Finance will analyze potential revisions to CMHSP budget allocations based upon projected expense increases.
- November 2017 – Guidance expected from MDHHS related to compliance.
- December 2017 – CMHSPs begin requiring compliance information be submitted from all providers which received rate increases and employ direct care workers.

Attachment #1: CMHPSM Letter



September 29, 2017

To: Lenawee, Livingston, ~~Monroe~~ and Washtenaw CMHSPs and CMHPSM Regional Provider Network Providers,

Direct Care Wage Increase Notification

The Community Mental Health Partnership of Southeast Michigan (CMHPSM) has recently been notified by the State of Michigan that we will begin receiving supplemental funding in October 2017 related to a statewide direct care wage increase. Direct care workers funded through the CMHSP/PIHP system are mandated by the State of Michigan to receive a wage increase of \$0.50/hour effective October 1, 2017 ([Sec. 8-1009](#)).

The CMHPSM and its partner CMHSPs seek to integrate this mandate in a more permanent manner than a one time pass through by increasing reimbursement rates for the following direct care provided services:

- | | |
|--|--|
| <ul style="list-style-type: none">• H0043 – Community Living Supports• H0045 – Respite Care• H2014 – Skill-Building• H2015 – Community Living Supports• H2016 & T1020 – Licensed Residential (CLS/Personal Care)• H2023 – Supported Employment Services | <ul style="list-style-type: none">• S5151 – Respite• T1005 – Respite• T2015 – Out of Home Pre-Vocational• T2036 – CLS/Respite Care Overnight Camp• T2037 – Respite Care Day Camp |
|--|--|

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The CMHPSM and its partner CMHSPs seek to work together with your organizations to operationalize this wage increase in an systematized manner. More detailed information will follow from your local CMHSP entity as soon as it is available, including but not limited to: actual service rate increases (including fringe costs), contract amendment timeframes, billing instructions, retroactive payments (where applicable) and reporting/auditing documentation requests.

We look forward to providing funding to your provider organizations to improve the wages of direct care workers as soon as it is feasible.

Sincerely,

James Colaianne
CMHPSM Chief Operating Officer

Attachment #3 CMHPSM Provider Employee Attestation Form



FY18 Direct Care Aide Level Wage Increase Attestation Form

The State of Michigan earmarked funding within the FY18 State Budget specifically to increase the wages of direct care aide level workers in Michigan by \$0.50 per hour effective October 1, 2017.

Please print your name, sign, and date below:

I, confirm my hourly wage for hours worked on or after October 1, 2017 has been increased by (\$0.50) fifty-cents per hour from my hourly wage on September 30, 2017.

Please contact your local Community Mental Health Service Program with any questions related to your wage increase.

<input data-bbox="295 1081 954 1159" type="text"/>	<input data-bbox="987 1081 1317 1159" type="text"/>
Employee Signature	Date

<input data-bbox="295 1306 954 1383" type="text"/>	<input data-bbox="987 1306 1317 1383" type="text"/>
Employer Representative Signature	Date

www.cmhpsm.org/FY18AideLevelWageIncrease

Attachment #4 Supplemental Information

FY18 Direct Care Aide Level Wage Increase Information:

As mandated and funded through the State of Michigan's Department of Health and Human Services the CMHSP is passing through service rate increases to the CONTRACTOR for certain direct care aide level services effective October 1, 2017. The fee-for-service reimbursement increases for these services are being provided to increase hourly wages for the affected staff whom provide these certain direct care aide level services. Affected staff are defined as CONTRACTOR'S staff persons in positions which predominantly provide direct care aide level services: community living supports in unlicensed settings, community living supports and personal care in licensed settings, supported employment, pre-vocational, skill building, respite and/or respite camp services. Additional information may be found at: www.cmhpsm.org/FY18AideLevelWageIncrease

Workgroup Suggested Language To Be Included In Contract Amendments:

In conjunction with the service rate increases outlined above, the CONTRACTOR must meet the following requirements:

- All affected staff persons employed by the CONTRACTOR shall receive a \$0.50 / hour increase above their hourly wage that which was effective on September 30, 2017.
- CONTRACTOR shall ensure all hours worked by affected staff persons on or after October 1, 2017 are paid at the increased hourly wage through including any back-pay adjustments for hours worked prior to the implementation of the wage increase.
- CONTRACTOR shall ensure that after any fully qualified staff hired on or after October 1, 2017 (staff hired on or after October 1, 2017 that are fully trained and meet all MDHHS qualifications), are compensated at an hourly wage that is \$0.50 / hour higher than that which would have been paid on September 30, 2017 for that level of staff.

Exceptions:

- CONTRACTOR is not required to implement a \$0.50 / hour wage increase for employees that do not predominantly provide direct care aide level services (i.e. supervisors, other staff that provide service on a limited, temporary basis outside of their typical job responsibilities); CONTRACTOR shall determine such exemptions.
- CONTRACTOR is not required to implement a \$0.50 / hour increase for not yet qualified employees that are still in training and are not yet eligible to individually provide direct care service to CMHSP consumers.

Reporting Auditing Requirements

- CONTRACTOR must have all affected staff persons individually attest on the CMHSP DIRECT CARE AIDE LEVEL SERVICE ATTESTATION FORM that they received this wage increase and/or back-pay adjustments for all hours worked on or after October 1, 2017.
- CONTRACTOR shall compile the names, employment start dates, hourly pay rates on 9/30/17, and hourly pay rates on and after 10/1/2017 for all affected staff persons employed as of the report date identified on the AIDE LEVEL WAGE INCREASE PROVIDER SUMMARY FORM.