



# CMHPSM \$0.25/hour Direct Care Wage Increase Workgroup Proposed Action Plan April 1, 2019

## Summary

- CMHSPs will increase fee schedules for services in this plan effective April 1, 2019. All services delivered on or after April 1, 2019 will receive the increased fee schedule.
- CMHSPs will notify their providers through the terms within their contracts to implement the rate increases where appropriate.
- Providers employing workers delivering the services identified within this plan will ensure that all direct care workers they employ will receive a \$0.25 per hour wage increase effective April 1, 2019. Providers shall implement this wage increase as soon as possible and must retroactively increase qualified workers wages effective April 1, 2019 if implementing after April 1, 2019.
- PIHP will provide CMHSPs with any future MDHHS auditing requirements related to this wage passthrough.
- PIHP will publicize FY19 direct care wage increase information on CMHPSM website.

## Revenue

Milliman the State's actuarial firm has increased capitation payment rates statewide to reflect the \$0.25 per hour wage increase.

## Fringe Rates

Much like the FY18 direct wage increase that Milliman calculated, the FY19 direct wage increase does not include extra revenue to cover fringe costs. The actuarial calculation passes along exactly \$0.25 extra per service hour for the included service codes. To ensure that our CMHPSM providers are able to cover these costs we are planning on increasing hourly rates for the services specified below by \$0.28/hour.

## Proposed Direct Care Rate Changes (Effective 4-1-2019)

Regionally Agreed 15 Minute/ Hourly Direct Care Codes					
Type	CPT Code	Modifier	10/1/18 – 3/31/19	Increase	4/1/19 – FY19 Rate
Hourly*	H0043 Site Plan (Hourly Staff Calc)	Varies	\$ 17.20	\$ 0.28	\$ 17.48
15 Min	H2015		\$ 4.30	\$ 0.07	\$ 4.37
15 Min	H2015 (Shared)	TT	\$ 2.15	\$ 0.04	\$ 2.19

Non-Regionally Agreed 15 Minute / Hourly Direct Care Codes				
Type	CPT Code	Modifier	Current Rate	4/1/19 - Rate Increase
15 Min	H2014 Skill-Building		Varies	\$ 0.07
15 Min	H2014 Shared Skill-Building	TT	Varies	\$ 0.04
15 Min	H2015 Self Determination		Varies	\$ 0.07
15 Min	H2023 Supported Employment		Varies	\$ 0.07
15 Min	H2023 Shared Sup Employment	TT	Varies	\$ 0.04
15 Min	T1005 Respite		Varies	\$ 0.07
Hour	T2015 Pre-Vocational		Varies	\$ 0.28

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

### Estimated Financial Impact

The workgroup estimated a regional impact of \$650,000 for Q3 and Q4 of FY2019 (April 1, 2019-September 30, 2019) 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 related to the direct care wage increase as outlined in the table below:

<b>CMHSP Costs</b>	<b>Sum of FY19 Q3 and Q4 Increase</b>
LENAWEE SUB-TOTAL	\$ 68,681.12
LIVINGSTON SUB-TOTAL	\$ 107,664.82
MONROE SUB-TOTAL	\$ 151,197.16
WASHTENAW SUB-TOTAL	\$ 318,980.05
<b>CMHPSM Total</b>	<b>\$ 646,523.15</b>

## Compliance

The auditing process related to the FY18 direct care wage increase was very labor intensive for providers, CMHSPs and the PIHP. It is anticipated that the auditing or attestation needs will not be as intense for this FY19 wage increase. There may be attestation documentation requirement imposed at a provider level rather than the employee level like FY18. We will notify all stakeholders with any attestation or auditing information we receive from MDHHS.

## Project Timeline

- March 22, 2019 – Draft of Direct Care Wage Increase Plan sent to CMHSP
- April 2019 – CMHSPs will send out contractual amendments or rate notices to providers.
- April 2019 – CMHSPs will update fee schedules in CRCT to the increased service rates, effective for services delivered on and after 4/1/2019.

# Attachment #1: CMHPSM Letter



## **ADMINISTRATION**

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March 27, 2019

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 April 2019 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 \$0.25/hour effective April 1, 2019 ([PA 618 of 2018](#)).

The CMHPSM and its partner CMHSPs seek to implement this mandate by increasing reimbursement rates for the following direct care provided services:

- 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
- S5151 – Respite
- T1005 – Respite
- T2015 – Out of Home Pre-Vocational
- T2036 – CLS/Respite Care Overnight Camp
- T2037 – Respite Care Day Camp

The reimbursement rates for the services identified above will be increased by \$0.28/hour (on average) to cover the employer fringe costs of the \$0.25/hour wage increase for your employees.

The CMHPSM and its partner CMHSPs seek to work together with your organization to operationalize this wage increase in a timely, systematic manner. Please find additional information at: <https://www.cmhpsm.org/fy19aideincrease>

Please reach out to your local CMHSP contract representative with any questions.

Sincerely,

James Colaianne  
CMHPSM Chief Operating Officer