



May 18, 2018

## **2018-19 Minimum Wage Rate Setting & Reconciliation Guidance**

The purpose of this document is to provide MCOs with clarification regarding Minimum Wage in 2018-19 rates.

- The Department is adding increased funding for minimum wage compliance to Managed Care Organizations (MCO) regional rates for SFY 2018-19. This funding includes Calendar Year (CY) 2018 and 2019 minimum wage increases in all regions of New York State.
- The additional funds paid to MCOs, as projected in Schedule F's, shall be paid out to providers and subsequently to workers for statutory wage obligations (including the minimum wage and wage parity amounts). However, this does not obligate an MCO to give every provider the same hourly increase in additional reimbursement. This allows MCOs to allocate total minimum wage resources appropriately based on provider network need. MCOs cannot use any of these funds for anything other than wage increase and, to the extent they are not used, they will be returned to the State through rate adjustment or some other mechanism.
- The Department reminds plans that the MCO-provider contract amendments should specify that the increase in reimbursement rates is to supplement existing contract rates to enable the provider to fund the statutory increase to minimum wage and to enable the provider to remain compliant with wage parity. The Department of Labor will be responsible for ensuring that providers are paying workers in compliance with these statutory wage requirements.
- Supplemental Minimum Wage Cost Reports are being collected to verify that resources included in the rates were utilized specifically for minimum wage and to determine the appropriate amount of minimum wage funding plans need to support their contracted providers. Any necessary reconciliations (up or down) will be made through future rate adjustments.
- 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.
- DOH/OMIG/DOL will have responsibility for reviewing, auditing and enforcing the payment of the direct salary costs and related fringe benefits associated with the minimum wage increase -- including reviewing the attested to survey and cost report data.
- Calendar Year 2018 unit cost adjustment varies from SFY 2017-18 to 2018-19 due to updated data received through plan cost reports and provider surveys. Plans should ensure contracted amounts appropriately reflect minimum wage impacts to their providers as stated above. Any amount of under-funding or over-funding to a plan will be reconciled through rate revisions. Please refer to the SFY 2018-19 Minimum Wage Crosswalk for unit cost values and plan Schedule Fs for total projected funding.