



**Department
of Health**

**Office of
Health Insurance
Programs**

Minimum Wage Guidance

Medicaid Managed Care

September 28, 2018

Agenda

- Review Key Items From Guidance Documents
 - Additional Minimum Wage (MW) Guidance
 - Reconciliation Process and Timeline
 - Next Steps
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- NOTE: All phones are muted. Please submit questions via Webinar text box.

Key Items From Prior Guidance

- MCO-Provider contract amendments should specify the increased reimbursement is to enable the provider to fund appropriate statutory increases in Minimum Wage.
 - The Department has recommended that contract amendments be in place sufficiently in advance of the start of any calendar year (2019 contracts in place by November 1, 2018). If a dispute arises over the contracted increase for wages, providers or MCOs may seek the Department's guidance.
- MCOs do not need to increase contracted rates at the same hourly amount to all providers. MCOs are able to utilize additional funding to allocate resources appropriately based on provider network need.
- To verify that resources were used appropriately and were provided sufficiently, the Department is collecting Supplemental Minimum Wage Cost Reports and will reconcile any overfunding or underfunding to MCOs.
- OMIG/DOL will be conducting audits of MCOs & Providers to ensure compliance with these directives.

Additional Minimum Wage Guidance

- There is *not* a specified amount of funding that MCOs *must* pass to each provider.
 - MCOs are statutorily required to pay minimum wage funding to providers to ensure workers are paid consistent with the law.
 - MCOs and providers should negotiate within the requirements of the law to determine the amount of the adjustment needed.
- Funding provided to MCOs is displayed on MCO Schedule F's and is broken out into 2 components:
 - Minimum Wage Funding (subject to reconciliation) – This is the *projected* amount of funding the state has included in the rates intended for distribution to providers to satisfy minimum wage
 - Surplus and Taxes Funding – This is the *projected* amount of surplus and taxes paid to the MCO that is attributable to the wage increase. This portion of funding is intended for MCOs.

Additional Minimum Wage Guidance

- MW funding has **not** been reduced. Rather, MW funding has increased on a State Fiscal Year (SFY) basis each year.
- MW funding is built on a SFY basis and has been funded in full for SFY 2018-19.
 - Provided Calendar Year (CY) breakouts (first 3 months of 2018 vs last 9 months of 2018) incorporate various assumptions:
 - Projected enrollment/utilization assumed as 75/25 split,
 - Program averages (no plan specific risk adjustments),
 - Some wage-related unit cost expenses are captured in the base rate when the cost report base data is updated.
 - Therefore, it is not appropriate to compare the fluctuating CY unit cost adjustments of the 1st 3 months of CY 2018 (from SFY 2017-18) to the last 9 months of CY 2018 (from SFY 2018-19).

Additional Minimum Wage Guidance

- SFY funding for minimum wage has increased for SFY 2018-19.
 - The chart below displays the Personal Care unit cost adjustment for the 5 boroughs of NYC.

NYC Unit Cost Adjustment to Personal Care		
	SFY 2017-18	SFY 2018-19
CY 2017	\$1.37	N/A
CY 2018	\$4.35	\$3.52
CY 2019	N/A	\$5.87
Blended	\$2.12	\$4.11

- The Department also utilized updated data in the wage adjustment:
 - Wage Parity information – Public Health Law § 3614-c(3) held the supplemental benefit portion at \$4.09 for NYC and \$3.22 for the Downstate region.
 - Wage Related Benefits – In 2018 the Department collected provider data which established wage dependent fringe costs at approximately 17.5%.

Additional Minimum Wage Guidance

- The following chart shows the amounts currently in the New York City (5 boroughs) managed care base as reported in the MCO Cost Reports plus the Wage Adjustment amount added to the SFY 2018-19 rates:

<u>Impact of Minimum Wage on Home Care</u>			
<u>Labor Costs in New York City</u>			
Item	CY 2018	CY 2019	SFY 2018-19 Blend
Personal Care Amount in CY2016 Cost Report Base	\$19.55	\$19.55	\$19.55
Wage Adjustment Amount	\$3.52	\$5.87	\$4.11
Total Personal Care Hourly Rate	\$23.07	\$25.42	\$23.66
Home Health Care Amount in CY2016 Cost Report Base	\$20.10	\$20.10	\$20.10
Wage Adjustment Amount	\$3.52	\$5.87	\$4.11
Total Home Health Care Hourly Rate	\$23.62	\$25.97	\$24.21
Personal and Home Health Combined in CY2016 Cost Report Base	\$19.57	\$19.57	\$19.57
Wage Adjustment Amount	\$3.52	\$5.87	\$4.11
Total Personal and Home Health Care Combined Hourly Rate	\$23.09	\$25.44	\$23.68

Reconciliation Process

- MCOs should be tracking the amount of funding paid out to providers for minimum wage increases. This is to be reported to the Department on the MCOs Supplemental Minimum Wage Reconciliation Cost Report (MWRCR).
- The Department will review data submitted on the MWRCR to calculate the amount to be reconciled.
- Recognized MCO Minimum Wage expenses will be compared to the amount of Minimum Wage funding MCOs received in rates to determine if the MCO was overfunded or underfunded.
- The Department will load revised rates for the appropriate period to account for any over/underfunding in Minimum Wage.
- MCOs will receive a Final Schedule F which will include:
 - Actual Minimum Wage funding received in the rates,
 - Reconciliation amount for the rating period (Overfunding / Underfunding),
 - Total billed claims for the reconciliation period,
 - Minimum Wage Adjustment to PMPM.

Reconciliation continued

- The Department is currently finalizing SFY 2016-17 Minimum Wage Reconciliation for all regions with recognized/verifiable minimum wage expenses.
 - NYC Plans will receive updated Schedule F's displaying their reconciliation amounts.
 - Plans with reconciliation will receive updated Schedule B's listing their minimum wage adjustment and revised rate.
 - Revised rates will be loaded onto eMedNY and automatically generate reconciliation payments or withholds in subsequent payment cycles.
 - Reconciliation is considered Draft pending DOB and CMS approval.
- SFY 2016-17 Minimum Wage funding / reconciliation is applied to the following rate periods:
 - Partial Cap: October 2016 – March 2017
 - MAP: January 2017 – March 2017
 - FIDA: October 2016 – March 2017
 - PACE: April 2016 – March 2017

Minimum Wage Next Steps

- The Department is currently working on transitioning the platform for collecting the MCO Supplemental Minimum Wage Reconciliation Cost Reports (MWRCCR) away from the HCS to the NYS Office of Pool Administration website (OPA).
 - The Department expects the new platform to be ready in the Fall of 2018.
 - MCOs will access a link in the HCS Cost Report System along with instructions directing them to create accounts on the OPA website where they will be able to begin completing quarterly Minimum Wage reports.
 - Despite the new platform, these reports are still considered a component of MCO Cost Reports.
 - This new platform will allow for a more expeditious reconciliation.
- The Department has created a webpage on the DOH website devoted to Minimum Wage guidance. As additional guidance and information is provided it will be posted here: https://www.health.ny.gov/health_care/medicaid/redesign/min_wage_guidance.htm

Questions

Additional Minimum Wage finance questions can be sent to mltcrsmw@health.ny.gov.