

SFY 2018-19 Minimum Wage FAQ

1. **Q:** Where is the crosswalk?
A: The crosswalk was sent to Partial Cap, MAP, and FIDA plans along with the Schedule F's on Friday, May 18, 2018. PACE plans should expect to see the crosswalk and Schedule F's soon.

2. **Q:** When will Providers be notified of the reduction in funding?
A: There is not a reduction in funding. Minimum wage is funded in full for SFY 2018-19. See Question 4 below.

3. **Q:** Can plans pay more for minimum wage per hour than what is listed in slide deck page 12? For example, can plans pay more than \$3.52/hr in 2018?
A: Plans need to pay providers an amount sufficient to satisfy the increase in minimum wage.

4. **Q:** Why is there a reduction in NYC funding for 2018 in the 2018-19 rates as compared to the 2017-18 rates? Are Plans expected to cut rates to Providers as a result? If plans already have contracts with providers, and now the minimum wage funding in our rates is reduced, are we expected to go back and negotiate lower rates?
A: The Calendar Year 2018 unit cost adjustment in the 2018-19 rate buildup incorporates updated data received by the Department. On a State Fiscal Year (SFY) basis, the minimum wage funding in the 2018-19 rates has increased from 2017-18. Plans requested that the SFY funding be unwrapped and broken into a calendar year basis. This exercise *estimates* how the funding is broken into different periods. We recognize that if you were to unwrap the funding it appears that there was more funding allocated to Calendar Year (CY) 2018 in SFY 2017-18 compared to 2018-19. The reason the CY 2018 unit cost adjustment appears to decrease is due to updated data received through plan cost reports and provider surveys (see chart below). The Department reminds plans that contracted rates between plans and providers should be sufficient to support the increases associated with the minimum wage law. As stated in the 2018-19 Minimum Wage Rate Setting & Reconciliation Guidance document sent to plans on Friday, May 18, 2018, an MCO is not obligated to give every provider the same hourly increase in additional reimbursement. *This allows MCOs to allocate minimum wage resources based on provider network need.*

| 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 |

5. **Q:** Is there evidence that minimum wage distributions to personal and home care agencies have been too high? Is the reconciliation for periods prior to April 2018 expected to recoup a significant portion of funding from these providers? Is it clear that the reduced funding will be sufficient to cover the minimum wage mandate?
A: It is too early to determine the amount of reconciliation for the beginning of 2018. The Department along with the State's Actuary believes the amount of funding included in the SFY 2018-19 rates is sufficient to cover the increase in minimum wage.
6. **Q:** What role does the state expect plans to play in reconciling minimum wage funding that was distributed to providers?
A: Plans should be tracking the amount of incremental minimum wage funding paid to providers and reporting to the Department through the Supplemental Minimum Wage Cost Report on a quarterly basis.
7. **Q:** Can you explain/provide more detail on the Normal Wage Growth? Is Normal Wage Growth included in the final rates?
A: Normal Wage Growth is the increase to the unit cost expected to happen absent the minimum wage law. Please see the Webinar slide 7 from May 31st. Normal Wage Growth is included in Plans final rates.
8. **Q:** What is the reconciliation mechanism? Will over/under funding be reconciled through future rate adjustments? What is needed for plans to submit for such reconciliation in rate difference?
A: Funding will be reconciled through future rate adjustments. Plans are submitting Supplemental Minimum Wage reports which are used for reconciliation.
9. **Q:** There was a retro risk score update in Jan/Feb 2018 retro back to 7/1/17. Should FY18 Schedule F be retro updated accordingly?
A: Yes, Schedule F is a projection of funding, therefore, plans should appropriately update member months in the Schedule F calculation as well as any risk score updates to calculate actual minimum wage funding.
10. **Q:** What happens when Plans pay for more or less hours than what seems to be built into the funding?
A: The reconciliation process is meant to address instances in which Plans incur costs directly related to minimum wage above or below minimum wage funding received from the State. Plans funding will be adjusted to reflect the reconciliation in future rate adjustments.
11. **Q:** Can you please explain why CY 2016 experience is used as the base for calculating the unit cost impact?
A: CY 2016 is the base data period used in the SFY 2018-19 rate buildup.
12. **Q:** Schedule C has a different amount than Schedule F. Are Schedule C, Schedule B, and the payments going to be adjusted?
A: No, Schedule C and B are not going to be adjusted. Please refer to the webinar slides, pages 5 and 7 for the differences between Schedule C and Schedule F.
13. **Q:** Are "surplus", "for profit tax", and "for profit MTA surcharge" subject to passthrough or should they be retained by health plans?
A: Surplus and Taxes are not pass through funding and can be retained by the plans.

- 14. Q:** Are the plans expected to pay at minimum wage regardless of the rate received? Would the difference be settled in reconciliation?
A: As described in the SFY 2018-19 Minimum Wage Rate Setting & Reconciliation Guidance document sent to plans on Friday, May 18, 2018, Providers must be paying employees in accordance with minimum wage laws. Plans should be negotiating contracted rates with providers that support Providers paying at least the minimum wage to their employees. Minimum wage funding received in rates is to be used solely to support increases due to the minimum wage increases. Any over or under funding by the State to Plans will be reconciled.
- 15. Q:** It was our understanding minimum wage could not be negotiated between the plan and provider. Are we correct?
A: No. The contracted rate between Plans and Providers is negotiable. However, Plans should ensure that Providers have sufficient contract funding to meet minimum wage requirements.
- 16. Q:** If an agency was already paying wages above minimum wage and did not incur additional costs, is it okay to still pass through these \$s? What documentation does the agency need to provide the MCO regarding their cost?
A: No, Minimum wage funding that plans receive in their rates is to solely be used for minimum wage increases.
- 17. Q:** Most of our PCA contracts with LCHSA providers have the reimbursement based on their current Medicaid Rate Sheets. Does the current (2018) Medicaid Rate Sheets for PCA providers already have Minimum Wage built into it? If so can provide detail on break out that component to avoid paying it out twice since it does not appear to be its own separate line on the rate sheet.
A: Yes. Please submit questions regarding FFS minimum wage to PersonalCare-Rates@health.ny.gov.
- 18. Q:** With paying out some of the Minimum Wage funds we are doing some lump sum payouts for 2017 d/o/s and potentially 2018 as well. How is the best way to reflect these transactions in our Encounter Data submissions?
A: Minimum wage payments should be reflected in encounters related to personal care and home health aide services for dates of service corresponding to the payout period.
- 19. Q:** Should the NYC Area Personal Care "SFY18-19 Base Community Personal Care PMPM" of \$3,016.48 on line 15 of the cross walk align with the PMPM of \$2,939.13 on schedule C, line item "Personal Care"?
A: No, the \$2,939.13 on Schedule C is prior to adjustments made below for NHT Exclusion, Provider Incentives, Reinsurance, IBNR, and HR&R. After making those adjustments, the value of Personal Care \$2,939.13 becomes \$3,016.48.
- 20. Q:** Should the NYC Area Home Health Care "SFY18-19 Base Community Personal Care PMPM" of \$137.25 on line 15 of the cross walk align with the PMPM of \$134.40 on schedule C, line item "Home Health Care"?
A: No, same answer as Number 19 above, need to apply adjustments to the \$134.40 to get to \$137.25.

21. Q: Should line item 20c under the schedule “Minimum Wage Adjustment for SFY 2018-19 (NYC Area)” PMPM of \$526.21 align with Schedule C “Minimum Wage Impact” PMPM of \$523.51?

A: No, the Schedule C amount does not include trend, whereas the Schedule F values have utilization trend applied.