Michigan Department of Health and Human Services
Program Policy Division PO Box 30809
Lansing MI 48909

Michigan Department of Health & Human Services
GRETCHEN WHITMER, GOVERNOR | ELIZABETH HERTEL, DIRECTOR

September 26, 2024

<Provider Name>
<Provider Address 1>
<Provider Address 2>
<City> <State> zipcode5-zipcode4

Dear Provider:

RE: Direct Care Worker Wage Increase

This letter replaces Numbered Letter L 24-29, that was sent on May 9, 2024. Pursuant to Public Act 121 of 2024, the Michigan Department of Health and Human Services (MDHHS) will implement a wage increase for direct care workers, to be included on an ongoing basis. This applies to the MDHHS programs and service codes listed below:

Program Name	Services	Related HCPCS Codes
MI Choice Waiver	Community Living Supports, Respite, Adult Day Health, Residential Services	H2015, H2016, S5150, S5151, S5100, S5101, S5102, T2032, T2033
MI Health Link	Expanded Community Living Supports, Personal Care, Respite, Adult Day Program	H2015, S5150, T1019, S5100, S5101, S5102
Behavioral Health	Community Living Supports Overnight Health and Safety Supports Personal Care Prevocational Services Respite Skill Building ABA Adaptive Behavior Treatment ABA Group Adaptive Behavior Treatment ABA Exposure Adaptive Treatment Crisis Residential Services Residential Services -SUD Residential Services – Co-occurring SUD/MH Withdrawal Management – SUD Supported Employment	97153, 97154, 0373T, H2025, H0019, H0010, H0012, H0014, H0018, H2014, H2015, H2016, T2027, T1020, T2015, S5151, T1005, H2023, H0043, T2026

General Wage Increase Requirements

- The wage increase applies for services provided October 1, 2024, forward and is intended to cover an additional $0.20 per hour increase in direct care worker wages, along with an additional $0.04 per hour for agencies to cover their costs associated with implementing this increase.

- This amount supplements the $3.20 per hour increase (plus an additional $0.40 for agencies) previously appropriated for direct care worker wage increases, bringing the total to $3.40 per hour for direct care workers and an additional $0.44 per hour for agencies.

- **The wage increase cannot cover costs associated with minimum wage increases.**

- Consistent with L-22-10, the $2.35 per hour base wage increase should be paid in addition to the worker's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying direct care worker on March 1, 2020. If the agency was not in business in March 2020, the direct care work must be paid at least minimum wage plus the $2.35 wage increase amount.

- Consistent with L-24-29, the FY24 additional $0.85 per hour should be a base wage increase paid in addition to the worker's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying direct care worker on September 30, 2023.

- The FY25 additional $0.20 per hour should be a base wage increase paid in addition to a worker's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying direct care worker on September 30, 2024.

- The entirety of the base wage increase, totaling $3.40 per hour, must be applied entirely to direct care worker wages. The $3.40 and $0.44 per hour amounts may be implemented by an equivalent as divided per billing unit.

    - Factoring in the prior year DCW wage increases, in addition to the FY25 increase, the payment would be $0.85 per 15-minute unit for the direct care worker, and $0.11 per 15-minute unit for the additional agency cost, totaling $0.96 per 15-minute unit attributed to the DCW wage increase and employer costs.

- Consistent with L-24-29, this wage increase, along with previously appropriated direct care wage increases (totaling $3.40 per hour), should also be applied to direct care worker's indirect/administrative time (necessary time for the worker to complete associated direct care paperwork) and overtime.

- Overtime compensation for non-exempt employees is eligible for reimbursement at a rate of $5.12 per hour for FY25.

- Agencies would receive an additional $0.64 per overtime hour to cover their additional costs associated with implementing this increase, making the total for overtime payments $5.76 per hour including the $5.12 per hour to the direct care worker and $0.64 per hour to the employer.

- When overtime is billed in 15-minute units, the DCW would receive an additional $1.28 per overtime 15-minute unit and the employer would receive and addition $0.16 per overtime 15-minute unit, for a total of $1.44 per 15- minute overtime unit.

Recordkeeping requirements

- Direct care worker agencies that are a network provider under a Medicaid managed care entity and/or their subcontractor must retain and be able to submit documentation upon request, either by the Department or their contracted managed care entities, that supports the distribution to direct care workers and that payments were made in accordance with the requirements in this letter.

- A direct care worker may choose to not receive the wage increase. This choice must be indicated in writing or electronically. This individual's employer must give back to the entity paying for services, as described in the table above, any funds allocated for this individual's wage increase.

Skilled Nursing Facilities (SNFs), Adult Foster Care (AFC) Homes and Homes for the Aged (HFAs)

SNFs, AFC homes and HFAs should follow guidance and reporting instructions currently provided on the MDHHS Coronavirus webpage at: Long Term Care COVID-19 Plan (michigan.gov) under the Staffing tab and the "Direct Care Worker Resources" heading.

If you have questions, you may call Provider Support at 1-800-979-4662 or e-mail them at providersupport@michigan.gov.

An electronic version of this document is available at www.michigan.gov/medicaidproviders >> Policy, Letters & Forms.

Sincerely,

Meghan E. Groen, Director
Behavioral and Physical Health and Aging Services Administration

Valley Area Agency On Aging
Answers, Action & Advocacy for All Things Senior

Receipt of Direct Care Worker (DCW) Premium Pay Notice
Signature Form FY 2025

By receiving and signing this notice, you agree that your agency agrees to follow the requirements stated above regarding receipt of the $3.40 per hour Premium Pay and $0.44 per hour increase for additional costs and agrees to begin applying the Premium pay from October 1, 2024 through September 30, 2025. Please return a signed copy of the signature sheet to the attention of Pamela Reid by October 24, 2024.

_____
Organization

_____
Authorized Signature Title Date