



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

January 26, 2018

Subject: 2018 Minimum Wage Rate Adjustment

Dear Administrator:

The purpose of this letter is to provide information regarding a rate change due to Article 19 of NYS Labor Law that establishes new minimum wage increases beginning January 1, 2018.

As stated with the implementation of the January 1, 2017 minimum wage rate update, implementation of minimum wage increases will take place regionally and in phases over the next several years. At this time, the Department of Health (Department) is revising rates effective January 1, 2018 for the minimum wage increases. Due to these increases, the Department has revised the rates Assisted Living Programs.

The rates were adjusted based on Assisted Living provider attested survey data that was submitted for the period of April 1, 2017 through June 30, 2017 and annualized. The aforementioned rates were adjusted to incorporate all additional costs to meet the minimum wage requirement as supplied in the survey. These costs were included in the rate as a component add-on.

Providers cannot use any of these additional funds for any purpose other than appropriate statutory wage obligations directly associated to the minimum wage increase and shall reserve unspent funds to be returned to the State through a rate adjustment or some other mechanism, as determined by the Department. In compliance with the appropriation language included in the Budget, "Each eligible organization...may be required to submit written certification...attesting to the total amount of funds used by the eligible organization, how such funding will be or was used for purposes eligible under these appropriations and any other reporting deemed necessary by the commissioner.", the Department intends to issue a minimum wage supplemental cost report to ensure dollars were used appropriately.

To verify that resources included in the rates were utilized specifically for minimum wage, the supplemental cost report will be released in the first quarter of each calendar year to collect the data for the prior calendar year and due back to the Department in April. This supplemental cost report will include sufficient detail to verify provider wage scale and the specific wage related fringe benefits to establish future reimbursement rates. Dollars that were used inappropriately will be returned to the State or any increases in minimum wage costs will be provided through a future rate adjustment or some other mechanism, as determined by the Department. The Department may use this cost report data and other reported data to develop future minimum wage reimbursement rates. The Department reserves the right to request any

additional data necessary to assist with the development of these future minimum wage reimbursement rates.

OMIG will also conduct audits of all providers to ensure that payments were made in accordance with statutory requirements and the method discussed above. Providers shall maintain all records and reports required to verify that appropriate salary increases directly associated with the minimum wage increase were made and shall present them to OMIG upon request.

Please be advised that, at the time the Division of the Budget approves the rate increases, the increased rates will be loaded to the eMedNY payment system in the next available cycle.

If you have any questions regarding the changes to the rates for Minimum Wage, please send an email with the subject line **Minimum Wage / Rate Changes** to NFRates@health.ny.gov.

Sincerely,



Ann Foster
Deputy Director
Division of Finance and Rate Setting
Office of Health Insurance Programs