

# FISCAL YEAR 2014 MANAGED LONG-TERM CARE WAGE PARITY ADJUSTMENT

## State of New York

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# Fiscal Year 2014 MLTC Wage Parity Adjustment

## Agenda

- Review of the fiscal year (FY) 2014 Managed Long-Term Care (MLTC) program change analysis for wage parity.
- Discuss potential revisions to the wage parity program change analysis for the FY 2015 MLTC premium development.

## FY 2014 MLTC Wage Parity Adjustment

### Review of FY 2014 Wage Parity Program Change Analysis

- Effective March 1, 2014, Home Care Worker Wage Parity law requires that homecare aide compensation be “no less than the prevailing rate of total compensation as of January 1, 2011 or the total compensation mandated by the living wage law, whichever is greater”.
- The Department of Health (DOH) estimated the worker salary and fringe benefits rate in the pre-wage parity MLTC premiums to be \$14.41 per hour.
- In conjunction with the Department of Labor (DOL), DOH established the applicable prevailing wage to be \$16.35 per hour.

## FY 2014 MLTC Wage Parity Adjustment Review of FY 2014 Program Change Analysis (cont'd)

- Based on the DOH/DOL analysis, Mercer estimated the impact of this change to the New York City (NYC) Area regional average rates to be a 1.1% increase to personal care and other home health services:
  - The 1.1% increase reflects the following adjustments:
    - The 13.4% hourly rate increase.
    - An adjustment of 0.969 to reflect its applicability only to the five boroughs.
    - An adjustment of 0.083 to reflect its applicability to only the final month of the FY 2014 contract period.
- The 1.1% increase to personal care and other home health services generates an increase of approximately 0.9% to total medical services.
- Applying this impact to the base medical expenditures used by DOH in developing the FY 2014 MLTC premiums results in an increase of \$26.70 per member per month.

## FY 2014 MLTC Wage Parity Adjustment

### Discussion of FY 2015 Wage Parity Program Change Analysis

- Key considerations:
  - Materiality: Wage parity will be in effect for all of FY 2015.
  - Variability: Wage parity will impact each MLTC plan differently.
  - The State, the MLTC plans/plan associations, and other stakeholders continue to refine important details related to the implementation of the wage parity requirement.
- Potential revisions to the wage parity program change adjustment:
  - DOH and Mercer have discussed formally adjusting the price for all personal care and home health aide services in the FY 2015 regional average premiums to the agreed upon hourly rate.
  - DOH and Mercer will work to ensure the wage parity program change is implemented consistently across “Existing” and “Mandatory” MLTC rates (as appropriate).

## FY 2014 MLTC Wage Parity Adjustment Discussion of FY 2015 Wage Parity Program Change Analysis (cont'd)

- Potential revisions to the wage parity program change adjustment (cont'd):
  - DOH and Mercer will explore options for making plan-specific adjustments to MLTC premiums in recognition of the differential impact that this program change is expected to have from plan-to-plan.
- Questions?



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