



## Department of Health

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### **MINIMUM WAGE RATE SETTING AND RECONCILIATION**

- The SFY 2017-18 Budget includes appropriation language which states: that funding “...shall support direct salary costs and related fringe benefits” and that “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.”
- To this end, in FFS (hospital, NH, etc.) the Department conducted a survey to capture the resources needed for hours worked below the minimum wage amount of \$11 per hour. These results were attested to (consistent with statute) and used in the rate development methodology.
- For the Home Care sector, the Department will release a similar survey in mid-December with a 3-4 week turnaround. This will be used to verify the accuracy of the current DOH/industry estimate. The results will be included in the April 2017 rates, including any necessary reconciliation of State funds.
- In March 2017, an additional survey (3-4 week turnaround) will be issued to all sectors to estimate the out year impacts of the minimum wage, including subsequent year incremental increases for Financial Plan purposes.
- For future rate periods, cost report data will be used to determine reimbursement rates.

### **Final Reconciliation Process**

- To verify that resources included in the rates were utilized specifically for minimum wage, a supplemental cost report will be released in the last quarter of each calendar year and due back to the Department by the subsequent April for inclusion in the next rate cycle. This supplemental cost report will include sufficient detail to verify provider wage scale and the specific wage related fringe benefits and establish future reimbursement rates. Any necessary reconciliations (up or down) will be made in reimbursement rates for the next rate cycle.
- Unused funds or funds that were determined to be used inappropriately will be returned to the State Financial Plan/General Fund through an adjustment in Medicaid transfers, within the State fiscal year and at a time determined appropriate by the Division of the Budget.

- DOH/OMIG/DOL will have responsibility for reviewing, auditing and enforcing the payment of the direct salary costs and related fringe benefits associated with the minimum wage increase -- including reviewing the attested to survey and cost report data.