

**Michigan Department of Health and Human Services
Skilled Nursing Facility COVID-19 Response: Direct Care Worker Wage Increase
Frequently Asked Questions**

July 23, 2020

1. Who is entitled to the increase?

a. Are administrative staff entitled to the increase (DON/MDS, etc.)?

No, administrative staff are not eligible for the direct care worker wage pass-through. Only RNs, LPNs, CNAs and respiratory therapists providing direct patient care are eligible for the \$2/hour wage pass-through.

i. If they are entitled to the increase, how are they paid if they are salaried?

While the administrative staff are not eligible for the wage pass-through, if any of the eligible direct care employees are salaried their payments would be determined as follows: \$160 per pay period (\$2.00 x 80 hours)

b. Do licensed staff working outside of the eligible direct patient care designations (RNs, LPNs, CNAs and respiratory therapists) qualify for the \$2.00 increase? For example:

i. Does an activities aide who is also a CNA receive the \$2.00 increase for all hours worked or only the hours worked, if any, as a CNA?

ii. Does an administrator who is also a licensed RN receive the \$2.00 increase?

If these staff were to provide any direct patient care then they would be eligible for the \$2.00 an hour increase for those hours, but their direct patient hours must be tracked separately from other hours worked.

c. Are non-certified aides who perform direct care worker duties eligible for the \$2.00 an hour increase?

No, non-certified aides are not eligible for the direct care worker pass-through payments.

d. Are non-Medicaid certified nursing facilities eligible for the direct care worker pass-through payments?

Only nursing facilities certified to participate in either Medicaid or Medicare are eligible for the direct care worker pass-through payments. Licensed only nursing facilities and hospice residences are not eligible for the direct care worker pass-through payments.

e. Does the direct care worker pass-through apply only to those facilities who have COVID-19 cases confirmed?

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No, all Michigan nursing facilities certified to participate in either Medicaid or Medicare, as described above, are eligible for the direct care worker pass-through payments.

f. Are contract workers eligible for the \$2.00 an hour wage increase?

No, contract workers are not eligible for the \$2.00 an hour wage increase.

2. Is there a mechanism to include administrative staff that need to work on the floor to support adequate resident care?

If a mechanism exists to track the amount of time an administrative staff works on the floor, MDHHS will reimburse the \$2.00 pay increase for the time in which they were supporting resident care. The administrative staff person would need to be properly licensed or certified (RN, LPN, CNA or respiratory therapist).

3. What hours are covered?

a. Do we pay the \$2.00 for PTO/Sick time?

No, only actual hours worked are eligible.

b. We pay 1.5 for working on a holiday; does this mean we have to pay 1.5 times the \$2.00 (\$3.00) for working a holiday (July 4th and Labor Day).

In this scenario, MDHHS would only pay for the \$2/hour of employee time worked. The nursing home would have to make up the additional \$1/hour if they choose to make holiday pay.

4. What employment costs are eligible for reimbursement?

a. Additional overtime compensation caused by the \$2.00?

Overtime compensation for non-exempt employees is eligible for reimbursement at a rate of \$3.00 an hour. Eligible overtime hours would include hours worked over 40 hours a week for non-exempt employees not covered under the "8 and 80" system. For employees covered under the "8 and 80" overtime system, overtime hours would include hours worked over 8 hours in a day or over 80 hours in a two week pay period (i.e., if an employee worked 84 hours in a week but had one 12 hours shift then the employee would be eligible for only 4 hours of overtime not 8 hours).

b. Additional employer contributions to the employee's defined benefit or defined contribution plan?

No, extra retirement contributions would be excluded from the pass-through reimbursement. Since the Senate Fiscal Agency has taken the assumption that retirement contributions are exempt, MDHHS will also consider them exempt from the reimbursement.

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c. Increased workers' compensation costs (that may not be realized/calculated until next year)?

No, workers' compensation costs will not be eligible for reimbursement since workers' compensation premium amounts include many factors, not just employee wages.

d. Administrative costs to effect compliance?

No, administrative cost to comply with the law will not be eligible for reimbursement.

e. Additional unemployment costs? See above.

No, extra unemployment costs would be excluded from the pass-through reimbursement. Since the Senate Fiscal Agency has taken the assumption that unemployment costs are exempt, MDHHS will also consider them exempt from the reimbursement.

f. What payroll tax expenses are eligible for reimbursement?

All employer Medicare and Social Security payroll tax expenses associated with the \$2.00 increase are eligible for reimbursement. State and federal employer unemployment insurance taxes are not eligible for reimbursement.

5. How are we reimbursed?

a. Process

Nursing homes should complete the Direct Care Worker Wage Pass-Through Reimbursement Form after they have made payroll and submit to the MDHHS-SNF-Testing-Financial@michigan.gov email box to request reimbursement. In addition, MDHHS will be issuing an L-letter to further clarify the \$2/hour DCW pass-through requirements and reimbursement process.

b. Required Documentation

Nursing homes will be required to track eligible expenses and retain documentation (i.e., payroll documentation, job descriptions, etc.) to demonstrate that the direct care workers received the wage pass-through and were eligible for it, and to show that other eligible expenses were actually incurred.

6. What is the wage level basis?

a. What wage level is the \$2 an hour being compared to?

Payment will be determined by comparing wage levels effective July 1, 2020 to wage levels in effect June 30, 2020 (i.e., wages effective July 1, 2020 through September 30, 2020 will need to be \$2 an hour over the wages that were in effect on June 30, 2020).

b. If my nursing home was paying direct care employees premium pay prior to July 1, 2020, do I need to pay the \$2 an hour increase above that wage rate?

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If the premium pay expired on or before June 29, 2020, then the \$2 an hour increase does not apply to that wage rate but rather the employees standard wage rate (e.g., if an employee is paid a base wage rate of \$15 an hour and was receiving a premium wage rate of \$18 an hour until June 27, 2020, then the employee should be paid \$17 an hour from July 1, 2020 through September 30, 2020). If the premium pay was still in effect as of June 30, 2020, then the \$2 an hour increase applies to the premium wage rate (e.g., if an employee is paid a base wage rate of \$15 an hour and was receiving a premium wage rate of \$18 an hour as of June 30, 2020, then the employee should be paid \$20 an hour from July 1, 2020 through September 30, 2020).

c. Do I need to include the \$2 an hour increase for shift differential pay?

Yes, the \$2 an hour increase applies to shift differential pay so it should be \$2 an hour above the shift differential wage rate (e.g., if an employee has a standard wage of \$15 an hour but is paid \$18 an hour to work the night shift, then that employee should receive \$20 an hour for hours worked during the night shift).

d. Does the \$2 an hour increase factor into employee bonuses?

No, the \$2 an hour increase is excluded from employee bonuses.

7. Can a nursing home submit one reimbursement request form and make one lump sum payment to their employees?

Yes, a nursing home can make one lump sum payment to their employees for hours worked between July 1, 2020 and September 30, 2020 and then submit one reimbursement request form to MDHHS. Nursing homes should email MDHHS-SNF-Testing-Financial@michigan.gov if they plan to pursue a one-time lump sum payment rather than bi-weekly or monthly payments.

8. When will we receive reimbursement?

Payment will be made on either a bi-weekly basis, monthly basis or as one lump, nursing homes should submit the reimbursement request after they have made payroll. Processing times will depend on the volume and quality of requests, but MDHHS expects quick turnaround times.

9. Will Medicaid consider the additional \$2.00 per hour for SNF direct care workers as a direct pass-through and not subject to the VCL limits?

The \$2/hour will be a direct pass-through separate from the Medicaid nursing facility per diem.

10. When does the direct care worker pass-through payment program end?

The direct care worker pass-through payments are reimbursable for the period July 1, 2020 through September 30, 2020. If a facility pay period extends beyond September 30 (i.e.,

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September 20 – October 3) the wage increase is only required and reimbursable through September 30.