

Michigan Department of Health and Human Services
Home for the Aged (HFA) & Adult Foster Care (AFC) COVID-19 Response: Direct
Care Worker Wage Increase
Frequently Asked Questions

October 15, 2025

1. Will the direct care worker wage increase continue past September 30, 2025?

a. Has the direct care worker wage increase been extended?

Public Act 22 of 2025 extended the direct care wage hourly increase from October 1, 2025, through September 30, 2026 (FY26).

b. What is the amount of the direct care wage (DCW) increase?

For eligible direct care workers, the hourly wage increase is \$3.40 for time periods occurring October 1, 2024, through September 30, 2026.

2. How do I know if my HFA/AFC is eligible for the direct care wage increase for staff?

Licensed HFA and AFC facilities are eligible for the DCW increase if the facility receives a Personal Care Supplement (PCS) payment for a Medicaid resident OR if the facility receives payment for a Medicaid resident through the MI Choice, Behavioral Health, or MI Health Link programs.

a. The facility receives a Personal Care Supplement (PCS) payment.

Licensed HFA/AFC facilities are eligible for the DCW increase if the facility receives the Medicaid PCS payment for at least one Medicaid resident for the month of the direct care wage reimbursement request. MDHHS verifies eligibility based on the PCS reimbursement, so it is very important that PCS billings are submitted timely to ensure timely reimbursement of DCW wages.

If the facility bills and receives payment from MDHHS or an Integrated Care Organization (ICO) for the PCS payment, the facility will bill and receive DCW reimbursement from MDHHS. If a facility receives DCW reimbursement from MDHHS, that facility is not eligible to receive DCW through any other Medicaid program. MDHHS will not process DCW reimbursement requests until it is verified that the facility received a PCS payment from MDHHS or an ICO for the month of reimbursement. The facility should follow the process outlined in this FAQ document to receive DCW reimbursement from MDHHS.

b. The facility receives payments through other Medicaid programs.

If a facility does not receive a PCS payment for any residents but does receive payments for Medicaid residents through a different Medicaid program (MI Choice, Behavioral Health, or MI Health Link), the facility is eligible to receive DCW reimbursement through that Medicaid program but only for services authorized and

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provided by the programs. There are no changes to this process, it will continue to operate as it has since April 2020.

If the facility accepts only private pay or other non-Medicaid funding sources, the facility is not eligible for the direct care worker wage increase.

3. Who is entitled to the wage increase?

Direct care workers include only those staff who are employees of the facility and provide direct hands-on personal care services or direct hands on supervised personal care to residents. Staff are only eligible for the hours they are awake during their shift and providing direct care to residents.

- a. Personal care means personal assistance provided by a licensee or employee of a licensee to a resident who requires assistance with dressing, personal hygiene, grooming, maintenance of a medication schedule (administration of medication) as directed and supervised by the resident's physician, or the development of those personal and social skills required to live in the least restrictive environment.
- b. Supervised personal care means guidance (cuing, prompting, reminding) or assistance with eating, toileting, bathing, grooming, dressing, transferring, mobility, medication management, reminding resident of important activities to be carried out, assisting a resident to keep appointments. This does not mean supervising other staff performing hands on assistance.
- c. Administrative staff who provide personal care services or direct hands on supervised personal care as needed in addition to their administrative duties may qualify for the direct care worker wage increase for the work that is consistent with the tasks defined in 3.a. and 3.b. above. However, only for those hours worked that include the specific tasks for direct personal care services qualify for the wage increase. Those hours must be tracked and documented separately from other hours worked.

4. Does this wage increase apply to all DCWs working in the facility, or only hours caring for the Medicaid resident(s) that the facility is receiving the Personal Care Supplement for?

When the licensed AFC or HFA receives a Personal Care Supplement for at least one Medicaid resident, all staff providing direct hands-on personal care that are working in the facility (inclusive of all units operating under the same license number) would be eligible for reimbursement.

5. What hours are covered?

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a. Do we pay the direct care wage increase per hour for Personal Time Off or Sick time?

Only actual hours worked that meet the requirements in 3.a. and 3.b above are eligible.

b. Do we pay overtime for hours worked over 40?

Overtime hours would be compensated at the \$3.40 rate for time periods occurring October 1, 2024 through September 30, 2026.

This FAQ resource explains the MDHHS reimbursement process related to funds appropriated through Public Act 166 of 2022, Public Act 119 of 2023, Public Act 121 of 2024, and Public Act 22 of 2025 and does not address state and federal wage and hour requirements.

6. What employment costs are eligible for reimbursement? Does the facility have to pay anything out of pocket?

a. The following costs are not eligible for reimbursement:

- i. Additional employer contributions to the employee's defined benefit or defined contribution plan
- ii. Retirement contributions
- iii. Increased workers' compensation costs (that may not be realized/calculated until next year). Workers' compensation costs are not eligible for reimbursement because workers' compensation premium amounts include many factors, not just employee wages.
- iv. Administrative costs to comply with the law are not eligible for reimbursement.
- v. Additional unemployment costs

b. What payroll tax expenses are eligible for reimbursement?

All employer Medicare and Social Security payroll tax expenses associated with the direct care wage increase are eligible for reimbursement. Payroll tax expenses requested for reimbursement cannot exceed 7.65% of the total direct care wage reimbursement. The facility must be able to provide documentation to support that payroll taxes are paid for staff and that staff are not 1099 reportable employees.

State and federal employer unemployment insurance taxes are not eligible for reimbursement.

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7. How are we reimbursed?

a. Obtaining a SIGMA Vendor ID

Reimbursement will be processed through SIGMA, the state's accounting system. Facilities must be registered in SIGMA to receive reimbursement. Additional information on how to access and register in SIGMA is available here: [Doing Business with the State \(michigan.gov\)](https://www.michigan.gov/doingbusiness).

b. Process

Licensed HFA and AFC facilities complete the Direct Care Worker Wage Pass-Through Reimbursement Form and submit to the MDHHS-HFA-COVID-PAYMENT@michigan.gov email box. **The form must be submitted in Excel format.** Facilities must process payroll prior to submitting the reimbursement form.

c. Required Documentation

Licensed HFA and AFC facilities are required to track eligible expenses and retain documentation (i.e., payroll documentation, resident charting, etc.) to demonstrate that the direct care workers received the wage increase and were eligible for it, and to show that eligible expenses were actually incurred.

8. Does the direct care wage increase factor into employee bonuses?

The direct care per hour increase is excluded from employee bonuses.

9. Can a licensed HFA or AFC submit one reimbursement request form and make one lump sum payment to their employees?

No, a qualified licensed HFA or AFC must submit a reimbursement request for each respective month separately. **When submitting reimbursement requests, HFAs/AFCs must not submit overlapping months. For example, if the pay period runs May 28, 2025 through June 3, 2025, all May dates of service must be on one reimbursement form and all June dates on another.** Please note that, in accordance with FAQ response 2. above, these facilities must receive the Medicaid Personal Care Supplement Payment for at least one Medicaid resident in every month for which they are requesting reimbursement.

The licensed HFA or AFC must have paid employees prior to submitting the request for reimbursement and should not make one lump sum payment to employees.

10. When will we receive reimbursement?

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Payments are processed on a biweekly basis, typically the first and third week of the month, as reimbursement request forms are received.

DCW reimbursement requests will not be processed until MDHHS confirms payment of the PCS payment for the month of reimbursement, so it is very important that PCS billings are submitted timely to ensure timely reimbursement of DCW wages

An internal report, that includes all PCS payments paid to AFC/HFA providers, is generated around the 15th and 30th of the subsequent month. For example, the September 2025 PCS payment report will be generated around October 15th and October 30th. If the PCS payment to your facility is included on the October 15th report, your September 2025 reimbursement will be processed the third week of October. If the PCS payment to your facility is included on the October 30th report, your September 2025 reimbursement will be processed the first week of November.

11. Is there a deadline for submitting direct care worker wage increase reimbursement requests?

Reimbursement requests must be submitted within one year of the reimbursement period. For example, requests for October 2024 must be submitted to MDHHS by October 31, 2025, to qualify for reimbursement. No exceptions will be granted.

12. When does the direct care worker wage increase program end?

The direct care worker wage increase payments are reimbursable for qualifying hours worked through September 30, 2026. If a facility pay period extends beyond September 30, 2026 (i.e., September 20 – October 3) the wage increase currently is only required and reimbursable through September 30, 2026.

13. Will the direct care worker wage increase continue past September 30, 2026?

Public Act 22 of 2025 extended the direct care wage hourly increase from October 1, 2025 through September 30, 2026.