

**Distribution:** Long Term Care Facilities 01-02

**Issued:** February 15, 2001

**Subject:** Implementation of FY 2001 Rate Increase and  
Continuation of the Wage Pass-Through Program for Class I  
and Class III Providers

**Effective:** Provider Fiscal Years Beginning During State Fiscal Year 2001

**Programs Affected:** Medicaid

## PURPOSE

This policy bulletin implements the 5.4 percent inflationary allowance for state fiscal year 2001, the fiscal year 2000-2001 Wage Pass-Through Program for Class I and Class III providers, and continuation payment for the fiscal year 1999-2000 Wage Pass-Through Program. Legislatively mandated changes require that the fiscal year 2000-2001 wage pass-through be absorbed within the 5.4 percent inflationary allowance.

For rate periods beginning on or after October 1, 2000, Class I and Class III providers may elect to be paid a wage pass-through within the prospective rate. Those who elect this option must meet a minimum base wage threshold for post-probationary, Competency Evaluated Nurse Aides (CENA). There can be recognition of base wage and new benefit increases of up to \$0.50 per employee hour. The wage pass-through cannot be used to pay for previously negotiated wage increases. Providers who elect this option will have their inflationary allowance offset by the dollar amount of the wage pass-through.

## AUTHORITY

This policy satisfies requirements of Public Act 114 and Public Act 296, respectively, the Department of Community Health Appropriations Acts for fiscal years 1999-2000 and 2000-2001.

**EFFECTIVE DATE**

New rates determined using the 5.4 percent inflationary allowance and the continuation payment for fiscal year 1999-2000 will be phased in by provider rate years beginning on or after October 1, 2000. Providers whose fiscal years begin between October 1, 2000 and the issuance date of this bulletin should file new or continuation Wage Pass-Through forms as instructed in this bulletin.

**PREREQUISITES FOR ELIGIBILITY FOR THE 2000-2001 WAGE PASS-THROUGH**

The wage pass-through will be available only to those providers with Competency Evaluated Nurse Aides (CENA) whose post-probationary minimum base wage in the benchmark period is at least \$8.50 per employee hour. For this purpose, the probationary period may not exceed 120 days after the employee's initial date of employment as a CENA. Providers may not include shift differential, attendance incentives, or any other wage differential to compute this base wage, nor can employee wages be averaged. (The wage pass-through continues to be available for all eligible nursing home employees. However, this minimum base rate for CENAs must be met in order for the facility to apply for wage pass-through for any group of employees.)

All Class I and Class III long term care providers that have properly applied for wage pass-through in fiscal year 1999-2000 are eligible for the pass-through continuation payment for rate periods beginning on or after October 1, 2000.

Any Class I and Class III long term care provider that has met the CENA conditions and properly applies is eligible for the fiscal year 2000-2001 Wage Pass-Through Program. The wage pass-through cannot be used to pay for previously negotiated wage increases.

"New" providers to the Medicaid Program in either class after September 30, 2000 will be paid an amount based on classwide variable costs (inclusive of wage pass-through amounts) during the provider's first fiscal period of operation. These providers should refer to the Long Term Care (LTC) Manual, Chapter VII, page 4, for the definition of a "new provider."

**CONTINUATION PAYMENT FOR FISCAL YEAR 1999-2000**

Class I and Class III providers will receive a continuation payment amount in the rate for the fiscal year 1999-2000 Wage Pass-Through Program. The continuation payment will be included in rate periods beginning on or after October 1, 2000. This is a continuation of the prior year wage pass-through, not a second increase.

The provider does not need to re-file a continuation wage pass-through form for fiscal year 1999-2000 if no change is requested. However, they must submit their continuation recertification on MSA-1323 (11/2000). See Attachment I to this bulletin for a copy of this form. If providers desire to revise their 1999-2000 continuation wage pass-through, they must re-file on last year's interim wage pass-through form MSA-1320 (Rev. 10/1999). For instructions and the form see Attachments I and III to Medicaid Long Term Care 99-04 Bulletin.

The interim continuation payment amount will be adjusted for changes determined through annual cost reporting, audit and settlement. The continuation payment is based on the assumption that the provider has continued paying the increased wages granted in the prior year. The Wage Pass-Through Program was intended for increases in base-wage levels. **Providers that do not continue to pay the prior year wage level increases will not be entitled to prior year wage pass-through continuation payment.** Any overpayments resulting from the continuation payment will be subject to a financial penalty as stated in the penalty assessment provisions on page 9 of this bulletin.

#### **VARIABLE COST LIMIT**

The fiscal year 1999-2000 continuation wage pass-through payment for Class I and Class III providers will be paid outside of the applicable Class Variable Cost Limit. The fiscal year 2000-2001 wage pass-through for Class I and Class III providers will be paid within the applicable Class Variable Cost Limit.

For rate years with a beginning date during the time period October 1, 2000 through September 1, 2001, the Class I and Class III Variable Cost Limits will be determined based on four percent (4%) inflation for the historic cost year and 5.4 percent (5.4%) inflation factor for the prospective rate year.

#### **INFLATIONARY ADJUSTOR CHANGES**

The Legislature has appropriated 5.4 percent (5.4%) for prospective rate increases for all Class I and Class III providers effective for fiscal year 2000-2001. The variable rate component will be calculated using four percent (4%) inflation for the historic cost year and 5.4 percent (5.4%) inflation factor for the prospective rate year. The inflationary allowance should be sufficient to finance wage and benefit increases of \$.50 per hour for employees.

#### **BASE WAGE AND BENEFIT INCREASE LIMIT**

A maximum of \$.50 per hour inclusive of increased wages, benefits, and new associated costs will be allowed for the 2000-2001 wage pass-through. This reimbursement limit is to be applied on a per-employee basis. The 2000-2001 wage pass-through must be absorbed within the prospective rate. The wage pass-through cannot be used to pay for previously negotiated wage increases.

New wage scales or benefits must be verifiable at audit. The actual cost reporting for the wage pass-through must reflect actual wages, new benefit costs, and associated payroll costs and must be limited to \$0.50 per hour, per employee. For example, if wages and associated cost increases of \$0.25 are given to one RN for an entire one-year period and \$0.75 per hour for another RN, the wage pass-through will recognize \$0.25 and only \$0.50, respectively, i.e., \$0.375 average increase for the two employees, not \$0.50. Individual employee increases may be averaged over the provider's entire fiscal year.

### **BENCHMARK PERIOD FOR FISCAL YEAR 2000-2001**

Wages paid for payrolls ending during the period September 1, 2000 through September 30, 2000 will be used as the benchmark period for all fiscal year 2000-2001 wage pass-through computations. (These payrolls may include some August days.) This benchmark period will be used for all providers regardless of the provider's fiscal year or employee contracts, unless the provider requests an exception to the benchmark period.

The benchmark will be computed using hours paid. Paid hours are regular hours paid, plus sick, vacation, or other leave paid, in addition to overtime hours and the overtime differential hours. If, in a given week, an employee works 35 hours, takes five hours of sick leave, and works ten hours of overtime at time-and-a-half, the hours paid for that employee are 55 hours.

Employees hired after September 30, 2000 will not have their own specific "benchmark period" base wage. The benchmark wage for such employees will be the base level wage in effect during September 2000 for a person in the same employee group as the newly hired person. For example, dietary staff hired at the entry level after September 2000 will have a benchmark period wage equal to the dietary staff entry-level wage that was in effect for September 2000.

### **BENCHMARK EXCEPTION**

A provider that believes the pay periods ending in September 2000 do not accurately reflect wages before eligible increases may send a letter to the Data Analysis, Reimbursement and Settlement Division, Rate Development, Revenue Reimbursement and Payment Settlement Bureau, requesting an exception (see address on page 10). The provider must document the basis for exception. **The difference between average wages in a longer prior period and wages paid in September will not constitute the basis of an exception.** Examples of possible exceptions are strikes, partial or total facility closure, retroactive settlements of labor agreements affecting the benchmark period, and legal actions affecting wage structures but not included in the base period.

### **ELIGIBLE WAGE INCREASES**

Routine nursing service wages or new benefit increases actually paid after September 30, 2000 **which are not previously agreed to collective bargaining or standard step increases** are eligible for the pass-through. The dates of commitment, agreement, or negotiation are not

pertinent to eligibility for wage increase pass-through. **All nursing facility employees are eligible for wage and benefit increases to be used in the wage pass-through**, except as noted later in this section.

A problem has existed that facilities have not paid wage pass-through increases for employees that have left the facility but were eligible during the announced wage increase period. Each nursing home facility must have a written policy that specifies its internal administration of the wage pass-through benefits. **At the time the wage increase is announced, the facility's written policy must be continuously posted and made available to all current employees and new hires during the period covered by the policy.** This policy must indicate how the program operates, how eligibility is determined, and when the wage increases will be distributed to eligible employees. If provider management fails to provide this written policy at the time the wage pass-through increase is announced, this will result in exclusion of administrator and assistant administrator staff from being eligible for wage pass-through. Staffing positions not eligible for the wage pass-through include home office, contract, pool, or other temporary staff; home office staff serving as consultants to facilities; and temporary managers or monitors appointed by the Department of Community Health or the Department of Consumer & Industry Services under the enforcement system.

Staff subject to the Owner/Administrator Compensation Limits are eligible for inclusion in the pass-through only to the extent that their aggregate wages are under the Owner/Administrator Compensation Limit for July 31, 2000. If the provider is above the limit, wage increases for Owner/Administrator staff are not eligible for inclusion in the pass-through for any employee in the wage group. The final determination for inclusion of Owner/Administrator employee wages will be based on the Owner/Administrator Limit that applies to the provider's fiscal year end corresponding to the wage pass-through rate year. At settlement, the Owner/Administrator Limit that applies to the provider's fiscal year end will be applied.

**July 31, 2000 Owner/Administrator Limits are:**

Bed Size	Annual Amount	Monthly Amount	Weekly Amount
1 to 49 beds	\$53,710	\$4,476	\$1,033
50 to 99 beds	\$89,516	\$7,460	\$1,721
100 to 149 beds	\$107,420	\$8,956	\$2,066
150 plus beds	\$161,128	\$13,427	\$3,099

Salaried staff are eligible for wage pass-through to a maximum of 2,080 hours for the pass-through period. As with other staff, the wage pass-through for these individuals must be absorbed within the inflationary allowance.

## **STRUCTURE OF INCREASE**

In order to be eligible for inclusion in the wage pass-through, there must be an increase in the wage or benefit structure. Bonuses or other temporary increases in wages or benefits are not eligible. A wage increase must be net of benefit decreases, and benefit increases must be net of decreases in wages. Previously agreed to collective bargaining or standard step increases are not eligible for the pass-through.

## **ASSOCIATED COSTS**

Increased costs in FICA, FUTA, Medicare, and Workers' Compensation due to eligible wage increases will be considered in computing wage pass-through add-ons. The provider will not be required to separately account for increases in associated costs related to the wage increase. These costs will be recognized as a percent of wage increase. The Department of Community Health has determined the 12.5 percent add-on for associated cost will continue for the new year. At a 12.5 percent add-on, an increase in wages of \$0.45 will qualify for the full \$0.50 in pass-through. A study of the 1998 provider cost report data has disclosed no material difference in cost experience for these payroll-related items. All associated costs, along with new wages and benefits, are subject to the wage pass-through limit and will be an offset to the 5.4 percent inflationary increase.

## **NEW/ENHANCED BENEFITS**

The per employee cost of new or enhanced benefits also is eligible for pass-through. These benefits would include, but not be limited to, such items as:

- providing health insurance for the first time or improving an existing package,
- reduction of the employee's share of the cost of existing health plan premium (employer is now paying for the premium cost rather than the employee),
- permanent changes in longevity payments,
- increases due to the cost of additional paid leave time: sick, vacation, or personal time,
- adding quality of life fringe benefits such as day care services provided in accordance with IRS regulations.

Cost of employee benefits must reflect only the costs included in wage pass-through reimbursement for new or enhanced benefits. The normal inflation costs of previous year benefits do not qualify for wage pass-through reimbursement. The cost of these new benefits should be determined by comparing the cost of providing the old benefits and the cost of the new benefits for the pass-through period. Benefit cost increases that are not eligible for pass-through reimbursement are:

- increased cost of providing existing benefits,
- increased premiums for an existing health care insurance program,
- temporary increases in longevity payments, and
- previously agreed to collective bargaining or standard step increases.

### **INTERIM RATE APPLICATION FOR FISCAL YEAR 2000-2001**

There will be no provision for interim rate requests due to the fiscal year 2000-2001 Wage Pass-Through Program. The interim rate will be based upon the provider's calculated prospective rate plus the provider's requested fiscal year 1999-2000 continuation wage pass-through.

**Providers being paid a per diem rate, which includes the continuation wage pass-through allowance, must pay the facility employees the increased wage levels.** Provider failure to pay wage increases will result in removal of the interim wage pass-through per diem until employees are paid wage increases. The provider is required to provide documentation to the Department of the wage increase payment to the employees in order to have the wage pass-through reimbursement reinstated.

### **INTERIM RATE FILING FREQUENCY FOR FISCAL YEAR 2000-2001**

Interim rate requests may only be submitted for the 1999-2000 continuation wage pass-through amounts. Interim rates for provider rate years beginning between October 1, 2000 and September 1, 2001 will be based upon prospectively determined rates plus the 1999-2000 continuation wage pass-through.

Providers must file a request for an interim continuation wage pass-through rate add-on 30 days prior to their rate year begin date. The provider may update its initial interim request to reflect changes in excess of \$0.20 per day. Updated requests will be accepted no more than once per calendar quarter. **All requests will be effective prospectively based on date of receipt by the Data Analysis, Reimbursement and Settlement Division, Rate Development, Revenue Reimbursement and Payment Settlement Bureau.**

Continuation wage pass-through requests received by the 15th of the month will be effective the first day of the next month. After the 15th, the request will be input for the subsequent month. For example, requests received by September 15th will be on the payment system and effective for October 1st. Those received after the 15th will be effective and on the payment system November 1st.

An exception to the retroactive effective date of a continuation wage pass-through request can be made in the case of a retroactive settlement of a union contract. The exception must be requested in writing, must identify the reason for the request, and include a signed copy of the

above agreement when the provider files the MSA-1320 (Rev. 10/1999) Interim Rate Application. For instructions and the form see Attachments I and III to Medicaid Long Term Care 99-04 Bulletin.

## **ANNUAL COST REPORTING REQUIREMENT**

The provider must report actual wage pass-through cost data in the annual cost report for the wage pass-through year. The cost reporting schedule must be completed with the annual Medicaid Long Term Care Cost Report (MSA-1579) to account for the wage pass-through. **This cost reporting schedule will be included in the electronic cost reporting package providers must file at their fiscal year end.** The provider's annual cost report submission must include a copy of the Wage Pass-Through Documentation, MSA 1321 (Rev. 11/2000). Instructions and the form are attached as Attachments II and III to this bulletin. A copy may be submitted in electronic format (Excel 97 or lower version) or paper copy.

A provider may not file a claim for wage pass-through reimbursement subsequent to the annual cost report filing. The provider may request an exception to this filing requirement at the time of filing the cost report by submission of a request letter. The filing exception request must be in writing and must document the extenuating circumstances that prevented completion of the required documents. The Data Analysis, Reimbursement and Settlement Division, Rate Development, Revenue Reimbursement, and Payment Settlement Bureau will grant or deny, in writing, your filing request exception. Subsequent filing will require the provider to file an amended cost report.

## **AUDIT DOCUMENTATION**

In addition to a copy of the facility's written policy for internal administration of the wage pass-through, the provider must maintain, at the facility, information on individual employee wage increases and new benefits costs. These new wage scales or benefits must be verifiable at audit. Records that support the Wage Pass-Through Documentation, form MSA-1321 (Rev. 11/2000), must be maintained in a format similar to that form. [The MSA-1321 (Rev. 11/2000) form (Excel 97) and the instructions (Word 6.0) are available in electronic software format upon request.] **The provider must file MSA-1321 (Rev. 11/2000) including the final wage pass-through documentation with the annual cost report.** Source documents for this schedule will be actual payroll records of the provider. The support schedule and associated payroll records must be available for Medicaid Program audit verification. Failure to provide all supporting data for audit will result in disallowance of the wage pass-through reimbursement.



**SETTLEMENT**

Settlement for provider rate years beginning between October 1, 2000 and September 1, 2001 will be based upon the provider's final prospective rate. Any wage pass-through amounts will be a reduction to the rate increase allowance used. Settlements for provider rate years beginning between October 1, 1999 and September 1, 2000 will be based upon the methodology issued in Long Term Care Facility Bulletin 99-04.

**PROVIDER OWNERSHIP CHANGES**

When a provider nursing operation undergoes an ownership change, the new ownership may not request an interim increase for the fiscal year 2000-2001 wage pass-through. The new ownership applicants may request the continuation wage pass-through from the prior fiscal year using the interim rate application form MSA-1320 (Rev. 10/1999). This application with its certification will demonstrate the continuous paying of the previous year's wage and benefit increases.

**PENALTY ASSESSMENT**

When the provider requests reimbursement for wage pass-through, a certification statement is signed as to the appropriateness of the amount requested. Providers will be assessed a penalty for any overpayments resulting from the Wage Pass-Through Program. The penalty will be based on the difference between the interim wage pass-through amount received by the provider and the cost settlement reimbursement amount. The penalty will be 10% of the aggregate dollar amount difference. The penalty will be waived if the aggregate dollar amount difference is equal to or less than 10% of the cost settled reimbursement amount.

**CONTINUATION PAYMENTS FOR FISCAL YEAR 2001-2002**

Presuming there are no further changes to this program, the 2000-2001 wage pass-through continuation payment will need to be absorbed within the inflationary increase for the following year. The 5.4 percent inflationary adjuster will become the historical inflation factor in the rate rebasing process for rate years beginning on or after October 1, 2001. This will allow nursing homes to continue payments for wage and fringe benefit increases incurred during the prospective rate year.

**Manual Update**

Retain this bulletin in the LTC manual until cost settlements or audits are completed for the relevant fiscal year. All previously published wage pass-through bulletins may be removed when relevant cost settlements/audits are completed.

## Questions

Questions regarding this policy and requests for wage pass-through forms may be directed to:

Data Analysis, Reimbursement and Settlement Division  
Rate Development, Revenue Reimbursement and Payment Settlement Bureau  
PO Box 30479  
Lansing, Michigan 48909-7979

or E-mailed to [DARS@state.mi.us](mailto:DARS@state.mi.us)

or Call (517) 335-5356

Forms (Excel 97) and the instructions (Word 6.0) will be available in an electronic software format at [www.mdch.state.mi.us/mdch2/ltcforms](http://www.mdch.state.mi.us/mdch2/ltcforms), or upon request to the above office.

Approved



James K. Haveman, Jr.  
Director



Robert M. Smedes  
Deputy Director for  
Medical Services Administration

**WAGE PASS-THROUGH – INTERIM REQUEST CERTIFICATION****Fiscal Year 1999 – 2000 Continuation**

Michigan Department of Community Health

This form allows providers to request a continuation of the fiscal year 1999-2000 wage pass-through to be paid during provider fiscal years beginning between October 1, 2000 and September 1, 2001.

**WAGE PASS-THROUGH REQUEST:**

Check **ONE** box only. **NOTE:** A "NO" answer is assumed if none of the boxes are checked.

- We want to continue at FY 1999 – 2000 pass-through amount of \$ \_\_\_\_\_ per patient day.
- We are re-filing a FY 1999 – 2000 application (form MSA-1320, 10/1999) to change the pass-through.
- Please remove my FY 1999 – 2000 wage pass-through from the rate.

**PROVIDER INFORMATION:**

Provider Name	
Medicaid Provider ID Number	
MDCIS License Number	License Number
County Code:	
Provider Fiscal Year End	
Pass-through Period (Periods beginning during the time period from October 1, 2000 through September 1, 2001)	
<b>From:</b>	<b>Through:</b>

**CERTIFICATION STATEMENT:**

- This certifies that, to the best of my knowledge and belief, the information submitted on this form is true and correct.
- I understand that if wage pass-through payments exceed the final reimbursement allowance by more than 10 percent, a penalty factor will be applied. The penalty factor will be equal to the percentage established by Medical Assistance Program policies.
- I understand that I can revise this interim request during the facility fiscal year.

Provider Signature	Date	Print or Type Individual's Name

Submit WRITTEN requests to:

**DATA ANALYSIS, REIMBURSEMENT AND SETTLEMENT DIVISION  
RATE DEVELOPMENT, RR AND PS BUREAU  
MICHIGAN DEPARTMENT OF COMMUNITY HEALTH  
PO BOX 30479  
LANSING MI 48909-7979**

Or FAX requests to number:

**(517) 335 – 5443**

<p><b>AUTHORITY:</b> Title XIX of the Social Security Act</p> <p><b>COMPLETION:</b> Is Voluntary, but is required if a wage pass-through, certification is being requested.</p>	The Department of Community Health is an equal opportunity employer, services, and programs provider.
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## 2000-2001 MEDICAID PROGRAM WAGE PASS-THROUGH DOCUMENTATION

### INSTRUCTIONS

The purpose of the Wage Pass-Through Documentation, MSA-1321 (Rev. 11/2000) is for the provider to document the determination of the per patient-day cost impact of wage increases, associated employer taxes and costs and new benefits to routine nursing care facility employees, and the amount of final reimbursement per inpatient day.

Provisions of Medicaid Program policy issued in Medicaid Long Term Care Bulletin 01-02, should be referenced in preparing the cost reporting summary and wage pass-through documentation.

#### Annual Cost Report Filing and Documentation Requirement

Wage pass-through cost reporting is applicable to cost reporting periods which include Medicaid Program annual reimbursement rate periods beginning during the period October 1, 2000, through September 1, 2001.

The provider must report actual wage pass-through cost data in the annual cost report for the wage pass-through year. The cost reporting schedule must be completed with the annual Medicaid Long Term Care Cost Report (MSA-1579) to account for the wage pass-through. This cost reporting schedule will be included in the electronic cost reporting package providers must file at their fiscal year end. The provider's annual cost report submission must include a copy of the "Wage Pass-Through Documentation," MSA 1321 (Rev. 11/2000). A copy may be submitted in electronic format (Excel 97 or lower version) or paper copy.

MSA-1321 (Rev. 11/2000) presents the data information format of the documentation that must be available to support the Provider's cost reporting claim for the wage pass-through. This documentation must be available for Medicaid Program audit. **This document MUST be retained at the facility. Providers should file the MSA-1321 (Rev. 11/2000) with the annual cost report final wage pass-through.**

#### General Information

Provider Name - Enter the provider name in which the Medicaid Program participation is identified.

Medicaid Number - Enter the provider Medicaid Program payment identification number. This is the two-digit provider type, followed by the seven-digit number specific to the provider. (Examples: 60/1234567; 61/2345678; 62/3456789)

MDCIS License Number - Enter the facility license number identified by the Michigan Department of Consumer and Industry Services on the facility's annual license. The number is a two-digit county prefix followed by a four-digit facility identifier (Example, 01-4010). Facilities located within the city of Detroit will have the two-digit prefix "83" or "84"; other facilities in Wayne County will have the two-digit prefix "82." **This is the same number used to file the electronic cost report.**

## Employee Group

The wage pass-through documentation is being completed for the supporting calculation for the provider's increased costs due to wage level increases incurred in the provider's wage pass-through rate year. A maximum of \$.50 per hour inclusive of wages, employee benefits, and associated payroll costs will be allowed for the pass-through. This reimbursement limit is to be applied on an individual employee basis.

**A separate form(s) MSA-1321 should be used to show all competency evaluated nurse aide (CENA) employees having at least 120 days of CENA seniority as an exclusive group. The purpose of this separate grouping is to ensure that the facility has a minimum base wage for non-probationary CENAs of at least \$8.50 per hour. For this purpose, the probationary period is limited to 120 days.**

Supporting documentation must be maintained by employee group categories corresponding with the "Employee Group" categories reported on Worksheet 7 of the electronic cost report. The employee group categories are: Administrator and Assistant Administrator, Other Administrative, Plant Operations and Maintenance, Laundry, Housekeeping, Dietary, Nursing Administration, Central Supplies, Medical Supplies, Medical Records and Library, Social Services, Registered Nurses, Licensed Practical Nurses, Nurse Aides, and Diversional Therapy. The column totals by individual employee group must be entered on Worksheet 7 of the electronic cost report filing.

## Benchmark Period

Employee wage levels in the pass-through cost reporting period will be measured against the wage levels in a benchmark period to determine the amount of change. The benchmark period for each provider will be employee payrolls ending during the month of September 2000. Wages and hours information must be separately reported for each employee group identified by the various operations departments of the facility. The objective is to measure the average hourly base wage rate for each employee during this time period.

Exception requests to use an alternative benchmark time period must have been made to the Data Analysis, Reimbursement and Settlement Division, Rate Development, Revenue Reimbursement and Payment Settlement Bureau. If an alternative benchmark period was granted, identify the alternative in the "Benchmark Period" section in place as of September 2000. See policy Long Term Care Facilities 01-02 bulletin for instructions regarding exception requests.

Employee Name - Indicate the name of each employee for which the provider is claiming wage pass-through reimbursement costs during the reporting period.

Social Security Number - Indicate the individual employee Social Security Number.

Wages - Enter the dollar amount of gross wages paid to employees in the payrolls ending during the month. This information will be primarily for September hours; however, it may include some hours from August due to payroll time periods extending beyond the last day of August.

Wage dollar amounts will include holiday paid wages; therefore, it is important to also include the associated paid hours in the "Hours Paid" category.

Special attention is required in reporting wage dollar amounts for shift premium pay for the wage pass-through. Reporting of shift premium pay must be on a consistent basis for both the benchmark period and pass-through period. The provider may choose either method of reporting of shift premium pay depending upon the availability of the individual provider's payroll reporting data:

1. Shift premium pay is excluded in the wage pass-through reporting for both time periods. This is the recommended procedure since shift premium is not part of an employee's base wage rate. Payment of shift premium during the wage pass-through period is not considered a wage increase. Increased costs due to shift premium pay would only be considered eligible for the wage pass-through reimbursement program if there were no shift premium pay program in the facility prior to October 1, 2000. If such a program was implemented after the benchmark period, method 2 must be used and include the shift premium pay in the wage pass-through period wages.

OR

2. Shift premium pay is included in the wage pass-through reporting for both time periods. The inclusion of shift premium pay may adversely impact the measurement of average hourly wage depending upon the provider's employee staffing assignments. Employees receiving shift premium pay in the benchmark period, but not in the pass-through period, or the reverse situation for employees not receiving shift premium in the benchmark period but receiving it in the pass-through period, would be included in the wage change measurement. Consistency of reporting applies to all employees. Shift premium pay reporting cannot be included for some employees receiving shift premium pay and not included for other employees who also receive shift premium pay in their wages.

Hours Paid - Enter the number of paid hours for these payrolls. Paid hours are regular hours plus sick, vacation, or other leave paid, plus overtime hours, plus overtime premium hours. (Example: an employee is paid for 35 regular hours worked, 5 hours sick leave and 10 hours overtime at time-and-a-half; the hours paid for that employee are 55 hours.)

Average Hourly Rate - Calculate as indicated; round to two decimal places. (NOTE: In the electronic format, this is calculated automatically.)

**COMPETENCY EVALUATED NURSE AIDES (CENAs):** An additional requirement for the facility to be eligible for the wage pass-through is for CENAs, who have completed the probationary time period (which may not exceed 120 days), to have a base wage level of at least \$8.50 per hour. Therefore, the benchmark wage level for CENA staff who have completed the probationary time period must be at least \$8.50 per hour. A wage increase to raise an individual's base hourly wage level to \$8.50 during the current year would be considered a standard step increase for CENA staff completing the probationary time period. Completion of the probationary time period could occur any time after the September benchmark period, but not beyond 120 days as a CENA.

CENAs that do not complete the probationary time period are not subject to the minimum base wage level of \$8.50 per hour. They may be treated similar to other employee groups and new employees.

**NEW EMPLOYEES:** An employee hired after September 30, 2000 will not have benchmark period wages and hours paid. The wording "new employee" must be entered in the wages and hours paid columns. The benchmark wage for the new employee will be the base level wage in effect in September 2000 for a person in the same employee group as the new hired person. (Example: dietary staff hired at the entry wage level during the wage pass-through period will have a benchmark hourly wage equal to the starting dietary staff wage during September 2000. Enter this hourly wage amount in the "Average Hourly" column for the new employee.)

### Pass-Through Period

Report this information on the basis of the complete cost reporting period. Identify the provider's fiscal reporting period beginning and ending dates. Payroll information may be reported on the basis of payrolls ending during the cost reporting period if the provider has maintained payroll time period reporting consistent with the previous year, or on the basis of paid hours and wages specific to the time period included in the annual cost reporting. The provider must use consistent reporting for all employee groups.

Enter the appropriate data for each employee for which the provider is claiming wage pass-through reimbursement costs during the reporting period.

Wages - Enter the actual dollar amount of gross wages paid to employees for the cost reporting time period. Gross wages reporting must be consistent with the benchmark period wages reporting. See "Benchmark Period Wages" instructions. Do not include previously agreed to wage increases resulting from collective bargaining or standard step increases.

Hours Paid - Enter the actual number of paid hours for the reporting period. Paid hours are defined in the same manner as the benchmark period. Salaried employees are eligible for pass-through to a maximum of 2,080 hours on an annual basis. Salaried employees employed less than the full year are eligible for pass-through for the prorated number of hours corresponding with the employment period.

**Special Note: Do not include wage data for individuals whose salary or portion of total salary is included in the measurement of owner/ administrator compensation or if the total compensation to individuals in the owner, administrator, assistant administrator group exceeds the Medicaid Program Owner/Administrator Compensation Limit as of the wage pass-through cost reporting period. Total compensation will also include wages paid to the same individual under a different employment category. The provider must reference the facility's specific fiscal year cost reporting limitation for the limit amount.**

Average Hourly Rate Change - Calculate as indicated for each individual employee identified. (NOTE: In the electronic format, this is calculated automatically.)

Average Increase - Calculate as indicated for each individual employee identified. (NOTE: In the electronic format, this is calculated automatically.)

Associated Cost - Calculate as indicated, round to two decimal places. (NOTE: In the electronic format, this is calculated automatically.)

New Benefits Per Hour – Cost incurred during the wage pass-through cost reporting year for new benefits must be determined if "new benefits" are being claimed for wage pass-through cost reimbursement. New benefits are items that were not provided to employees prior to September 2000. Increased costs of existing benefits do not qualify for reimbursement pass-through. Previously agreed to fringe benefit increases resulting from collective bargaining or standard step increases may not be included. Examples of new benefits would be: added health care insurance coverage with corresponding cost increase; additional paid time off; reduction in employee share of health benefit premium; day care services; etc. The cost per employee paid hour should be reported in this column. The aggregate average hourly cost of the new benefits may be used for an employee group if the new benefit was available to all employees in the group. If the new benefit was limited to specific employees, the average hourly cost must be determined by the individual employee.

Total Per Hour - Calculate as indicated for each individual employee identified. *(NOTE: In the electronic format, this is calculated automatically.)*

Lesser of Total Per Hour or \$.50 - Insert applicable amount for each individual employee identified. *(NOTE: In the electronic format, this is calculated automatically.)*

GROSS - Calculate as indicated for each individual employee identified. Round to two decimal places. *(NOTE: In the electronic format, this is calculated automatically.)*

Totals For Employee Group - Determine the sum of the line amounts in Columns A, B, D, E and L. *(NOTE: In the electronic format, this is calculated automatically.)* Transfer the respective total amount (rounded to nearest whole dollar amount) to the respective "Employee Group" line in the MSA 1579 Worksheet 7 in the electronic Medicaid Long Term Care Cost Report (MSA-1579).



**Attachment III - LTC 01-02**

**WAGE PASS-THROUGH DOCUMENTATION  
2000 - 2001 Appropriation**

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH  
BUDGET and FINANCE ADMINISTRATION

Provider Name:		
Medicaid Provider ID Number:	MDCIS License Number:	Date:
Provider FYE:	PASS-THROUGH PERIOD:	
	From:	Through:

**INSTRUCTIONS:**  
- This document MUST be retained at the Facility.

<b>AUTHORITY:</b>	P.A. 296 of 2000	The Department of Community Health will not discriminate against any group or individual because of race, sex, religion, age, national origin, marital status, political beliefs or disability.
<b>COMPLETION:</b>	Is required if participation in this program is desired.	

**BENCHMARK PERIOD-SEPTEMBER 2000  
Employee Payrolls Ending During the Month of September 2000:**

EMPLOYEE GROUP:	EMPLOYEE SOCIAL SECURITY NUMBER	WAGES A	HOURS PAID B	AVERAGE HOURLY RATE C (A/B)	WAGES D	HOURS PAID E	AVERAGE HOURLY RATE F (D/E)	AVERAGE INCREASE G (F-C)	ASSOCIATED COST H (G x 12.5%)	NEW BENEFITS PER HOUR I	TOTAL PER HOUR J (G+H+I)	LESSER OF J OR \$.50 K	GROSS AMOUNT L (KxJ)
<b>EMPLOYEE NAME</b>													
<b>Total for Employee Group -</b>													

Calculate average