

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Senior Deputy Director and Medicaid Director

Transmittal #23-15

TO: HCBS Providers

FROM: Melisa Byrd
Senior Deputy Director and Medicaid Director

DATE: February 16, 2023

SUBJECT: Implementation of the Direct Care Service Provider Supplemental Payment

Purpose

This transmittal provides notice and payment guidance to Home and Community-Based Direct Care Service Providers on the implementation of the Direct Care Service Provider (DCSP) Supplemental Payment program.

I. Background

Section 9817 of American Rescue Plan Act (ARPA) provides states with a temporary ten percent (10%) increase to the Federal Medical Assistance Percentage (FMAP) for Medicaid Home and Community-Based Services (HCBS). States must use the funds attributable to the enhanced FMAP to implement activities that enhance, expand, or strengthen Medicaid HCBS. The Centers for Medicare & Medicaid Services' (CMS) May 13, 2021 guidance letter includes rehabilitative services, (e.g. State Plan mental health and substance use disorder services authorized under § 1905(a)(13) of the Social Security Act) within the definition of Medicaid HCBS. As outlined in its approved ARPA Section 9817 Spending Plan, the Department of Health Care Finance (DHCF) will use the increased funding to provide supplemental payment or supplemental budget allotments to support an increase in wages paid to certain DCSPs. This initiative will also ensure parity in wages for DCSPs working in community settings, home health agencies, and qualifying behavioral health care settings.

Effective in Fiscal Year (FY) 2023, CMS approved the District of Columbia's request to amend or renew all three 1915(c) HCBS Waiver Programs. The approvals establish federal concurrence for supplemental payments to providers to strengthen the direct service workforce and increase the pay of direct support professionals likely to be paid at or near the minimum/living wage. Additionally, the District is seeking corresponding authority to make supplemental payments to State Plan providers and expects final approval in the near term.

As required by changes signed into law under the Fiscal Year 2023 Budget Support Act of 2022 (BSA), Medicaid reimbursement will be sufficient to support, on average, payment of 117.6% of the District

Living Wage or 117.6% of the District Minimum Wage, whichever is greater, to qualifying DCSPs by FY 2025. Supplemental payments detailed in this transmittal are made in accordance with DHCF's authority established under the BSA. DHCF is issuing this transmittal to provide guidance on eligibility for payments and requirements for providers in receipt of funding. The funding provided will be effective every January 1st.

II. Target Wage Rate

Effective January 1, 2023, DHCF is establishing a District-wide target wage rate set ten percent (10%) above the District's [Living Wage rate](#) established by the Department of Employment Services. Effective January 1, 2023, all eligible Medicaid-enrolled HCBS providers identified in Section III (Eligibility) of this transmittal, are required to pay their direct care workforce, on average, at or above the target wage rate. DHCF will issue supplemental payments to eligible DCSPs to fund the costs of salary, wages, and fringe benefits associated with payment of their direct care workforce at the target wage rate as well as the administrative rate based on the current rate methodology.

Overtime payment rates will not be factored into DHCF's determination of whether a DCSP paid their direct care workforce, on average, at or above the target wage rate.

III. Eligibility

To qualify for a supplemental payment, a DCSP must submit cost and employment data to DHCF (e.g., a schedule of direct care workers, their wages paid, hours worked, hire dates, and vacancy rates) and must demonstrate that supplemental allotments are used (in their entirety) to pay their direct care workforce, on average, at or above the benchmark wage rate described in Section II.

The supplemental payment is available to the following DCSPs for their employed direct care workers described below:

- Home Health Agency – Personal Care Aides; Home Health Aides
- Adult Day Health Providers – Personal Care Aides employed as Direct Care Support staff
- Rehabilitation: Behavioral Health (e.g. Mental Health Rehabilitation Services; Adult Substance Use Rehabilitation Services) – Certified Peer Specialists
- Supported Employment Providers - Certified Peer Specialists
- Other 1915(c) Home and Community-Based Waiver Providers – Certified Nurse Aides; Homemaker; Chore Aides; and Direct Support Professionals in Residential Habilitation, Day and Employment Services, Assisted Living Facilities, Supported Living, Host Home settings or providing In-Home Supports, and Respite.

Consistent with the requirements established under the BSA, the above list represents DHCF's assessment of direct care workers in the District Medicaid HCBS system. Generally, direct care workers provide direct care services to District Medicaid beneficiaries for at least fifty percent (50%) of their work hours at the qualified DCSP; and are reimbursed at an hourly wage that is at or near the District of Columbia Living Wage or the District of Columbia Minimum Wage.

Additionally, DCSPs must meet ongoing program requirements to be eligible for a supplemental payment. The DCSPs must:

- Be currently in operation;
- Comply with the Clean Hands certificate requirements of the District of Columbia Office of Tax and Revenue and is otherwise in good standing with DHCF;
- Submit proof of how supplemental payment funds are expended;
- Submit detailed cost reporting information as requested by DHCF, as detailed in Section V (Payment, Disbursement Procedures & Reporting Requirement); and
- Attest in writing to comply with the requirements set forth in this transmittal and future guidance or rulemakings established by DHCF.

IV. Supplemental Payment

The supplemental payment will be issued in a one-time lump sum payment for Calendar Year (CY) 2023. The supplemental payment may be adjusted by DHCF based on information reported by the provider in accordance with Section V. The supplemental payment does not alter otherwise the current reimbursement methodologies in place for direct care services; instead, it provides for additional funding to support DCSP payment of the target wage rate to their employed direct care workforce.

Each DCSP, who renders the above listed services, will be eligible to receive a supplemental payment upon submission of required documentation. For each DCSP, the District calculates an incremental wage increase amount by multiplying the reported annual service hours by the DCSP's regular wage rate and adding a benchmark wage increase factor, a benefits factor, an administrative cost factor, and a vacancy factor. Qualifying providers receive a supplemental payment equal to the sum of the incremental wage increase amounts for its reported direct care worker employees. The allotment assumes cost for a 12-month period, starting at the beginning of Calendar Year 2023. Upon receipt of the supplemental payment, DCSP's are required to issue enhanced payment to qualifying DSP's retroactive to January 1, 2023.

Supplemental payments are made in addition to any base payment made to provider agencies for covered services. The District may recoup supplemental payments from provider agencies which fail to submit subsequent reporting requirements or fail to pay direct care workers, on average, at or above the target wage rate. The District may also recoup funds not spent in accordance with this guidance.

V. Payment, Disbursement Procedures & Reporting Requirement

DHCF began collecting data December 2022 to determine Provider payment amounts for CY2023. DHCF will begin issuance of completed submissions beginning February. DCSP's that have not submitted their information will not receive a supplemental payment until all required information (listed below) has been submitted and reviewed. All providers are required to pay eligible DSP staffs the enhanced wage retroactively to January 1, 2023.

DCSP's that have not submitted the required information must submit the documents listed below to arpaenhanceddspwages@dc.gov after publication of this transmittal. DHCF shall subsequently ensure disbursements of the payments.

1. Submit the attached signed attestation and written commitment to use supplemental payments, in their entirety, to pay direct care workers at or above the target wage rate;
2. Provide an attestation to “Clean Hands” and good standing with DHCF; and
3. Submit a completed and signed version of the attached cost reporting template.

Each DCSP shall have ongoing reporting requirements related to expenditure of supplemental payment funds and workforce cost information. DHCF is requiring each DCSP to submit an updated version of the attached cost reporting template every six (6) months for the next eighteen (18) months, resulting in the following cost reporting schedule for DCSPs:

- December 2022 (or following publication of this transmittal)
- July 31, 2023 (period January 1, 2023 through June 30 2023)
- January 31, 2024 (Period July 1, 2023 through December 31, 2023)
- July 31, 2024 (Period January 31, 2024 through June 30,2024)
- January 31, 2025 (Final Report Period July 1, 2024 through December 31, 2024)

DHCF may utilize reported information to inform subsequent supplemental allotments and inform the sufficiency of prior allotments through reconciliation as well as for future year rate setting.. Any supplemental funds that are unspent by the conclusion of CY2023 will be rolled over to the CY2024 allotment. Any unspent funds remaining at the conclusion of CY 2024 will be subject to recoupment.

Contact

If you have any questions, please contact Samuel Woldeghiorgis, Associate Director, Office of Rates, Reimbursement and Financial Analysis, Department of Health Care Finance, at 441 4th Street, Suite 900S, Washington, DC 20001, via email samuel.woldeghiorgis@dc.gov or via telephone at (202) 442-9240.

cc: DC Hospital Association
DC Primary Care Association
DC Health Care Association
DC Home Health Association
DC Behavioral Health Association
DC Coalition of Disability Service Providers
Medical Society of DC
DC Dental Society