

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Health Care Finance**



Office of the Senior Deputy Director and Medicaid Director

**Transmittal 25-03**

**TO:** HCBS Waiver Providers

**FROM:** Melisa Byrd *M.B.*  
Senior Deputy Director and Medicaid Director

**DATE:** February 3, 2025

**SUBJECT:** **Distribution of DCSP Supplemental Payment for Calendar Year 2025**  
**Enhanced Direct Care Worker Wages**

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**Purpose**

This transmittal provides updates and notice on Calendar Year (CY) 2025, Distribution of Direct Care Service Provider Supplemental Payment (DCSP) for enhanced wages to direct care professionals (DCP).

**Background**

On January 1, 2023, the Department of Health Care Finance (DHCF) implemented the Direct Care Service Provider Supplemental Payment (DCSP) (See [Transmittal #23-15](#)).

The DCSP implementation was made possible through funding under Section 9817 of the American Rescue Plan Act (ARPA), which provided states with a temporary increase to the Federal Medical Assistance Percentage (FMAP) for Medicaid Home and Community-Based Services (HCBS). The ARPA mandated that the funds attributable to this enhanced FMAP must be used to implement activities that enhance, expand, or strengthen Medicaid HCBS.

Furthermore, implementation of the DCSP is pursuant to CMS approval of amendments or renewals of all three of the District's 1915(c) HCBS Waiver Programs and corresponding State Plan benefits. These approvals established federal concurrence for supplemental payments.

Against this background of funding and approval by CMS, DHCF implemented the DCSP supplemental payment in CY 2023. In line with the ARPA mandate, DHCF's goal is to utilize the ARPA funding to increase DCP wages to reach, on average, the greater of 117.6% of the District minimum wage under section 4 of the Minimum Wage Act Revision Act of 1992, effective March 25, 1993 (D.C. Law 9-248; D.C. Official Code § 32-1003) ("Minimum Wage Act"), or 117.6% of the District living wage according to the Living Wage Act of 2006, effective June 8, 2006 (D.C. Law 16-118; D.C. Official Code § 2-220.01 et seq.) ("Living Wage Act") by CY 2025.

In implementing the program, DHCF required that effective January 1, 2023, the District-wide target wage rate was set at ten percent (10%) above the greater of the District's Minimum Wage or Living Wage rate published by the Department of Employment Services. Further, DHCF also required that beginning calendar year 2023 (January 1, 2023), all eligible Medicaid-enrolled HCBS providers identified in the Eligibility section below this transmittal must pay their direct care workforce, on average, 17.6% above the greater of the District's Minimum Wage or Living Wage.

With these requirements in place, DHCF disbursed the supplemental payments in CY 2023 and CY 2024 provided that it was used to fund the costs of salary, wages, fringe benefits and administrative costs associated with payment of their employed (non-contractual) direct care workforce at the target average wage rate based on the current rate methodology. The overtime payment rate was not factored into the computation used to determine the average wage rates. DHCF also may factor in a five percent (5%) vacancy factor to support new staff.

### **Notice & Updates**

With deference to the format used in announcing the implementation of the DCSP supplemental program in CY 2023 and CY2024, DHCF hereby, through this transmittal, provides notice of funding for CY 2025, for the final year of the DCSP supplemental payment distribution. Beginning in CY2026, the enhanced wage will be factored into the providers' reimbursement rates. The DCSP supplemental payment shall fund increases in wages, salaries, benefits of DCPs in CY2025 and include administrative cost accordingly.

In addition, eligibility for the program remains intact with the following updates to ensure compliance with the program requirements and attainment of DHCF goals and targets.

### **Eligibility for Supplemental Payment**

To be eligible for the program, an HCBS Waiver Provider must satisfy the following criteria:

1. Be a DC Medicaid-enrolled provider organization that provides HCBS services through the following HCBS Medicaid provider types and corresponding eligible direct care professionals:
  - i. Home Health Agency – Personal Care Aides; Home Health Aides.
  - ii. Adult Day Health Providers – Personal Care Aides employed as Direct Care Support staff.
  - iii. Other 1915(c) Home and Community-Based Waiver Providers – Homemaker; Chore Aides; Direct Support Professionals in Residential Habilitation, Day and Employment Services, Assisted Living Facilities, Supported Living, Host Home settings or providing In-Home Supports, Respite and Companion Services.
2. Have Direct Care Workers (DCP) that:
  - i. Provide direct care services, as defined in item 1 above, to DC Medicaid beneficiaries for at least fifty percent (50%) of their work hours at the qualified organization.
  - ii. Be reimbursed at an hourly wage that is at or near the District of Columbia Living Wage or the District of Columbia Minimum Wage.

- iii. Have a salary/wage that is reimbursed by a DC Medicaid service with a rate model that incorporates the District of Columbia Living Wage or District of Columbia minimum wage.
  - iv. Is employed full-time or part-time in one of the HCBS Providers listed in Item #1. A DCP in this section excludes managers, administrators, and contract employees (including contract direct professions).
3. Maintain the following requirements.
- i. Currently in operation as of the date of this transmittal.
  - ii. In compliance with the Clean Hands certificate requirements of the District of Columbia Office of Tax and Revenue and submit proof of a written commitment to use supplemental payments to pay DCPs in the form of an increase in wages, salaries, and benefits throughout the funding period.
  - iii. The provider must complete and submit the census of its DCPs according to the requirements in the attached template.

### **Disbursement, Reporting & Audits**

To receive the DCSP supplemental payment, DHCF requires that HCBS providers who satisfy the eligibility criteria above submit the documents listed below to Sam Woldeghiorgis at [arpaenhanceddspwages@dc.gov](mailto:arpaenhanceddspwages@dc.gov)

- i. Within two weeks of the publication date of this transmittal, submit the attached signed attestation and written commitment to use the ARPA funds to pay DCPs in the form of an increase to the wages/salaries and associated fringe benefits only.
- ii. Submit the required CY2024 annual report for the 12-month period by January 31, 2025.
- iii. Submit CY2025 mid-year report by July 30, 2025, and a final yearly report by January 30, 2026, to DHCF with a detailed distribution report as provided in the template.
- iv. Providers who do not comply with the reporting requirements will be excluded from future payments and may be subject to recoupment of any prior funding provided by DHCF that has not been satisfactorily substantiated by the required reporting.
- v. Providers who have not applied for the ARPA funds are required to pay the same average increase in their employees' DCP wages and salaries as those who receive the funds.
- vi. DHCF reserves the right to audit any information presented as a condition of participation and compliance with this DCSP program. Any adverse findings from such audits may result in potential recoupments of part or all provider disbursements.

### **Distribution Processing**

Each HCBS provider that submits the required documentation and satisfies the requirements above will receive payments in the following sequence:

- i. An initial DCSP Supplemental Payment covering the first three months of the calendar year will be paid to all existing participants that comply with the reporting requirements by January 31, 2025. All lump sum payments covering the remaining amount owed, based on the reconciliation of the CY2024 annual reports and CY2025 analysis will be disbursed by March 15, 2025 to all providers that have complied with the requirements set above.
- ii. Any payment adjustments needed will be made either after the six-month reconciliation is completed or at the end of the calendar year to capture any increases from the living wage

- updates published by the DC Department of Employment Services (DOES) and results of the first six-month and annual report reconciliations
- iii. For purposes of calculating the average DCP wage, DHCF will use the DC Living Wage/Minimum Wage of \$17.50 as the lowest allowable DCP wage payment rate and 35.2% above the DC Living Wage/Minimum Wage as the highest allowed DCP wage payment rate. Providers can pay their DCPs a rate above the stated highest DCP wage payment rate but will not be funded through this initiative.
  - iv. As this is the last in the series of annual adjustments, a five percent (5%) vacancy factor to support new staff will not be included. Any new staff will be accommodated as reported in the required six-month spending report.
  - v. A final reconciliation will be conducted to either true up or recoup any differences between the actual expenditures and disbursements throughout the duration of the supplemental payments.
  - vi. No payment will be made to those providers that submit any missing reports or corrections, amendments and clarifications for inquiries after February 15, 2025 or to those who do not resolve any outstanding reporting issues for CY2023 & CY 2024 by February 15, 2025.

**Contact**

If you have any questions, please contact Samuel Woldeghiorgis, Associate Director for Reimbursement, Office of Rates, Reimbursement and Financial Analysis, Department of Health Care Finance (DHCF), at [Samuel.Woldeghiorgis@dc.gov](mailto:Samuel.Woldeghiorgis@dc.gov) or (202) 442-9240.

**Cc:** Medical Society of the District of Columbia  
DC Behavioral Health Association  
DC Coalition of Disability Service Providers  
DC Dental Society  
DC Health Care Association  
DC Home Health Association  
DC Hospital Association  
DC Primary Care Association