

**SENIOR AND LONG TERM CARE DIVISION  
DIRECT CARE WORKER WAGE INITIATIVE FUNDING  
Medicaid Nursing Facility Program  
State Fiscal Year 2017  
APPLICATION: EXPLANATION AND INSTRUCTIONS**

**Intent:** The 2015 Montana legislature authorized the Department of Public Health and Human Services funding under House Bill 2 to raise provider rates for Medicaid services to allow for wage increases or lump sum payments to workers who provide direct care and ancillary services. Funds in the Direct Care Worker Wage Increase may be used to 1) raise direct care worker and ancillary worker wages and related benefits and/or 2) to provide lump-sum payments (i.e. Bonuses, Stipend, etc.) to workers who provide direct care and ancillary services. The funding appropriated will provide for up to a 25 cent hourly increase in combined wages and benefits in fiscal year 2017. For FY 2017 the total funding provided for this purpose is **\$1,428,996**. The previous funding of **\$3,786,386** and the additional funding of **\$2,857,992** in the 2016/2017 biennium equals total funding of **\$6,644,378** for direct care wages in SFY 2017. The wage initiative for direct care and ancillary workers will go into effect on July 1, 2016 and funding is targeted to be distributed in two distributions on or about August 2016 and again in January 2017.

**Distribution Methodology:** The Department will pay Medicaid certified nursing facilities located in Montana who submit an approved application, a lump-sum distribution in addition to their computed Medicaid payment rate to be used only for wage and benefit increases or lump-sum distributions for direct care and ancillary workers in nursing facilities. The department will determine the amount of lump sum distributions to be paid at intervals, commencing August 2016 and again in January 2017. This amount will be in addition to the computed formula rate that is established for each facility on July 1 of the rate year using the price based reimbursement methodology.

**Pro Rata Distribution:** Each facility's pro rata distribution will be computed by dividing the total appropriated funding for direct care and ancillary worker wages and benefits increases of **\$6,644,378** by the total projected Medicaid days for fiscal year 2017 to determine the Medicaid lump-sum amount for each Facility. The previous funding amounts to approximately **\$4.11 per Medicaid day** and the additional funding in the 2016/2017 biennium amounts to approximately **\$3.10 per Medicaid day**. This annual amount will be divided to get two equal amounts to be distributed in August 2016 and January 2017. The amount of the lump sum payment that the department determines payable to each facility as specified in this paragraph will be final. No adjustments will be made in the lump-sum payment amount to account for subsequent changes or adjustments in utilization data or for any other purpose, except that amounts paid are subject to recovery if the facility fails to maintain the required records or to spend the funds in the manner specified in the request.

**Request for Funding:** To receive Direct Care Worker Wage Initiative Funding, a nursing facility must submit the attached application for Department approval. The application includes two forms: Part A: Summary for **Lump-sum** payments for Direct Care and Ancillary Workers and Part B: Summary for **Wage and Benefits** Increases for Direct Care and Ancillary Workers. The provider shall submit all of the information required in the attached application in order to receive Direct Care Worker Wage Initiative Funds. [The facility can participate in one or both parts of this distribution up to the level of funding provided] Each facility **must complete and submit this application to the Department on or before July 29, 2016** and sign the Medicaid Provider Certification Agreement (see below). If the Department does not approve a request, it will return the request to the facility with a statement of the reason for disapproval. The facility will then have a limited time within which to provide justification for its proposed use of the funds. Regardless of whether the cost of a proposal approved by the Department exceeds the amount of funds payable to that facility, the Department will not be obligated to and will not reimburse the facility any more than the per Medicaid day share of the available funding, calculated as described above. **If the nursing facility, after receiving an approved plan, has any substantial changes to their plan, the nursing facility must submit a revised plan to the Department.**

**Recovery of Funds:** A facility that does not submit a qualifying application for use of the funds distributed under this program as requested by the Department within the time established by the Department, or a facility that does not wish to participate in this additional funding amount, shall not be entitled to their share of the funds. The Department will not make lump-sum distributions for any nonparticipating or non-qualifying facility.

**Records and Documentation:** A facility that receives funds under this program must maintain appropriate records documenting the expenditure of the funds. This documentation must be maintained and made available to authorized governmental entities and their agents to the same extent as other required records and documentation under applicable Medicaid record requirements, including but not limited to ARM 37.40.345, 37.40.346, and 37.85.414. To the extent of available appropriations, the Department shall provide documentation that these funds are used solely for direct care and ancillary worker wage and related benefits increases or lump-sum distributions for direct care and ancillary workers.

**Direct Care Worker Definition:** A direct care worker for this distribution is defined as: **Certified Nurse Assistant, Registered Nurse or Licensed Professional Nurse.**

**Ancillary Worker Definition:** An ancillary worker for this distribution is defined as: **Activities, Social Services, Laundry, Dietary, Housekeeping, Feeding Assistants, etc.**

**Effective Date:** The Department will consider wage increases or lump-sum payments as meeting the legislative intent for this direct care and ancillary worker distribution that occur after July 1, 2016. The Department will not consider increases or payments that occurred prior to July 1, 2016, unless this is specifically identified as a continuance of the 2016 wage distribution.

**Cost Reporting:** Increases in wages and benefits and lump sum payments provided by facilities will be allowable and reportable on the Medicaid cost report.

**Provider Certification and Agreement:** By signing this request and in consideration for the payment of funds based upon this application, the nursing facility provider named below ("Provider") represents and agrees as follows:

1. Provider certifies that statements and information included in this agreement are complete, accurate and true to the best of the undersigned facility administrator's knowledge. The Provider certifies that any funds received on the basis of this request will be used in the manner represented above to provide for wage and benefit increases for direct care and ancillary staff or the lump sum payments to workers who provide direct care and ancillary services.
2. Provider agrees to the terms and conditions under which this funding is made available, as stated in this form. Provider agrees that it will make, maintain and provide to authorize governmental entities and their agents, records and documentation in accordance with the requirements specified in this agreement.
3. Provider understands that payment of funds based upon this request will be from federal and state funds, and that any false claims, statement, or documents, or concealment of material fact, may be prosecuted under applicable federal or state laws. Provider understands that the payment made based upon this application is final, that no adjustments will be made in the payment amount to account for subsequent changes in utilization, appropriation amounts, or for any other purpose, except that amounts paid are subject to recovery in the same manner as other overpayments if the facility fails to maintain the required records or to use the funds as represented in this request.

**Signature of Administrator:** \_\_\_\_\_ **Date:** \_\_\_\_\_, 2016

**SENIOR AND LONG TERM CARE  
DIRECT CARE WORKER WAGE INITIATIVE FUNDING  
APPLICATION: EXPLANATION AND INSTRUCTIONS  
Medicaid Nursing Facility Program  
State Fiscal Year 2017**

**Requesting Facility Identifying Information**

**Provider Name:** \_\_\_\_\_  
**Medicaid Provider NPI#** \_\_\_\_\_  
**Street Address:** \_\_\_\_\_  
**City:** \_\_\_\_\_  
**Contact Person** \_\_\_\_\_  
**Email Address:** \_\_\_\_\_  
**Phone Number:** \_\_\_\_\_

This application includes two parts (Part A and Part B).

**PART A INSTRUCTIONS  
DIRECTCARE LUMP SUM DISTRIBUTION**

**LUMP SUM DISTRIBUTION:**

If the Facility is planning on providing all or part of its pro-rated wage initiative distribution for Lump-Sum payments to Direct Care or Ancillary Workers please complete Part A of the application. Part A identifies all of the direct care and ancillary workers by category as of July 2016. You must identify every Type of Direct Care and Ancillary Worker on this part of the form for whom the facility will be providing lump-sum payments to those workers. **For FY 2017 the new funding of \$1,428,996 (25 cent increase in combined wages and benefits) must be used for an increase in wages and benefits or to provide bonus or lump sum payments to workers.**

If the facility is planning on expending all of its initiative funding on direct care and ancillary workers in the form of wage and benefit increases please skip Part A and complete Part B of the application form. If the facility is planning on expending all of the initiative funding in Part A, then the facility can skip Part B. The facility has the option to expend the total imitative funding in one or both of these ways.

Worker Type: For each worker type that the facility is provided funding complete Columns A through H. Identify the Worker Type for Rows 10, 11, &12 if applicable

Column A: Identify the Total Lump Sum Distribution to per worker for each direct care and ancillary worker type.

Column B: Identify the Estimated Benefits per worker on the Lump Sum Distribution in Column A.

Column C: Identify the Total Lump Sum Distribution and Estimated Benefits per worker (Column A + Column B).

Column D: Identify the Actual Full Time Equivalent (FTEs) for each worker type (divide the number of hours provided for the year by 2080).

Column E: Indicate the number of employees (people) that fill the FTEs in column D

Column F: Multiply column A by column E.

Column G: Multiply column B by column E.

Column H: Multiply column C by column E

Column I: August 2016 Lump sum Distribution to Facility: Divide Column H by two (2)

Column J: January 2017 Lump Sum Distribution to Facility: Divide Column H by two (2)

Column K Provide the effective date of distribution to workers

- ✓ **The Total of Column F (Gross Lump Sum Distribution) will be made in two lump-sum distributions with the first payment in August 2016 and in January 2017**

***If the facility is planning on distributing lump-sum amounts to direct care and ancillary workers other than those listed in Worker Types (rows 1-9) please identify those worker types using Row 10, 11, & 12. Please provide your justification for these worker types:***

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## PART B INSTRUCTIONS DIRECTCARE WAGE & BENEFIT DISTRIBUTION

**WAGE & BENEFITS DISTRIBUTION:**

**Providers that utilized funding for a wage increase rather than a lump sum bonus in the FY 2016 direct care worker wage allocation will have the opportunity to sustain this direct care wage in FY 2017, to the extent they can provide the supporting documentation that supports that the wages are sustained in FY 2017. For FY 2017 the new funding of \$1,428,996 (25 cent increase in combined wages and benefits) must be used for an increase in wages and benefits or to provide bonus or lump sum payments to workers.**

*If the Facility is planning on providing all or part of its pro-rated wage initiative distribution for Wage and Benefit Increases to Direct Care or Ancillary Workers please complete Part B of the application. Part B identifies the average rate of pay, benefits, etc by category of direct care worker. Note: If you completed Part A you must reduce the amount of initiative funding available for Part B of this wage and benefit increases to these workers by the total amount in Column F in Part A*

- Column A: Indicate the Average Hourly Wage for each worker type for FY 2016
- Column B: Indicate the Average Benefit percent or amount paid for each worker type for FY 2016. Must use either all percents OR all amounts for all Categories! See Note 2.
- Column C: Indicate the Average Wage & Benefits for all workers within this type for FY 2016. See note 3.
- Column D: Indicate the number of Full Time Equivalent (FTEs) for each worker type for FY 2016, (divide the number of hours provided for the year by 2080) See Note 1.
- Column E: Indicate the number of employees (people) that fill the FTEs in column D
- Column F: Indicate the Average Hourly Wage for each worker type for FY 2017 (assuming you receive the direct care wage funding)
- Column G: Indicate the Average Benefit percent or amount paid for each worker type for FY 2017. See note 2.
- Column H: Indicate the Average Wage & Benefits for all workers within this type for FY 2017. See note 3.
- Column I: Indicate the number of Full Time Equivalent (FTEs) for each worker type for FY 2017, (divide the number of hours provided for the year by 2080) See Note 1
- Column J: Indicate the number of employees (people) that fill the FTEs in column D
- Column K: Multiply column C by column D by 2080 hours.
- Column L: Multiply column H by column I by 2080 hours.
- Column M: Indicate the Entry Level Wage prior to this wage increase
- Column N: Indicate the Entry Level Wage after this wage increase
- Column O: Identify the effective date of the wage increase to workers

***If the facility is planning on distributing lump-sum amounts to direct care and ancillary workers other than those listed in Worker Types (rows 1-9) please identify those worker types using Row 10, 11, & 12. Please provide your justification for these workers types:***

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**NOTES:**

- 1) 1 FTE equals 2080 hours per year. If 11 employees will provide approximately 10,500 hours of work, the FTE calculation is  $10,500/2080 = 5$  FTE
- 2) Benefits are insurance, FICA, pension, workers comp, unemployment, payroll taxes, etc., paid by the employer.
- 3) To get wage & benefits in column C:
  - ✓ If you used benefit amount in Col B, add A + B
  - ✓ If you used benefit percent in Col B, multiply A x (1+B), e.g. if the wage is \$7.50 and the benefits are 36%, Col C is  $7.50 \times 1.36 = \$10.20$
- 4) Columns F, G, H, I, J, L, N are projections for FY 2017 (7/1/16-6/30/17)