

## Fact Sheet

# Direct Care Worker Wage Increase Initiative

### Innovations Waiver Services DCW Wage Increase Initiative

The North Carolina General Assembly approved funding to support Innovations Waiver services provider rate increases to raise the wages for direct care workers (DCW) who provide services to Medicaid beneficiaries. Legislated requirements for use of the funds can be found in Session Law 2023-134, Section 9E.15.

#### HOW TO RECEIVE THE RATE INCREASE

To receive the rate increase, an authorized user for each eligible Innovations Waiver service provider must complete and submit an Innovations [DCW Wage Increase Attestation and Acknowledgment Form](#) to their Local Management Entity/Managed Care Organization (LME/MCO). Contact information for the [LME/MCOs](#) can be found on the Medicaid website.

#### DOES THE DCW INCREASE REPLACE THE NC MINIMUM WAGE RULES?

Employers doing business in North Carolina are required to pay at least \$7.25 per hour to all employees. This rule applies to those DCWs eligible for the wage increase.

#### WHAT CAN THE RATE INCREASE BE USED FOR?

Providers must use the rate increase “to the benefit their Innovations DCWs.” Uses of the rate increase must include at least one of the following: increases in hourly wage, benefits or associated payroll costs.

The legislation does not require a minimum wage or percentage of rate increase passed through to wages, but the General Assembly did state its intent to bring Innovations DCWs to an average wage of \$18 per hour.

#### ARE THE INCREASES ONLY FOR EMPLOYEES PROVIDING ONE-ON-ONE DIRECT CARE WITH INNOVATIONS WAIVER RECIPIENTS?

The legislation defines Innovations DCWs as “all workers required for compliance with, or delivery of, the relevant Innovations Waiver service definitions and the delivery of a unit of Innovations services to individuals in the definition of direct care worker to be applied and shall include only caregivers who are contracted for the provision of services in a legally appropriate manner.”

## **IF WE GAVE AN INCREASE TO OUR DCWs LAST YEAR, DO WE HAVE TO PROVIDE ANOTHER ONE?**

Providers may choose how they want to use the rate increase to benefit their Innovations DCWs. At a minimum, the funds must be used to do at least one of the following: increase DCW hourly wages, expand benefits, or cover increased associated payroll costs.

Note the General Assembly stated its intent to bring Innovations DCWs to an average wage of \$18 per hour.

## **DOES THE INCREASE INCLUDE ALTERNATIVE FAMILY LIVING PROVIDERS?**

The entity that employs the person(s) delivering alternative family living (AFL) services is eligible for the rate increase and must complete the required Attestation form. This entity – labeled for purposes of this initiative as an Innovations Waiver services “provider” - must use the rate increase to benefit the individuals employed by them who directly serve the Innovations Waiver beneficiary.

Note that the legislated requirements for these AFL providers are the same as they are for all other Innovations Waiver service providers that are eligible for the rate increase.

## **WHO CAN SIGN THE ATTESTATION FORM?**

The registered Medicaid Innovations Waiver services “provider,” as documented in the State’s Claims payment system, must sign the Attestation form to receive the reimbursement rate increase.

For Innovations Waiver beneficiaries who use the Innovations Self-directed Model, the “provider” is the Financial Services Specialist (FSS), not the Employer of Record EOR. The FSS should sign on the EOR’s behalf once the EOR confirms they will follow the requirements to receive the rate increase and maintain/submit documentation regarding the use of the rate increase.

## **WHAT ARE THE REPORTING REQUIREMENTS?**

Providers must sign an Attestation form prior to receiving the State Fiscal Year (SFY) 2024 rate increase and to continue the rate increase in SFY 2025. Providers receiving a rate increase are required to keep documentation regarding the use of the rate increase funds. At the end of each SFY in which they received the increase, each provider must submit to the LME/MCO a summary documenting the use of the rate increase funds.

Providers must make their backup documentation available upon request by NC Medicaid or the relevant LME/MCO.

## HOW LONG IS THE RATE INCREASE AVAILABLE?

Funding is available for SFY 2024 and SFY 2025. An Attestation form must be submitted for each year. Providers are also required to submit a year-end summary to document that their use of the SFY 2024 funds met the legislated requirements.

Each provider must submit valid SFY 2024 usage documentation to continue receiving the rate increase in SFY 2025. Assuming they continue to receive the increase in SFY 2025, the provider will then also need to submit a year-end summary to document that their use of the SFY 2025 funds met the legislated requirements.

The LME/MCO will notify Medicaid if a provider does not submit a year-end summary documenting valid usage of the funds for a given year. As directed in the legislation, if determined necessary, Medicaid shall recoup funds that had been given to the provider but were not used in a manner consistent with the legislated requirements.

