



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ELIZABETH HERTEL  
DIRECTOR

December 2, 2021

**TO:** Executive Directors and Chief Financial Officers of  
Prepaid Inpatient Health Plans (PIHPs)

**FROM:** Jeffery L. Wieferich, MA, LLP *JW*  
Acting Senior Deputy Director  
Behavioral Health and Developmental Disabilities Administration

**SUBJECT:** Premium Pay Increase for Direct Care Workers

With the release of [Medicaid L-Letter 21-76](#) the PIHPs are authorized to provide the designated, appropriate direct care workers with the \$2.35 an hour wage increase for the period of October 1, 2021 to September 30, 2022. PIHPs will receive increased capitation payments October 2021 – September 2022 to cover the cost of this wage increase.

BHDDA's expectation is that there be minimal barriers to providers in accessing the direct care worker wage increase funding through PIHPs/CMHSPs. PIHPs are expected to ensure payment of the wage increase to direct care workers for every hour worked for any service with the related HCPCS codes listed in Letter 21-76, either virtual or in person, provided from October 1, through September 30, 2022.

The full \$2.35 per hour amount must be applied to direct caregiver wages. The following requirements apply:

- The \$2.35 per hour should be paid in addition to the worker's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying direct care worker on March 1, 2020. This wage increase must be recorded separately from base pay on payroll documents and labelled as "FY 2022 Provider Pay Increase".
- The \$2.35/hour direct care worker wage increase can be added to qualified Autism services, on top of the fee screen rates.

PIHPs should update/submit encounters for the service codes outlined in L 21-76 to reflect the actual charge and paid amounts, including wage increases, for the aforementioned dates of service. All wage increase payments are subject to audit and potential recoupment. Providers should retain documentation that supports the distribution to direct care workers and demonstrates payments were made in

accordance with the requirements in this letter. Section 231 of Public Act 87 of 2021 requires additional wage reporting. MDHHS is currently working on the legislatively mandated reporting requirements and will provide additional guidance once they are finalized.

A direct care worker may choose to not receive the wage increase. This choice must be indicated in writing or electronically. This individual's employer must give back to the entity paying for services, as described in the table above, any funds allocated for this individual's wage increase.

In summary:

1. Who qualifies for the FY22 Direct Care Worker Wage Increase?

Only those workers who provide the services/codes listed on the attached policy letter L 21-76.

2. Is Paid Time Off eligible for the DCW increase?

No, only direct services/codes listed on the attached policy letter L 21-76 are eligible for the DCW increase.

3. Are we required to report this DCW increase separately?

Yes, per the legislative requirement the DCW increase must be reported separately. PIHP/CMHSP will continue to report the DCW increase funding for FY22 separately on the FSR. An excerpt from Policy Letter L 21-76 is included below for reference.

All wage increase payments are subject to audit and potential recoupment. Providers should retain documentation that supports the distribution to direct care workers and that payments were made in accordance with the requirements in this letter.

cc: Allen Jansen  
Belinda Hawks  
Jackie Sproat  
Kathy Haines