

ESTIMATED COST TO RAISE WAGES FOR MEDICAID EMPLOYEES IN HOME AND COMMUNITY BASED SERVICES (HCBS), NURSING HOMES, ASSISTED COMMUNITY CARE SERVICES (ACCS); UP TO NEW MINIMUM WAGE AND COMPRESSION
 FY 2020 (HALF YEAR) AND FY 2021 (FULL YEAR) -- **DRAFT**

Estimated costs are based on agency budgets; for FY 2020, minimum wage increases go into effect on January 1 and costs are calculated for the second half of FY20.

FY 2021 includes the full cost of minimum wage increases in the 2nd half of 2020 and 1st half of 2021.

<i>Up to New Minimum Wage and Compression</i>	<i>Current Law Minimum Wage, Indexed to Inflation</i>		<i>S.23 House General (Senate Passed)</i>	
	FY20 - 6 mos only	FY21 - Full Year	FY20 - 6 mos only	FY21 - Full Year
Gross (net of House increase)				
Home and Community Based Services (HCBS)	\$27,863	\$712,238	\$1,309,570	\$4,524,148
Nursing Home	\$84,672	\$831,154	\$1,382,976	\$4,148,857
Assisted Community Care Services (ACCS)	\$113,400	\$352,304	\$361,800	\$1,086,359
Total	\$225,935	\$1,895,697	\$3,054,346	\$9,759,364
Net				
State share	\$104,224	\$874,485	\$1,408,970	\$4,501,995
Fed share	\$121,711	\$1,021,212	\$1,645,376	\$5,257,370

Notes:

1. Costs associated with wage increases in FY 2020 and FY 2021 account for the 2% and 1.8% wage increases already provided to HCBS and Nursing Home workers respectively. Because no increases are currently legislatively provided for ACCS in FY 2020, they experience the cost of the full wage increase.

2. The estimates above address compression by raising wages in occupations with a statewide starting wage within \$1 of the proposed minimum wage for employees paid pursuant to Medicaid by the rate of minimum wage increase. JFO calculates the estimate by taking program Medicaid budgets, estimating the percentage dedicated to labor expense and reducing it to reflect the portion attributable to low-wage workers. S.23 as passed by House General states that employers would mitigate wage compression for employees who earn wages above the minimum wage in occupations with statewide starting wage within \$1 of the proposed minimum wage.

3. Further study could change the specific occupations/employees included and the dollar value of the estimates shown above.