

State Actions on Long-Term Care Facilities Funding Following Minimum Wage Increases

Over the past few years, nine states have enacted significant increases in minimum wage (\geq \$12/hour) (NY, OR, AZ, MA, ME, WA, CA, CO, DC). Six of nine states (NY, OR, AZ, MA, ME, WA) have increased funding to long-term care facilities, beyond a traditional inflationary increase, recognizing that providers cannot sustain multiple substantial wage increases without adequate reimbursement. One state (CA), is in the process of calculating the impact of their recently enacted minimum wage increase on providers, with plans to fund a rate increase in their next budget cycle.

STATE	MINIMUM WAGE INCREASE	INCREASED APPROPRIATION TO LONG-TERM CARE FACILITIES
NY	\$15/hour by 2018,2019,2021 for NYC large employers, NYC small employers, and Long Island/Westchester respectively \$12.50/hour by 2020 for the remainder of NY state	\$25.3 million in SFY 2016-17; \$175.2 million in SFY 2017-18; and \$504.2 million in SFY 2018-19 in combined state/federal funds to Medicaid providers*. ¹ *includes increase to home health providers
OR	\$14.75-12.50/hour by 2022 depending on location	\$56.2 million to HCBS providers in FY 17-19 budget (17.1 GF) \$49.8 million (\$15.3 GF) to nursing facilities. Corresponds to 7.3% rate increase in year 1, 6.2% rate increase in year 2 ^{2 3}
AZ	\$12/hour by 2020	\$20.3 million in capitated payments to HCBS and NF providers within AZ managed care in FY2017. Corresponds to a 3.5 % average increase. Up to 7% increase for certain services. ⁴ \$1.4 million for HCBS and NFs outside the managed care system in FY2017 Additional \$9.7 million appropriated for HCBS and NF in FY2018 ⁵ - This does not include 3% increase to NF and AL providers Additional \$1.9 million appropriated to HCBS and NF in FY2019 ⁶ - This does not include 3% increase to NF and AL providers
MA	\$15/hour by 2023	\$35.5 million increased appropriation to nursing facilities as an add-on to rates for direct care workers in FY17 budget ⁷ *This increase was appropriated prior to passage of minimum wage increase in the Massachusetts FY19 budget.
ME	\$12/hour by 2020	\$11.1 million was appropriated for FY18-19 through L.D.925. The spending package increases reimbursement to nursing facility by an amount equal to 10% of wages and associated benefits and taxes as reported on each facility's as-filed cost report for its fiscal year ending in calendar year 2016 ⁸
WA	\$13.50/hour by 2020	\$15.6 million was appropriated in FY17-19 budget to adjust nursing home and assisted living rates to bring providers' employees up to the statewide minimum wage in the 2017-2019 biennium ⁹
CA	\$15/hour by 2022	California Department of Health Care Services (DHCS) is administering a minimum wage impact survey to long-term care facilities to calculate add-on to Medi-Cal LTC provider facilities' per-diem reimbursement rates. ¹⁰

¹ <https://www.leadingageny.org/providers/nursing-homes/reimbursement1/medicaid/nursing-homes-watch-for-doh-minimum-wage-survey/>

² <https://www.oregon.gov/DHS/ABOUTDHS/DHSBUDGET/20172019Budget/DHS-2017-19-LAB.pdf>

³ <https://www.oregonlegislature.gov/lfo/Documents/2017-19%20LAB%20Detailed%20Analysis.pdf>

⁴ <https://www.azahcccs.gov/shared/Downloads/Reporting/Prop206Report.pdf>

⁵ <https://www.azleg.gov/ilbc/18AR/FY2018AppropRpt.pdf>

⁶ <https://www.azleg.gov/ilbc/19AR/FY2019AppropRpt.pdf>

⁷ <https://malegislature.gov/Budget/FY2017/FinalBudget>

⁸ <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0653&item=3&num=128>

⁹ <http://leap.leg.wa.gov/leap/Budget/Detail/2017/2017195883-S.PL.pdf>

¹⁰ http://files.medi-cal.ca.gov/pubsdoco/newsroom/newsroom_26632_01.asp