

To: All MSS staff

From: The Executive Team

Re: 5% rate increase for continuing care providers of Home and Community Based Services effective July 1, 2014

Date: September 11, 2014

In 2014 the Minnesota Legislature passed legislation which provided MSS's Home and Community Based Services (HCBS) a 5% per diem rate increase effective July 1, 2014. At MSS, this increase impacts our DT&H and CADI/BI programs. This legislation came with prescribed requirements for dispensing this increase as follows:

"The 2014 Minnesota Legislature authorized a 5.0% rate increase effective July 1, 2014 for continuing care providers. This legislation requires that 80% of the money made available by the rate adjustment be used to increase wages and compensation-related costs for eligible employees. This requirement applies to all home and community-based waivers and home care providers, Intermediate Care Facilities/Developmental Disabilities (ICF/DD) facilities and state grantees."

The law goes on to explain what defines "compensation costs" and outlines those employees who are eligible to receive this increase. These definitions are as follows: Compensation-related costs means: wages and salaries, FICA taxes, Medicare taxes, state and federal unemployment taxes, worker's compensation, mileage reimbursement, the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, contributions to employee retirement accounts and other benefits provided and workforce needs, including the recruiting and training of employees.

Eligible employees mean: employees directly employed by the provider or facility on or after July 1, 2014, except: persons employed in the central office of a corporation or entity that has an ownership interest or exercises control over the provider or facility and persons paid under a management contract.

MSS

Distribution Plan for the 5% Legislative Increase scheduled for July 1, 2014

As stated, the required distribution of the July 1, 2014 rate increase directs that 80% of the 5% increase in revenue generated be used for employee compensation-related costs. At MSS our distribution plan of these monies is as follows:

Eligible Staff: MSS staff included in this plan include those direct service staff allocated in the agency budget and any staff position not listed as ineligible.

Ineligible Staff: Those that will not be included in this plan are the Executive Director, Vice President of Administration, Vice President of Programs, HR Director, Director of Development, and Business Development Representatives.

Estimate of Additional Revenue: By using the average daily revenue for our HCBS Waiver funded programs for the 12-month period of July 1, 2014 through June 30, 2015, we estimate that the annualized amount of revenue likely to be generated by the 5% increase beginning on July 1, 2014 to be approximately \$453,511. Of this amount, 80% equals approximately \$362,808. This is the amount legally required to be dispensed to all eligible MSS staff in the form of compensation and compensation-related expenses.

Wage Distribution Plan: MSS will be distributing approximately \$220,182 to eligible staff via an increase in their wages including applicable taxes and benefits. The remaining \$142,626 will be likely be distributed through benefit increases. This will be determined during 2015 budgeting sessions which is done in November of 2014. After this work has been completed we will communicate the distribution plan for those funds.

Therefore, eligible staff members received a wage increase effective July 1, 2014 as follows:

Staff whose salary is primarily paid for with DT&H and CADI/BI revenues received a 5% increase in wages.

The remainder of the staff that provide direct services to persons served or provide essential support services to programs and are funded through combined funding sources received a 2% increase. See section on Ineligible Staff to see the exceptions to this pay increase.

Contacting DHS

DHS has a hotline to respond to employee concerns about whether they receive a compensation-related increase in keeping with the law's requirements. The hotline can be reached at (651) 431-4878 or toll-free at (866) 901-7686.

TDD users can call the Minnesota Relay Service at 711 or (800) 627-3529. For the Speech-to-Speech Relay, call (877) 627-3848.

Send concerns or questions to DHS by e-mail to dhs.ccarates@state.mn.us.

Standard mail:

Anyone with questions about the rate adjustments can write to the following address.
Be sure to include "2014 COLA" in the address.

Minnesota Department of Human Services
2014 Continuing Care Rate Changes
PO Box 64967
St. Paul, MN 55164-0967

If you have any questions or would like additional information about the 5% increase
please contact Julie at 651-793-4150 or jjohnson@mwsservices.org.

Julie Johnson
Vice President, Administration
651-793-4150 direct
651-772-4352 fax

www.mwsservices.org