

## **Table of Contents**

**State/Territory Name:** New York

**State Plan Amendment (SPA) #:** 17-0007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



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**Financial Management Group**

**JAN 10 2018**

Jason A. Helgeson  
State Medicaid Director  
Deputy Commissioner  
Office of Health Insurance Programs  
NYS Department of Health  
Corning Tower (OCP – 1211)  
Albany, NY 12237

RE: State Plan Amendment (SPA) TN 17-0007

Dear Mr. Helgeson:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State Plan submitted under transmittal number (TN) 17-0007. Effective January 1, 2017 this amendment proposes to increase reimbursement rates for nursing facilities due to the state's statutorily increases to hourly minimum wages.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30) and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. This letter is to inform you that New York 17-0007 is approved effective January 1, 2017. The CMS-179 and approved plan pages are enclosed.


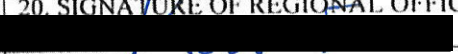
If you have any questions, please contact Betsy Pinho at 518-396-3810.

Sincerely,

A black rectangular box redacting the signature of Kristin Fan.

Kristin Fan  
Director

Enclosures

|   |  |  |                             |
|---|--|--|-----------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF<br/>STATE PLAN MATERIAL</b><br><br><b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>  |  | 1. TRANSMITTAL NUMBER:<br><b>17-0007</b>   | 2. STATE<br><b>New York</b> |
|   |  | 3. PROGRAM IDENTIFICATION: <b>TITLE XIX OF THE<br/>SOCIAL SECURITY ACT (MEDICAID)</b>  |                             |
| TO: REGIONAL ADMINISTRATOR<br>HEALTH CARE FINANCING ADMINISTRATION<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES   |  | 4. PROPOSED EFFECTIVE DATE<br><b>January 1, 2017</b>   |                             |
| 5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):<br><br><input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT   |  |  |                             |
| COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate Transmittal for each amendment</i> )  |  |  |                             |
| 6. FEDERAL STATUTE/REGULATION CITATION:<br><b>Section 1905(r)(5) of the Social Security Act and 42 CFR 447</b>  |  | 7. FEDERAL BUDGET IMPACT: (in thousands)<br>a. FFY 01/01/17-09/30/17 \$ <b>2,581.02</b><br>b. FFY 10/01/17-09/30/18 \$ <b>4,383.10</b>   |                             |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><br><b>Attachment 4.19-D Part I – Pages 110(d)(27), 110(d)(28)</b>   |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN<br>SECTION OR ATTACHMENT ( <i>If Applicable</i> ):<br><br><b>Attachment 4.19-D Part I – Pages 110(d)(27), 110(d)(28)</b>   |                             |
| 10. SUBJECT OF AMENDMENT:<br><b>Minimum Wage – NH (Including Specialties)<br/>(FMAP = 50%)</b>  |  |  |                             |
| 11. GOVERNOR'S REVIEW ( <i>Check One</i> ):<br><input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED:<br><input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED<br><input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL |  |  |                             |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:<br>   |  | 16. RETURN TO:<br><b>New York State Department of Health<br/>Bureau of Federal Relations &amp; Provider Assessments<br/>99 Washington Ave – One Commerce Plaza<br/>Suite 1432<br/>Albany, NY 12210</b> |                             |
| 13. TYPED NAME: <b>Jason A. Helgeson</b>  |  |  |                             |
| 14. TITLE: <b>Medicaid Director<br/>Department of Health</b>  |  |  |                             |
| 15. DATE SUBMITTED: <b>NOV 18 2016</b>  |  |  |                             |
| <b>FOR REGIONAL OFFICE USE ONLY</b>   |  |  |                             |
| 17. DATE RECEIVED:  |  | 18. DATE APPROVED: <b>JAN 10 2018</b>  |                             |
| <b>PLAN APPROVED – ONE COPY ATTACHED</b>  |  |  |                             |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL:<br><b>JAN 01 2017</b>  |  | 20. SIGNATURE OF REGIONAL OFFICIAL:<br>  |                             |
| 21. TYPED NAME: <b>Kristin Fan</b>  |  | 22. TITLE: <b>Director, FMC</b>  |                             |
| 23. REMARKS:  |  |  |                             |

**New York  
110(d)(27)**

**Adjustment for Minimum Wage Increases.** Effective January 1, 2017, and every January 1, thereafter until the minimum wage reaches the state statutorily described per hour wage as shown below, a minimum wage add-on will be developed and applied to the specialty and non-specialty Nursing Home rate.

| Minimum Wage (MW) Region                | 12/31/2016 | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 |
|---|------------|------------|------------|------------|------------|------------|
| New York City                           | \$11.00    | \$13.00    | \$15.00    | \$15.00    | \$15.00    | \$15.00    |
| Nassau, Suffolk, & Westchester counties | \$10.00    | \$11.00    | \$12.00    | \$13.00    | \$14.00    | \$15.00    |
| Remainder of the State                  | \$9.70     | \$10.40    | \$11.10    | \$11.80    | \$12.50    | \$12.50    |

The minimum wage adjustment will be developed and implemented as follows:

1. Minimum wage costs will mean the additional costs incurred beginning January 1, 2017 and thereafter, as a result of New York State statutory increases to minimum wages.
2. The 2017 facility specific minimum wage add-on will be developed based on collected survey data received and attested to by nursing facility providers. If a facility does not submit a survey, the minimum wage add-on will be calculated based on the facility's Residential Health Care Facility (RHCF) cost report wage data from two years prior to the period being calculated. If a facility fails to submit both the attested survey and the cost report, the facility's minimum wage add-on will not be calculated.
  - i. Minimum wage cost development based on survey data collected.
    - a. Survey data will be collected for facility specific wage data.
    - b. Facilities will report by wage bands, the total count of FTEs and total hours paid to all employees (contracted and non-contracted staff) earning less than the statutory minimum wage applicable for each region.
    - c. Facilities will report an average fringe benefit percentage for the employees directly affected by the minimum wage increase.
    - d. The minimum wage costs are calculated by multiplying the total hours paid by the difference between the statutory minimum wage and the midpoint of each wage band where the facility has reported total hours paid. To this result, the facility's average fringe benefit percentage is applied and added to the costs.
  - ii. Minimum wage cost development based on the RHCF cost report data.
    - a. The average hourly wages of employees where the reported average hourly wage is below the regional statutory minimum wage are identified.
    - b. The total payroll hours of the employees identified are then multiplied by the regional statutory minimum wage resulting in a projected payroll. The actual payroll as reported in the cost report is then subtracted from the projected payroll resulting in the expected wage costs increase.
    - c. The facility's fringe benefit costs directly affected by the wage increase are identified, and the average fringe benefit percentage is calculated.
    - d. The fringe benefit percentage is applied to the increased wage costs and added resulting in the minimum wage costs.

**TN #17-0007**

**Supersedes TN #16-0024**

**Approval Date**

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**JAN 01 2017**

New York  
110(d)(28)

3. The facility specific cost amount will be adjusted by a factor calculated by dividing the facility's average dollar per hour under minimum wage by the regional average. The resulting amount will be divided by patient days to arrive at a rate per diem add on, which will be applied to only Medicaid days for purposes of Medicaid reimbursement.
4. In subsequent years until the minimum wage is completely implemented statewide, the Department will survey facilities utilizing the methodology employed in year one. If a facility fails to submit the minimum wage survey, the calculation for minimum wage costs will default to the personnel wage data reported on the Facility's latest available RHCF cost report. If a facility fails to submit both the survey and the RHCF cost report, its minimum wage add-on will not be calculated. Once the minimum wage costs are included in the development of the nursing home rate, the minimum wage add-on will be excluded from the rate.
5. **Minimum Wage Reconciliation** - After the end of each calendar year, the Department of Health will survey providers to obtain the following information for the purpose of reconciling annual minimum wage reimbursement. The state will release the reconciliation survey by the end of March and providers will have two weeks to complete the survey or request an extension if a provider determines it is unable to complete the survey within that time. Approval of extensions, and the time of the extension, is at the discretion of the state. If the reconciliation survey is not submitted within the two weeks or within the extension time frame, should one be granted, the provider's minimum wage add-on for the calendar year covered by the survey will be recouped.
  - i. Total annual minimum wage funding paid to the provider (as determined from the minimum wage add-on to claims paid for services rendered in the prior calendar year) for the Medicaid share of the minimum wage law increase requirement. (This information will be supplied by the Department of Health.) Medicaid's share is the percentage of minimum wage costs that are attributable to Medicaid services based on the proportion of Medicaid services to a provider's total services.
  - ii. Medicaid's share of the total amount the provider was obligated to pay to bring salaries up to the minimum wage for the calendar year. (This information will be completed by the provider.)
  - iii. Minimum wage funds to be recouped or additional funds to be received by the provider. (This information will be completed by the provider.) This will be the difference between the amount paid to the provider for the Medicaid share of the minimum wage law increase requirement and the corresponding amount the provider determined it was actually obligated to pay.
  - iv. The State agency will review providers' submissions for accuracy and reasonableness, following which it will process associated payments and recoupments via retroactive per unit rate adjustments as quickly as practical thereafter.

The agency's Chief Executive Officer or Chief Financial Officer must sign an Attestation verifying the data that is supplied in the survey.

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