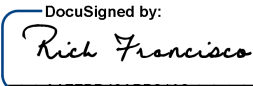




Policy Title: Direct Care Worker Wages	Policy #: 03-028	<u>Review Dates</u>	
Category: Finance Subject: HealthWest will ensure that its staff and contracted providers and subcontractors will provide Direct Care Worker Wage increases as intended by State Legislation and Medicaid policy issued by the Michigan Department of Health and Human Services.	Prepared by: Name: Brandy Carlson Title: Chief Financial Officer Approved by: DocuSigned by:  A47EBD48ABB04A3... Rich Francisco, Executive Director		
	Effective Date: 09/01/2026	Last Revised Date:	

I. PURPOSE/POLICY

This policy establishes organizational standards for the calculation, implementation, oversight, monitoring, and enforcement of Direct Care Workers (DCW) wages in accordance with Michigan state legislation, Medicaid, and Healthy Michigan Program requirements, and directives issued by the Michigan Department of Health and Human Services (MDHHS).

Contracted providers must comply with the established DCW Required Wage and ensure all eligible Direct Care Workers are compensated at no less than the required amount, consistent with applicable requirements and any DCW-related funding or rate considerations.

II. APPLICATION

This policy applies to organizational staff, directly operated providers, contracted CMH providers and subcontractors, substance use disorder (SUD) providers, and any provider delivering qualifying Medicaid or Healthy Michigan services.

III. DEFINITIONS

Capitation Rate: A fixed per-member, per-month (PMPM) payment made by MDHHS to a Prepaid Inpatient Health Plan (PIHP), pursuant to the applicable contract, to fund the cost of covered behavioral health and substance use disorder services for enrolled individuals.

Direct Care Worker (DCW): Any employee delivering a qualified service as defined by MDHHS.

DCW Required Wage: The per-hour base wage that must be paid to DCW providing a qualifying service.

DCW Adjustment: An hourly wage increase funded by MDHHS.

DCW Enhancement Rate: A rate enhancement paid to providers agreeing to meet DCW wage requirements.

Minimum Wage: The minimum wage required under Michigan law.

Qualifying Service: A service code identified by MDHHS.

IV. PROCEDURE

1. HealthWest shall calculate and publish the DCW Required Wage in alignment with applicable MDHHS guidance and ensure it is applied to HealthWest-operated services and staff, as applicable. The DCW Required Wage shall consist of the applicable minimum wage plus all DCW adjustments funded through Medicaid and the Healthy Michigan Plan, as aggregated and documented in the Behavioral Health Rate Certification Letters.

Contracted providers must comply with the established DCW Required Wage and all applicable federal and state minimum wage requirements and are responsible for ensuring all applicable staff are compensated accordingly. Providers are contractually required to comply with all applicable federal, state, and MDHHS requirements, including DCW wage requirements, as amended from time to time. Execution of the Provider Service Agreement constitutes acknowledgment of, and agreement to comply with such requirements, and HealthWest is not required to obtain separate attestations for each update, as compliance is an ongoing obligation under the Provider Service Agreement.

Contracted providers are required to maintain documentation in accordance with applicable MDHHS policy, guidance, and memorandum requirements related to DCW wage implementation. Such documentation must be sufficient to demonstrate compliance and must be retained and made available upon request. HealthWest may request such documentation as part of routine or non-routine monitoring, audit, or review activities; however, the absence of a request or review does not relieve the provider of the obligation to always maintain complete and compliant documentation.

2. Due to variability in staffing levels, the number of staff per shift, hours worked, and differences in service delivery models, including services reimbursed on a per diem or variable unit basis in accordance with MDHHS Behavioral Health Code Charts and Provider Qualification requirements, as well as scenarios where multiple staff provide services concurrently based on medical necessity potentially across multiple consumers and funding sources, a standardized DCW pass-through methodology or uniform Enhancement Rate across all services may not be appropriate, as it may result in duplication of payment and therefore may not be suitable in all cases.
3. In consideration of the above, HealthWest establishes and adjusts reimbursement rates for qualifying services in alignment with actuarial sound principles, available Medicaid capitation funding, and applicable MDHHS guidance, with the intent of ensuring compliance with DCW and applicable minimum wage requirements. In developing rates, HealthWest considers DCW wage requirements, broader workforce and operational costs, reasonable assumptions for unbillable time, and factors incorporated into Medicaid capitation rates. As such, established rates may already reflect applicable DCW and minimum wage requirements prior to the issuance of subsequent MDHHS guidance or clarification. Accordingly, any rate adjustments may take various forms, including across-the-board changes or broader rate revisions, may exceed DCW-specific amounts, and are not limited to a direct DCW pass-through methodology.
4. Where DCW-related funding has already been incorporated into existing rates through capitation or prior rate development, no additional adjustment will be made based solely on the timing or issuance of MDHHS guidance. This includes circumstances where providers have already received rate adjustments or additional funding within the same fiscal year that considered DCW or minimum wage requirements. Additional adjustments will only be considered if HealthWest receives new, specifically designated funding for DCW support purposes subsequent to such guidance.

If a provider demonstrates, through complete, accurate, and verifiable documentation as required by HealthWest, that established rates do not sufficiently support compliance with DCW requirements, HealthWest will review such information in the context of actuarial assumptions, available funding, and regulatory expectations and shall implement a targeted adjustment to address a validated gap, consistent with current practices used to support non-exempt DCW-related overtime compensation. In such cases, HealthWest may also consider adjusting the applicable reimbursement rate to exclude DCW-related components, excluding the provider from broader rate increase applications, or reimbursing at the DCW Enhancement Rate, as appropriate, to prevent duplication of payment.

5. For Substance Use Disorder (SUD) and Applied Behavior Analysis (ABA) providers, HealthWest will follow the applicable PIHP rate structure, and ensure that the DCW and minimum wage requirements are adhered.
6. Notwithstanding the above, HealthWest will ensure compliance with applicable MDHHS DCW wage requirements and all applicable federal and state minimum wage requirements and will take appropriate action, including working with contracted providers as necessary, to support fulfillment of those requirements.

V. ATTACHMENTS
Attestation Form **(A271)**
Overtime Template **(A272)**
DCW Medicaid Bulletin



May 1, 2026

Re: Provider Attestation: Direct Care Worker (DCW) Wage Compliance

PROVIDER NAME**

HealthWest requires this attestation to confirm compliance with applicable Michigan Direct Care Worker (DCW) wage requirements effective January 1, 2026.

By signing below, the Provider attests that:

- The Provider is paying Direct Care Workers in accordance with applicable Michigan DCW wage requirements.
- The Provider maintains documentation (e.g., payroll records, staffing data) to support compliance and will provide it upon request for monitoring or audit purposes.
- The information provided is true, accurate, and complete to the best of the Provider's knowledge.

Authorized Representative:

Name: _____

Signature: _____

Title: _____

Date: _____

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[HealthWest.net](https://www.healthwest.net)

Month: _____

MDHHS Updated 01/12/2026