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MALA Action Budget Alert - Please Contact Your CMH Regarding Direct Care Worker Wages

The Michigan Department of Health and Human Services (MDHHS) has issued Letter L 25-78 dated January 13, 2025 entitled Direct Care Worker (DCW) Wage Increase.

Download MDHHS Letter L 25-78 which includes the following bullet point under General Wage Increase Requirements on page 2:

- **The wage increase cannot cover costs associated with minimum wage increases. The DCW wage increase is in addition to the minimum wage.**

Based upon the above referenced language, MDHHS is effectively requiring that DCWs be compensated at a wage level of at least \$17.13 per hour effective January 1, 2026. This calculation is based upon the new state minimum wage rate of \$13.73 per hour plus \$3.40 per hour from the previously appropriated wage increases.

MALA and Incompass Michigan have been in discussions with MDHHS leadership during the past several weeks regarding this wage issue. We have emphasized that the vast majority of CMHSPs have provided no additional funding to their Provider Network for the current fiscal year.

According to MDHHS, the funding provided to PIHPs for FY26 already reflects minimum wage increases that occurred in 2025, as well as the January 1, 2026 increase. The Department has also indicated they are preparing to implement an additional rate adjustment in January, at which point PIHPs will receive the associated funding. MDHHS has further indicated that it will be issuing a memo this month that outlines PIHP responsibilities for both FY25 and FY26 regarding the DCW wage increase.

MALA and Incompass Michigan remain steadfast that Behavioral Health Providers should be receiving the commensurate amount of funding to comply with the wage requirement established under Letter L 25-78. Our associations will be following up with MDHHS leadership regarding the status of the memo outlining PIHP responsibilities referenced above. In addition, our respective lobbying firms will be alerting key legislators to this critical wage issue.

We will be providing additional updates on the DCW wage increase issue within the next several days. In the interim, you are encouraged to contact the CMHSPs with whom your organization contracts to urge receiving the commensurate amount of additional funding necessary to comply with a wage requirement of \$17.13 per hour.

Please contact MALA if you have any questions or comments related to Letter L 25-78.

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