

January 12, 2026

<Provider Name>
<Provider Address 1>
<Provider Address 2>
<City> <State> zipcode5-zipcode4

Dear Provider:

RE: Direct Care Worker (DCW) Wage Increase

This letter replaces [Letter L 24-59](#) that was issued on September 26, 2024. Pursuant to Public Act 22 of 2025, the Michigan Department of Health and Human Services (MDHHS) will continue the wage increase for DCWs.

This letter updates the service codes that the wage increase applies to for the Specialty Behavioral Health Program. The following codes were removed: 97153 (as a result of Public Act 22 of 2025), in addition to T2015 and T2026 (reflecting technical service code updates). Further clarification on the removed codes, as well as the use of H2014, is detailed below.

The table below lists the MDHHS programs and service codes the wage increase applies to:

Program Name	Services	Related HCPCS Codes
MI Choice Waiver	Community Living Supports, Respite, Adult Day Health, Residential Services	H2015, H2016, S5150, S5151, S5100, S5101, S5102, T2032, T2033
MI Health Link (MI Coordinated Health effective January 1, 2026)	Expanded Community Living Supports, Personal Care, Respite, Adult Day Program	H2015, S5150, T1019, S5100, S5101, S5102

Behavioral Health	<ul style="list-style-type: none">Community Living SupportsOvernight Health and Safety SupportsPersonal CareRespiteSkill BuildingOut-of-Home Non-Vocational ServicesApplied Behavior Analysis (ABA) Group Adaptive Behavior TreatmentABA Exposure Adaptive TreatmentCrisis Residential ServicesResidential Services – Substance Use Disorder (SUD)Residential Services – Co-occurring SUD/Mental Health (MH)Withdrawal Management – SUDSupported Employment	97154, 0373T, H2025, H0019, H0010, H0012, H0014, H0018, H2014, H2015, H2016, T2027, T1020, S5151, T1005, H2023, H0043
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As a point of clarification, given it shares the H2014 code, Out-of-Home Non-Vocational Services was added to the Services list. Prevocational Services T2015 was removed from the Habilitation Supports Waiver effective October 1, 2024. ABA Adaptive Behavioral Treatment 1:1 was removed as the legislatively mandated 97153 agency rate of \$66.00 per hour is inclusive of the DCW wage increase. The DCW wage increase was not applied above and beyond the \$66.00 per hour legislative mandate.

General Wage Increase Requirements

- Consistent with [Letter L 24-59](#), the Department is maintaining the wage increase that applies for services provided October 1, 2024 forward and is intended to cover an additional \$0.20 per hour increase in DCW wages, along with an additional \$0.04 per hour for agencies to cover their costs associated with implementing this increase, but with changes to codes and services as outlined above.
- Consistent with [Letter L 24-59](#), this amount continues to supplement the \$3.20 per hour increase (plus an additional \$0.40 for agencies) previously appropriated for DCW wage increases, bringing the total to \$3.40 per hour for DCWs and an additional \$0.44 per hour for agencies.
- The wage increase cannot cover costs associated with minimum wage increases. The DCW wage increase is in addition to the minimum wage.**
- Consistent with [Letter L-22-10](#), the \$2.35 per hour base wage increase should be paid

in addition to the DCW's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying DCW on March 1, 2020. If the agency was not in business in March 2020, the DCW must be paid at least minimum wage plus the \$2.35 wage increase amount.

- Consistent with [L-24-29](#), the FY24 additional \$0.85 per hour should be a base wage increase paid in addition to the DCW's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying DCW on September 30, 2023.
- Consistent with [Letter L 24-59](#), the FY25 additional \$0.20 per hour should be a base wage increase paid in addition to a DCW's regular wage but cannot be less than the wage being received by, or the starting wage offered to, a qualifying DCW on September 30, 2024.
- The entirety of the base wage increase, totaling \$3.40 per hour, must be applied entirely to DCW wages. The \$3.40 and \$0.44 per hour amounts may be implemented by an equivalent as divided per billing unit.
 - Factoring in the prior year DCW wage increases, in addition to the continuation of the FY25 increase, the payment would be \$0.85 per 15-minute unit for the DCW, and \$0.11 per 15-minute unit for the additional agency cost, totaling \$0.96 per 15-minute unit attributed to the DCW wage increase and employer costs.
- Consistent with [Letter L 24-59](#), this wage increase, along with previously appropriated DCW wage increases (totaling \$3.40 per hour), should also be applied to the DCW's indirect/administrative time (necessary time for the DCW to complete associated direct care paperwork) and overtime.
 - Consistent with [Letter L 24-59](#), overtime compensation for non-exempt employees is eligible for reimbursement at a rate of \$5.12 per hour for services provided October 1, 2024 forward.
 - Agencies would receive an additional \$0.64 per overtime hour to cover their additional costs associated with implementing this increase, making the total for overtime payments \$5.76 per hour, including the \$5.12 per hour to the DCW and \$0.64 per hour to the employer.
 - When overtime is billed in 15-minute units, the DCW would receive an additional \$1.28 per overtime 15-minute unit and the employer would receive an additional \$0.16 per overtime 15-minute unit, for a total of \$1.44 per overtime 15-minute unit.

Recordkeeping Requirements

- DCW agencies that are a network provider under a Medicaid managed care entity and/or their subcontractor must retain and be able to submit documentation upon request, either by the Department or their contracted managed care entities, that supports the distribution to DCWs and that payments were made in accordance with the requirements in this letter.
- A DCW may choose to not receive the wage increase. This choice must be indicated in writing or electronically. This individual's employer must give back to the entity paying for services, as described in the table above, any funds allocated for this individual's wage increase.

Skilled Nursing Facilities (SNFs), Adult Foster Care (AFC) Homes and Homes for the Aged (HFAs)

SNFs, AFC homes and HFAs should follow guidance and reporting instructions provided on the MDHHS website at [Medicaid Provider Forms and Other Resources](#) under the 'Direct Care Worker (DCW) Forms' and the 'OTHER RESOURCES' headings.

If you have questions, you may call Provider Support at 1-800-979-4662 or e-mail providersupport@michigan.gov.

An electronic version of this document is available at www.michigan.gov/medicaidproviders >> Policy, Letters & Forms.

Sincerely,



Meghan E. Groen, Chief Deputy Director
Health Services