



2025-2026 General Assembly

SENATE BILL 257: 2026 Appropriations Act, Sec. 9E.14: Increase Wages of Direct Care Workers / Innovations Waiver

Analysis of: S.L. 2026-41, Sec. 9E.14

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Section 9E.14 of S.L. 2026-41 (Senate Bill 257) directs the Department of Health and Human Services, Division of Health Benefits (DHB), to use \$21.3 million in recurring funds to increase wages and benefits for the direct care workers who provide Medicaid Innovations waiver services. This section directs that this funding be used to increase the Medicaid reimbursement rate for the services provided by these direct care workers and to adjust the capitation rates paid to local management entity/managed care organizations (LME/MCOs) covering those services. Prior to receiving the rate increase, providers must attest to the relevant LME/MCO that the entire amount of the rate increase is being used for the benefit of the direct care workers. LME/MCOs must recoup from a provider any amount of the rate increase that the LME/MCO determines was not used for the benefit of the workers. By February 15, 2027, DHB must submit a report to the Joint Legislative Oversight Committee on Medicaid about how the funding was used.

This section became effective July 1, 2026, and the rate increase is effective on the date approved by the Centers for Medicare and Medicaid Services.

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