

Good morning, my name is Marie Lenane and I am a Policy Analyst for the Purchase of Service Administration at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the proposed amendments to 101 CMR 413.00: Payments for Youth Intermediate-term Stabilization Services (YITS), that will amend rates for services purchased by the Department of Youth Services (DYS) as Adjudicated Youth Residential Treatment Services, Intensive and Transitional Independent Living Programs, and Community Services Network and READY programs.

The effective date for the proposed amendments to the regulation is January 1, 2024.

The amendments to 101 CMR 413.00 are being proposed at this time in accordance with M.G.L. Chapter 118E, Section 13D, which requires the secretary of EOHHS to establish by regulation and biennially review the rates to be paid by governmental units for social service programs.

In accordance with this requirement, the rates for youth intermediate-term stabilization services are being updated to include an increase by a cost adjustment factor (CAF) of 2.71%. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Spring 2023 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2023 Q4) and the prospective period of calendar years 2024 and 2025. Staff salaries have been benchmarked to the Massachusetts Bureau of Labor Statistics (BLS) median wages as dated May 2022 at the 53<sup>rd</sup> percentile. The tax and fringe rate has been benchmarked to 27.38% and the administrative allocation has been benchmarked to 12%.

The total estimated FY24 annualized cost to state government from the increase in rates established by these proposed amendments is \$8,425,434, which represents an increase of 20.71% over FY23 spending of approximately \$40.6 million. These costs will not be realized until January 1, 2024, at which point the FY24 fiscal impact to state government will be approximately \$4.2M for the increase to existing rates. The increase in spending in FY24 will be covered through a combination of the Chapter 257 Reserve Account and the purchasing agency's FY22 budget.

Additionally, certain congregate care rates are being updated to reflect the intended rates effective July 1, 2023. These rates were included in the previous public hearing on these regulations but were not incorporated into the final version of the rate due to a technical

error in the filing process. The fiscal impact of these congregate care updates has already been accounted for in the previous regulatory amendment process, and no further state costs will be incurred.

This concludes my testimony. Thank you.