

Good morning, my name is Marie Lenane and I am a Pricing 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 amendment to the regulation at 101 CMR 413.00: Payments for Youth Intermediate-Term Stabilization Services. The proposed amendments update rates for services purchased by the Department of Public Health (DPH), the Department of Children and Families (DCF), and the Department of Mental Health (DMH) and are specific to clinically intensive residential treatment (CIRT); intensive residential treatment programs (IRTPs); congregate care and intensive community services; youth residential; and youth transitional age services.

The amendments to 101 CMR 413.00 are being proposed at this time in accordance with Massachusetts General Laws 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.

The effective date for the proposed amended regulation is July 1, 2025.

These services are being updated and include an increase by a cost adjustment factor (CAF) of 3.25%, effective July 1, 2025. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2024 Forecast, baseline scenario data. The CAF reflects the period between the rates' base period (calendar year 2025 Q2) and the prospective period of fiscal years 2026 and 2027. Staff salaries have been benchmarked to the most recent Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2023 at the 53rd percentile. For all services, the administrative allocation has been benchmarked to 12% and the tax and fringe rate has been benchmarked to 24.97%. This benchmark is derived from the MA Comptroller's FY25 approved rate less terminal leave and retirement.

The annualized cost to state government from the increase in rates specific to DCF's congregate care and intensive community services is approximately \$28.2 million, which represents an increase of 10.07% over FY24 projected spending of approximately \$280.2 million.

The annualized cost to state government from the increase in rates specific to DMH's congregate care and intensive community services is approximately \$3.94 million, which represents an increase of 12.71% over FY24 projected spending of approximately \$31.03 million.

The annualized cost to state government from the increase in rates amended by this regulation for DMH's IRTP and CIRT programs is approximately \$3.26 million, which represents an increase of 9.45% over FY24 spending of approximately \$34.5 million.

The annualized cost to state government from the increase in rates specific to youth residential services amended by this regulation for DPH is \$36,390 which represents an increase of 8.99% over FY24 spending of approximately \$404,678.

The total annualized cost to state government from the increase in rates amended by this regulation is approximately \$34.5 million, which represents an increase of 10.25% over FY24 spending of approximately \$346.2 million. The increase in spending in FY26 will be covered through a combination of the Chapter 257 Reserve Account and the purchasing agencies' FY26 budget.

This concludes my testimony. Thank you.