Good morning, my name is Marie Lenane and I am a Policy Analyst at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the proposed amendments to 101 CMR 418.00: Payments for Youth Short-Term Stabilization and Emergency Placement Services.

Amendments to this regulation 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. These services are purchased by the Department of Youth Services (DYS) and the Department of Public Health (DPH).

In accordance with this requirement, the rates for youth short-term stabilization and emergency placement services, specific to staffing support and youth detoxification and stabilization program rates, are being updated to include an increase by a cost adjustment factor (CAF) of 2.70%. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Joint Economic Spring 2026 Forecast, baseline scenario data. The CAF reflects the period between the rates' base period (Calendar Year 2026 Q3) and the prospective period (Calendar Year 2026 Q4 through Calendar Year 2028 Q3). The staff salaries have been benchmarked to the Massachusetts Bureau of Labor Statistics (BLS) median wages as dated May 2025 at the 53rd percentile. The tax and fringe rate has been benchmarked to 26.93%. This benchmark is derived from the MA Comptroller's FY27 approved rate less terminal leave and retirement. The administrative allocation has been benchmarked to 12% to remain consistent across all Chapter 257 regulations.

The total annualized cost to state government from the increase in rates amended by this regulation is $1.37 million, which represents an increase of 14.63% over FY26 spending of approximately $9.39 million. This cost will not be realized until October 1, 2026, at which point the FY27 cost to state government will be $1.03 million. This will be covered through a combination of the Chapter 257 Reserve Account and the purchasing agencies' FY27 budgets.

The proposed amended regulation contains rates effective for dates of service on or after October 1, 2026.

This concludes my testimony. Thank you.