

Good morning, my name is Marie Lenane and I am a Purchase of Service Pricing 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 421.00: Rates for Adult Housing and Community Support Services. These services are purchased by the Department of Mental Health (DMH).

The amendments to 101 CMR 421.00 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 of the proposed amendments to the regulation is July 1, 2025.

The rates for adult housing and community support services are being updated to include an increase by a cost adjustment factor (CAF) of 3.25%. 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 language in the Severability section has also been updated for consistency across EOHHS rate regulations.

The total annualized cost to state government from the proposed amendments to this regulation is approximately \$711,000, which represents an increase of 8.74% over FY24 state spending of approximately \$8.13 million. The projected increase in spending in FY26 will be covered through the Chapter 257 Reserve Account.

This concludes my testimony. Thank you.