

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 426.00: Rates for Certain Adult Community Mental Health Services.

The proposed amendments to this regulation update the established payment rates for certain adult community mental health services provided to publicly aided individuals by governmental units. Services with rates established by this regulation are purchased by the Department of Mental Health (DMH).

The effective date for the proposed amendments to the regulation is July 1, 2026.

Amendments to this regulation are being proposed at this time in accordance with M.G.L Chapter 118E, Section 13D, which requires 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 the services described below are being updated to include an increase by a cost adjustment factor (CAF) of 3.00%. The CAF was determined by using the Massachusetts Economic Indicator data from IHS Economics – Fall 2025 Forecast, baseline scenario data. The CAF reflects the period between the rates' base period (calendar year 2026 Q2) and the prospective period of fiscal years 2027 and 2028. Staff salaries have been benchmarked to the Massachusetts Bureau of Labor Statistics (BLS) median wages as dated May 2024 at the 53rd percentile. The tax and fringe rate has been benchmarked to 24.97%. This benchmark is derived from the MA Comptrollers FY25 approved rate less terminal leave and retirement. The administrative allocation has been benchmarked to 12%, which is the standard rate applied across all Chapter 257 regulations.

In addition, after the hearing, the Relief salary will be adjusted to the average of the Direct Care and Direct Care III salaries to align with previous rate methodology calculations.

The total annualized cost to state government is approximately \$25.3 million, which represents an increase of 5.38% over FY25 spending of approximately \$470.7 million on these services. The increase in spending in FY27 will be covered through the Chapter 257 Reserve Account.

This concludes my testimony. Thank you.