

Good morning, my name is Marie Lenane, and I am a Pricing Analyst at the Executive Office of Health and Human Services. I am here to present staff testimony on the proposed amendments to 101 CMR 428.00: Rates for Certain Independent Living Communities and Services. The amendments will update the rates for Certain Independent Living Communities and Services to be purchased by MassAbility (MBY) as Vocational Rehabilitation Independent Living Services, by the Department of Mental Health (DMH) as Recovery Learning Communities, and by the Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH) as Independent Living Services. The effective date of the proposed amendments is July 1, 2025.

The amendments to 101 CMR 428.00 are being proposed at this time in accordance with Massachusetts General Laws Chapter 118E, Section 13D, which requires the Secretary of the Executive Office of Health and Human Services to establish, by regulation, and biennially review the rates of payment for social services. The rates for all the independent living communities and 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. In addition to the FY25 CAF, the rates for all services have been updated to include all staff salaries, benchmarked to the most recent Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2023 at the 53rd percentile. The administrative allocation has been benchmarked to 12% and the tax and fringe rate has been benchmarked to 24.97%. 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 \$848,934, which represents an increase of 10.14% over FY24 spending of approximately \$8.36 million. The increase in spending in FY26 will be covered through the Chapter 257 Reserve Account.

This concludes my testimony. Thank you.