

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. I am here to present staff testimony on the proposed amendments to 101 CMR 432.00: Rates for Certain Lead Agency Services. The proposed amendments update rates for services purchased by the Department of Children and Families.

The effective date for the proposed amended regulation is January 1, 2027.

The amendments to 101 CMR 432.00 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.

The lead agency rates established at 101 CMR 432.00 are being updated to include an increase by a cost adjustment factor (CAF) of 3.00%, effective January 1, 2027. The CAF was determined by using baseline and prospective 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. In addition to the FY26 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 2024 at the 53<sup>rd</sup> percentile. 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.

A new service model, Level 7, has been created while the other models have had their staffing levels adjusted to align with DCF's upcoming procurement.

The estimated fiscal impact of the proposed amendments to 101 CMR 432.00 for the second half of FY27 is \$3.432 million. DCF has this built into their operating budget so there is no anticipated additional draw from the Chapter 257 Reserve Account.

This concludes my testimony. Thank you.