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 411.00: Rates for Certain Placement, Support, and Shared Living Services. This regulation governs the payment rates for certain placement, support, and shared living services provided to publicly aided individuals by governmental units. Services with rates established by this regulation are purchased by the Department of Children and Families (DCF), the Department of Youth Services (DYS), the Department of Developmental Services (DDS), MassAbility (MBY), and the Massachusetts Commission for the Blind (MCB).

The proposed amendments to the regulation contain rates effective for dates of service on or after July 1, 2026.

At this time, only the DCF rates for all adoption management support services (AMSS) product-based services and the rate for the Youth Permanency Connections (YPC) service are being changed. This is to align with all the other rates in the regulation, which were updated in an earlier promulgation.

Amendments to this regulation are being proposed 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. 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 Joint Economic 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 Comptroller's 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.

The total annualized cost to state government from the proposed amendments to this regulation is approximately $593,251, which represents an increase of 11.63% over FY25 spending of approximately $5.1 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.