

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 346.00: Rates for Certain Substance-Related and Addictive Disorders Programs.

Amendments to this regulation are being proposed at this time on an emergency basis in accordance with M.G.L. Chapter 118E, Section 13D, which requires the secretary of EOHHS to establish, by regulation, rates to be paid by governmental units for health services and social service programs. The proposed amended regulation contains rates effective for dates of service on or after July 1, 2025.

The proposed amendments to 101 CMR 346.00 update the rates to be paid by governmental units for Residential Rehabilitation programs including Clinically Managed Detoxification Programs; Supportive Case Management services; Triage, Engagement, and Assessment (TEA) program services; Office-Based Opioid Treatment (OBOT) ambulatory and recovery coach; and Opioid Treatment Programs (OTP) services. The proposed amendments to these service rates include an increase by a cost adjustment factor (CAF) of 3.25%, effective July 1, 2025. 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 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 programmatic expenses are benchmarked to the Uniform Financial Statements and Independent Auditor's Report (UFR) and the purchaser's recommendations. The administrative allocation is 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.

At the request of the provider community, the proposed amendments also incorporate the rates for Opioid Treatment Programs (OTPs) into this regulation. These OTP rates are currently in 101 CMR 444.00: *Rates for Certain Substance Use Disorder Services*; however, they have been noted for removal, effective July 1, 2025.

Additionally, the proposed amendments include a new rate aimed to improve access to medications for opioid use disorders (MOUD), including methadone, for nursing facility residents with substance use disorders (SUDs). The purpose of the rate is to incentivize OTPs to work more closely with nursing facilities to deliver medications directly to residents and reduce the need for daily resident transportation to OTPs, thereby generating savings from reduced transportation costs.

The estimated fiscal impact of the proposed amendments to the clinically managed detoxification programs; supportive case management services; triage, engagement, and assessment (TEA) program services; and office-based opioid treatment (OBOT) ambulatory and recovery coach rates for DPH is an overall annualized increase in state spending of 13.11% or approximately \$9.76 million over FY24 spending of \$74.4 million. The estimated fiscal impact to MassHealth is an overall annualized increase in spending of 13.47% or approximately \$1.6 million over FY24 fee for service spending of \$11.9 million. The increase in spending in FY26 will be covered through a combination of the Chapter 257 Reserve Account and the DPH and MassHealth FY26 operating budgets.

The estimated fiscal impact of the rates for OTP services being incorporated into the regulation is estimated to be \$14.8 million for DPH and \$18.7 million for MassHealth and will be covered through a combination of the Chapter 257 Reserve Account and the DPH and MassHealth FY26 operating budgets.

The estimated fiscal impact of the new medication access rate is approximately \$900,000 and will be covered through the MassHealth agency's operating budget.

Thank you