

Good morning. My name is Marie Lenane. I am a Policy 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 416.00: Rates for Clubhouse Services. The Department of Mental Health (DMH) purchases services with rates established in this regulation.

Massachusetts General Laws, Chapter 118E, Section 13D requires the Secretary of the Executive Office of Health and Human Services to establish rates of payment by regulation for social service programs. The effective date for the proposed amendments to the regulation is January 1, 2026.

The rates for clubhouse services are being updated to include an increase by a cost adjustment factor (CAF) of 2.53%. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Spring 2025 Forecast, baseline scenario data. The CAF reflects the period between the rates' base period (calendar year 2025 Q4) and the prospective period of calendar years 2026 and 2027. 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% and the administrative allocation has been benchmarked to 12%.

Staff Testimony on proposed amendments to 101 CMR 416.00

RATES FOR CLUBHOUSE SERVICES

Effective January 1, 2026

Public Hearing: December 12, 2025

The anticipated fiscal impact from the amendments will result in an increase of \$891,413 (2.74%) over FY25 spending of \$32,506,042. The change will not be realized until January 1, 2026, making the FY26 fiscal impact \$445,706. This increase in spending will be covered through the Chapter 257 Reserve Account.

This concludes my testimony. Thank you.