

Good morning. My name is Shannon Hogan. I am the 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 349.00: Rates for Early Intervention Program Services, which includes rates for services purchased by the Department of Public Health (DPH) and MassHealth.

Massachusetts General Laws, Chapter 118E, Section 13D 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 service programs.

The rates for Early Intervention program services are being updated to include an increase by a cost adjustment factor (CAF) of 2.37%. The CAF is based on Global Insight's spring 2025 cost projections data, at the baseline level. The CAF is prospective and calculated from FY26, quarter 4, and projects through the prospective period of CY26 and CY27. In addition to the CAF, the proposed rates incorporate staff salaries benchmarked to the most recent, May 2024, Bureau of Labor Statistics at the 53rd percentile; The occupancy expenses are benchmarked to the FY24 Uniform Financial Statements and Independent Auditor's Report (UFR), and the other programmatic expenses are based on the purchasers' recommendation and/or the prior benchmark inclusive of previous CAFs. 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. The proposed rates would be effective for dates of service on or after July 1, 2026.

The total estimated FY27 annualized fiscal impact of the proposed amendments is \$6.14 million (based upon FY25 spending of \$64.9 million); of which the estimated fiscal impact to MassHealth is \$2.97 million and the estimated fiscal impact to DPH is \$3.17 million. These amendments represent an increase of approximately 9.46% over FY25 spending. The increases to DPH spending will be covered through the Chapter 257 Reserve Account.

This concludes my testimony. Thank you.