

Staff Testimony on the emergency adoption of amendments to 101 CMR 204.00: Rates of Payment to Resident Care Facilities

Effective December 1, 2025

Public Hearing: January 5, 2026

Good morning, my name is Marie Lenane and 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 emergency adoption of amendments to 101 CMR 204.00: Rates of Payment to Resident Care Facilities. The amendments to this regulation contain rates effective for dates of services on or after December 1, 2025.

Pursuant to M.G.L. Chapter 118E, Section 13D, EOHHS is required to establish the rates of payment for rest home services each year. 101 CMR 204.00 sets forth the methodology to determine rates paid by governmental purchasers—primarily the Department of Transitional Assistance (DTA)—to residential care facilities.

Rest home rates are facility-specific rates that include variable and fixed components, subject to ceilings. Certain rest home residents are eligible for Supplemental Security Income (SSI) benefits from the Social Security Administration and State Supplemental Payments (SSP) benefits from DTA, which are paid directly to the client. In turn, the client uses those funds to pay for part of their rest home care, and DTA funds the unpaid amount of rest home rates after SSI/SSP payments are applied. Certain rest home residents are eligible for Emergency Aid to the Elderly, Disabled and Children (EAEDC) funding from DTA, which covers the residents' rest home rates.

The amendments to the rest home rates were calculated according to the following methodology:

- Update the base year from 2022 to 2023.
 - Apply an 8.78% cost adjustment factor (CAF) to variable costs. The CAF is based on inflation indices derived by cost center from data provided by IHS Markit. The CAF was calculated with a base period of CY2023 and a one-year rate period beginning October 1, 2025.
 - Cap variable costs at the 87th percentile, or \$195.74. With the CAF applied, the cap on variable costs is \$212.93.
 - Fixed cost component is limited to the amounts described in 101 CMR 204.08(2)(a)1.d.
 - The methodology applies an 87% occupancy standard when calculating per diem variable costs and a 90% occupancy standard when calculating per diem fixed costs.
- For each rest home, the preliminary rate is the sum of the components listed above.
- For each rest home, calculate its DTA days percentage by dividing its DTA days by the facility's total resident days, based on the 2023 cost report. The facility's DTA days percentage adjustment is equal to its DTA days percentage multiplied by \$5.39.
- For each rest home, calculate a new rate equal to the greater of
 - The sum of the preliminary rate and the DTA Days Percentage Adjustment, and capping the maximum decrease at 0% if applicable, or,
 - \$105.

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- For each rest home, calculate its FY2025 RCC-Q by dividing certain rest home expenses by revenue, excluding any revenue from non-rest home lines of business, based on reports that facilities are required to file. For non-exempt facilities with RCC-Q scores that fall below the established threshold of 80%, a downward adjustment is applied to their rate. For every 1 percentage point that the facility's RCC-Q is below the threshold, the downward adjustment is 0.5% of the rate, up to a maximum of a 5% downward adjustment. Additionally, EOHHS may conduct an audit of RCC-Q data for selected facilities. An audit of FY24 RCC-Q scores that were used during the FY25 rate calculations found that two facilities' actual RCC-Q scores were below 80%. To account for this, a downward adjustment was calculated based on a percentage of their rates in effect November 30, 2025, and the dollar value of this adjustment is applied beginning in their rates effective December 1, 2025.
- For each rest home that will not receive RCC-Q downward adjustments, apply a resident care add-on adjustment of \$0.89 to the proposed rate as calculated above.
- If the rate calculated above exceeds the rate in effect on November 30, 2025 plus \$0.89, the facility will receive a negative adjustment such that the new rate effective December 1, 2025, will be equal to the rate in effect on November 30, 2025 plus \$0.89.
- For rates effective December 1 through December 31, 2025, apply an annualization adjustment of 196.77% of the difference between the new rate and the current rate, to cover the 61 days from October 1 through November 30, 2025.

The current daily rates for rest homes range from \$105.00 to \$242.83, with a median of \$150.60. For the period beginning January 1, 2026, the proposed rates range from \$99.75 to \$243.72, with a median of \$148.66.

Additional amendments update the scope of the regulations and rates within.

New language in the regulation describes how the appropriated \$4,000,000 in budgeted funding will be allocated to all rest homes and nursing facilities with Level IV beds proportionally distributed based on the number of public Level IV bed days reported in their CY2023 cost report.

There is no anticipated change in annual aggregate state expenditures to eligible resident care facilities based on the amendments. There is an annual fiscal impact of \$4,000,000 resulting from the FY2025 Supplemental Payment.

This concludes my testimony. Thank you.