PROVIDERS' COUNCIL

March 2, 2018

To: Kara Solimini, Manager, Purchase of Services Administration
Executive Office of Health and Human Services

From: Michael Weekes, President/CEO

Re: Testimony regarding 101 CMR 420.00, *Rates for Adult Long Term Residential Services*

Thank you for giving the Providers' Council, our members and other community-based organizations the opportunity to submit testimony regarding 101 CMR 420.00, *Rates for Adult Long Term Residential Services.* The Providers' Council is the largest statewide association of community-based human services organizations that provide an array of services to one-in-ten Massachusetts residents on behalf of the Commonwealth.

We understand crafting rates for a diverse and dynamic system of care is complex. and we thank the Executive Office of Health and Human Services staff for soliciting comments from providers.

Accordingly, while we recognize the 2.39 percent cost adjustment factor (CAF) that EOHHS is applying to these rates, this increase is inadequate for several reasons. We support the comments of Vinfen, Road to Responsibility and other Providers' Council members that presented testimony at the public hearing on Friday, February 23 – as well as testimony from the Association of Developmental Disabilities Providers (ADDP) – and we echo their concerns, including:

- *Salaries/Wages*

The salaries proposed for direct care workers are far too low and are insufficient for providers to recruit and retain a high-quality workforce. Salaries proposed in the ALTR model budgets are all *below $15 per hour*, while other purchase-of-service rates – including the new Adult Clinical Community Services (ACCS) rates and certain Bureau of Substance Abuse Services (BSAS) rates – have set average salary levels at $15 per hour as Vinfen pointed out in its testimony. Please understand even at *averaging* $15 per hour, rates are not very competitive in this market and will likely be even less competitive in the next two years.

- *Salary Disparity*

There is a large salary disparity between state reimbursement levels for workers at community-based organizations and state employees working in similar jobs. We outlined this problem in our landmark 2017 report, *Who Will Care? The Workforce Crisis in Human Services*, and a year later, the problem only continues to grow worse.

As noted in the rates, EOHHS is proposing to pay direct care workers in the ALTR rates less than $15 an hour – including an average of $14.59 per hour combining the Direct Care I, II and III roles; an average of $13.22 per hour for overnight awake staff; and an average of just $11.44 per hour (barely more than minimum wage) for overnight asleep staff. None of these rates establish a floor of $15 per hour for these positions. Meanwhile, salaries for state workers who have similar jobs to direct care workers are making about $21 per hour.

While the Providers' Council has introduced legislation to eliminate this pay disparity (House Bill 3150 and Senate Bill 47) by 2023, the state and providers must ensure that the disparity doesn't currently reduce the quality of services provided in the community-based human services sector.

- *Occupancy*

Occupancy costs proposed by EOHHS may result in many providers unable to develop residences for I/DD and ABI clients with intense medical needs. They don't seem to reflect geographical differences that are significant. Additionally, the proposed rates fail to include a mechanism to increase funding for improvements. Rates must reflect the accurate costs of purchasing, leasing, renting and providing improvements. The housing market costs are much higher in many regions.

- *Tax/Fringe*

We remain unclear why EOHHS continues to use different administrative allocations or tax and fringe expenses when setting different rates under Chapter 257. Road to Responsibility noted in its testimony that Supported Employment and Community Based Day Services (CBDS) had 12.5 percent and 12.65 percent administrative costs, respectively, and a 23 percent tax and fringe allowance.

For ALTR rates, EOHHS is proposing a 10.98 percent administrative allocation and a 21.71 percent tax and fringe allowance. Other providers concur that the administrative allocation should be set at 12.5 percent at a minimum. Health insurance, the Employer Medical Assistance Contribution (EMAC) and other costs have increased here.

Further, when the 23 percent tax and fringe allowance was set for Supported Employment and CBDS rates, providers had not yet been saddled with the EMAC changes, which represents another unfunded mandate. Our members reasonably request raising the tax and fringe rate to 24 percent.

- *Closing*

In closing, the Providers' Council supports the testimony given by our members to provide more reasonable and adequate rates. We ask EOHHS to review the proposed rates and consider increases in the areas we've outlined. Only with an adequately funded human services system can we provide needed, high-quality services.

Thank you for your attention to this matter, and we welcome any questions you may have.