



May 15, 2020

Secretary Marylou Sudders
Executive Office of Health and Human Services
c/o Debby Briggs
100 Hancock Street, 6th Floor
Quincy, MA 02171

Re: Providers' Council testimony in support of proposed rates for various human services programs

Dear Secretary Sudders:

The Providers' Council writes today in support of the proposed rates for various human services programs that received a public hearing on Friday, May 8. The rates which this testimony applies to include:

- 101 CMR 414.00, *Rates for Family Stabilization Services*
- 101 CMR 412.00, *Rates for Family Transitional Support Services*
- 101 CMR 346.00, *Rates for Certain Substance-related and Addictive Disorders Programs*
- 101 CMR 424.00, *Rates for Certain Developmental and Support Services*
- 101 CMR 411.00, *Rates for Certain Placement, Support, and Shared Living Services*
- 101 CMR 410.00, *Rates for Competitive Integrated Employment Services*
- 101 CMR 426.00, *Rates for Certain Adult Community Mental Health Services*

The Providers' Council will file separate testimony on 101 CMR 413.00, *Rates for Youth Intermediate-Term Stabilization Services* with our colleagues at the Association for Behavioral Healthcare and the Children's League for Massachusetts.

The Providers' Council would like to thank EOHHS for their accommodations and close working relationship with community-based human services organizations. The Council represents more than 200 members across Massachusetts, many of whom provide services that were discussed at the public hearings held on Friday, May 8.

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We appreciate the work EOHHS put into all these rate reviews. We appreciate EOHHS making changes in the way it calculates rates and salaries in model budgets, using Bureau of Labor Statistics salary data instead of outdated Uniform Financial Report data.

We do, however, have a few overarching suggestions that we believe EOHHS should consider implementing to meet the mandates of Chapter 257 to establish “rates of payment for social service programs which are reasonable and adequate,” and we submit, should include salary levels that are market based. A number of our members who provide the above-referenced services would be willing to meet with you to discuss why further changes are needed to these rates.

Salaries

While using the Bureau of Labor Statistics as a benchmark for workers' salaries will certainly improve some wages in our sector, we ask that EOHHS be mindful of the rising minimum wage and the compression issues that will exist in our sector. Further, some of the salaries proposed in these new rates are less than what many community-based organizations are already paying under their state contractual arrangements to recruit new staff and retain existing staff members.

We strongly urge EOHHS to use the 75th percentile of the Bureau of Labor Statistics data rather than the median percentile. Using the median BLS data will underfund community-based organizations and will not cover the full cost of ensuring adequate staff to provide essential services. We hope EOHHS will reengage with *The Collaborative* to discuss this issue in greater detail; community-based human services organizations would be willing to share examples of why the median salary benchmark is not sufficient to recruit and retain high quality staff in our sector.

We ask EOHHS to engage with The Collaborative to ensure market wages for all positions – in particular direct care workers, nursing staff and clinicians – and ensure salaries are adequate to allow providers to recruit and retain staff.

Tax and Fringe

While we recognize the need to standardize tax and fringe, the proposed 22.31 percent factor is not aligned with the costs of providing benefits in today's market. We suggest an increase in tax and fringe due to rising costs, like health

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insurance; new mandates, like Paid Family & Medical Leave; and organizations trying to provide for employees' retirement through 401(k) or 403(b) matching.

We ask that EOHHS review the tax and fringe rate – and we would support a tax and fringe rate of 25 to 30 percent.

Administrative Allocation

The administrative allocation for all of these rates varies drastically with some under 10 percent (Shared Living model in *101 CMR 411.00, Rates for Certain Placement, Support, and Shared Living Services*) and some at nearly 15 percent (*101 CMR 410.00, Rates for Competitive Integrated Employment Services*).

We believe there should be a standard administrative allocation percentage for Chapter 257 rates. As the CIES model budget contains the highest administrative allocation suggested in these eight rates, we ask that EOHHS increase the administrative allocation for all rates to match the 14.52 percent level that is present in *101 CMR 410.00, Rates for Competitive Integrated Employment Services*.

Cost Adjustment Factor (CAF)

EOHHS included a cost adjustment factor in all rates, basing it on the IHS Economics Fall 2019 Forecast of 1.78 percent. We note, however, that EOHHS bases the CAF on the “optimistic scenario” data. We no longer believe that this data is appropriate to be used for a CAF, and we suggest the administration using the “pessimistic scenario” data, which would set the CAF at 3.24 percent.

As noted above, we do recognize the appropriateness of using the IHS Economics model, but we recommend the state use an alternate “scenario” model given the current economic climate that is likely to worsen.

The Council asks that EOHHS increase the CAF to 3.24 percent, based on the IHS Economics “pessimistic scenario” model.

Conclusion

In closing, thank you for your proposed changes to the above-mentioned seven rates which will strengthen services to clients and consumers. We simply ask EOHHS to consider reasonable adjustments that will ensure community-based organizations are able to recruit and retain employees who will provide high

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quality services to the one-in-ten residents of the Commonwealth we care for on your behalf.

We ask that EOHHS review several issues with the rates and make adjustments for the above items. We would be happy to meet with you to discuss these issues further at your convenience. Thank you for your time and your positive consideration of these requests.

Sincerely yours,

A handwritten signature in black ink that reads "Michael Weekes". The signature is written in a cursive style with a large, sweeping initial "M".

Michael Weekes

President/CEO