



November 5, 2021

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

Re: Providers' Council testimony on:

101 CMR 413.00, *Rates for Youth Intermediate-Term Stabilization Services*
101 CMR 414.00, *Rates for Family Stabilization Services*

Dear Secretary Sudders:

Thank you for the opportunity to provide testimony on the above listed rates.

On behalf of the Providers' Council's more than 200 members across Massachusetts, thank you for your historic support and close working relationship with community-based human services organizations. We appreciate all the work of EOHHS and the Baker Administration in setting rates for human services programs, and we appreciate being your partner in providing services to one-in-ten Massachusetts residents with our sector's workforce that fills more than 185,000 jobs in our state.

Thank you for holding rate hearings today on the above-mentioned rates. While our members may submit testimony regarding programmatic concerns with these rates, the Providers' Council will provide brief comments today on how these rates affect our workforce development efforts.

Our sector is experiencing unusually high turnover and considerable challenges in recruiting talent. Our testimony is directed at increasing the Bureau of Labor Statistics salary percentile used, ensuring an adequate cost adjustment factor is being applied to rates and examining benchmarks used for the administrative allocation and tax/fringe costs.

Using BLS 75th percentile data

After working with members of the human services sector in early 2020, EOHHS noted it would begin to use salary benchmark information from the Bureau of Labor Statistics to set benchmark salaries for direct care workers and other positions. We appreciate EOHHS recently ensuring that it was using the most recent BLS data when setting rates, as this summer it began to use the BLS 2020 state-specific data for Massachusetts that was released in early 2021.

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Unfortunately, the workforce crisis in our sector – and in our state and nation – has worsened significantly since we presented testimony in May urging you to use the most recently available data. Additionally, we also asked EOHHS at that time to use the 75th percentile when creating its model budget. Even the latest EOHHS benchmarks for direct care salaries – just \$16.79 for a Direct Care I staff member – is not competitive with health care and state-operated human services programs. Sadly, this salary for our dedicated workforce even lags behind big box retailers, fast food restaurants, Whole Foods and Amazon. It is important to note that the well-respected MIT Living Wage calculator determines that a single parent with one child in the Boston area would need \$36.88 an hour to be sufficient.

While EOHHS updated its model budgets to use the BLS 2020 state-specific data for Massachusetts, it continues to use the median salary level from that data which is insufficient to attract and retain our workforce needs. We also are not clear on the blend of BLS positions that EOHHS uses to set rates for direct care staff.

#1 Recommendation: We urge EOHHS to re-review rates and benchmark salaries for human services workers to the 75th percentile of the most recently available BLS state-specific data for Massachusetts.

#2 Recommendation: We ask EOHHS to ensure a transparent rate-setting process and provide the blend of BLS positions it uses to benchmark salaries for human services workers and the rationale.

Increase cost adjustment factor

In the two public hearings EOHHS held on Friday, November 5, EOHHS used a cost adjustment factor of 1.06 percent. It is unclear how this CAF was derived, and we feel it is inadequate. We believe EOHHS should examine using a CAF that is more reflective of market rates; the Social Security Administration recently announced a cost-of-living adjustment of 5.9 percent, the largest single increase since 1982.

EOHHS continues to use IHS Economics for its forecasting. Clearly there is a difference between the models IHS is developing and the models being used by the federal government. We hope EOHHS will take a closer look at the IHS Economics models and ensure the appropriate model is being used when setting cost adjustment factors for the human services sector.

Our members are experiencing increases in food, heating oil, gasoline, housing and insurance costs just to name a few items that have clearly exceeded a 1.06 percent increase. We are also mindful that these rates are expected to remain in effect for the next two years.

#3 Recommendation: We ask EOHHS to review the IHS Economics model and determine if the Optimistic, Pessimistic, or other models developed by IHS or

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other industry experts are the most appropriate when creating a cost adjustment factor. We must adequately reimburse programs for these non-negotiable costs or it may decrease the availability of funds for our workforce needs.

Tax/Fringe and Administrative Expenses

Throughout our testimony this year, we have repeatedly questioned why EOHHS has benchmarked the tax and fringe rate at just 22.4 percent and the administrative allocation at just 12 percent. While EOHHS has created these benchmarks and used them across all Chapter 257 services, we continue to feel that these figures are inadequate for community-based human services providers operating effective and efficient organizations. We join our members in calling for an administrative allocation of between 15 and 18 percent and a tax and fringe rate of at least 25.61 percent, which was the median figure providers reported to EOHHS for FY '21 and listed in a report which EOHHS shared with the Joint Committee on Ways & Means.

#4 Recommendation: We ask EOHHS to meet with providers to determine a more appropriate level for tax and fringe – of at least 25.61 percent – and administrative allocation – of between 15 and 18 percent.

Closing

Again, we thank the Executive Office of Health and Human Services for its review of these rates. We appreciate everything you have done to increase salaries for the community-based workforce, and we ask for your positive consideration of these above recommendations.

We appreciate EOHHS as a partner in state government, and we thank you for the opportunity to present testimony on these two human services programs. It is our hope that adequately funding these programs with our recommendations gives our providers the best opportunity to meet your mandates and serve the Commonwealth's residents with quality services from a stable workforce.

Sincerely,

Michael Weekes
President/CEO