



March 11, 2022

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

Re: Providers' Council testimony on:

101 CMR 426.00, *Rates for Certain Adult Community Mental Health Services*  
101 CMR 410.00, *Rates for Competitive Integrated Employment Services*  
101 CMR 425.00, *Rates for Certain Young Parent Support Programs*

Dear Secretary Sudders:

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

On behalf of the Providers' Council's over 200 members across Massachusetts, thank you for your historic support and close working relationship with community-based human services organizations. We appreciate 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 hundreds of thousands Massachusetts residents with our sector's workforce that fills more than 185,000 jobs.

We appreciate you 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 on how these rates affect our workforce development efforts.

Our sector is experiencing unusually high turnover and considerable challenges in recruiting talent. As a result, some programs are unable to run at full capacity and residents needing care remain on wait lists. 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.

It is important to note that while our testimony contains many "numbers," those figures represent real people in Massachusetts that are essential to the state's ability to fulfill its mission. We must also look at these numbers through a gender and racial lens; we believe Massachusetts is committed to racial and gender equity, but these depressed salaries promote inequity. A demographic study of our workforce by the University of Massachusetts Donahue Institute notes that our field is 80 percent women, and we have a higher proportion of people of color in our workforce than other sectors. Our testimony not only supports a fairer economic policy but also a better social policy.

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*Using BLS 75<sup>th</sup> percentile data*

In early 2020, a task force directed by your office with active participation of the Council and other trade leaders agreed that EOHHS would begin to use salary benchmark information from the Bureau of Labor Statistics (BLS) to set salaries for direct care workers and other positions. We appreciate EOHHS continuing to use the BLS and utilizing the most recently available data.

Unfortunately, the workforce crisis in our sector – and in our state and nation – has worsened significantly since we presented testimony last year. To better address, our sector's historically low wages, and to attract and retain an adequate workforce, we have advocated for EOHHS to use the BLS's 75<sup>th</sup> percentile when creating its model budgets. The latest EOHHS benchmarks for direct care salaries – just \$16.79/hour for a Direct Care I (DCI) staff member at the median BLS level – is just not competitive with health care and state-operated human services programs. For a DCI, the 75<sup>th</sup> percentile wage – \$20.30/hour – is more appropriate and reflective of market rates.

The proposed \$16.79 salary for our dedicated, essential workforce even lags behind local big box retailers, fast food restaurants, Whole Foods, Amazon and others. In late February, Target announced it would start hourly employees in competitive markets at \$24/hour. An *Associated Press* report on that news noted that average pay for retail workers, excluding managers, jumped 7.1 percent in the last year and is now \$19.24 an hour. It is important to note that the well-respected MIT Living Wage calculator determines that a single parent with one child in Massachusetts would need \$36.88 an hour to be sufficient. It is virtually impossible to recruit and retain a workforce when wages for the human services sector are dramatically lower than most other jobs in Massachusetts.

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, according to the membership of our large and diverse association, is insufficient to attract and retain our workforce needs. We respectfully request EOHHS use the 75<sup>th</sup> percentile to reflect market conditions and fair wages more accurately for community-based human service workers.

**# 1 Recommendation:** We urge EOHHS to re-review rates and benchmark salaries for human services workers using, at a minimum, the 75<sup>th</sup> percentile of the most recently available BLS state-specific data for Massachusetts.

*Increase cost adjustment factor*

In the three public hearings being held today, EOHHS is proposing a cost adjustment factor of 2.31 percent. It is unclear how this CAF was derived, and publicly available economic data indicates it is inadequate.

We believe EOHHS should use a CAF that is more reflective of market rates. For example, the Social Security Administration's cost-of-living adjustment for 2022 is **5.9**

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**percent**, the *largest single increase since 1982*. The Consumer Price Index last month noted a **7.5 percent** increase in its all-items index over the last 12 months.

EOHHS continues to use IHS Economics *optimistic* scenario data, as it has throughout the COVID-19 pandemic. It is unclear why EOHHS continues to use IHS Economics and the *optimistic* scenario dataset. If EOHHS had instead used the IHS Economics *pessimistic* scenario data in calculations, the CAF would be 4.01 percent. Even then, providers and their low-wage staff are losing purchasing power as food, oil/gas, insurance, and housing costs are skyrocketing. The IHS model does not reflect actual market realities and its application is hurting our workforce.

If EOHHS is determined to use the IHS Economics models, then we encourage you to use a different analysis aligned with competitive costs when setting rates. Models which calculate a CAF for the past two years that is *less than one-third of the national inflation rate* for the last year alone must be thoroughly examined and replaced to ensure they are more reflective of actual market conditions.

This problem is compounded as these rates are expected to remain in effect for the next two years; it is imperative that the proposed CAF be increased. Even with an unimaginable future projection of zero inflation, the CAF remains inadequate today.

**# 2 Recommendation:** We ask EOHHS to review the IHS Economics model and discard the wholly inadequate *optimistic* model from its analysis. Further, we request that models used adequately support our recruitment and retention needs and reflect our state, where more than 150,000 workers live. 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*

We appreciate EOHHS increasing its tax and fringe rate to 24.22 percent this year after using a rate last year of 22.4 percent. Last year, the Council supported our members' request for a tax and fringe rate of at least 25.61 percent, which was the median percentage providers reported to EOHHS for FY '21 and listed in an EOHHS report that was sent to the Legislature. As EOHHS now notes it is including 2 percent to promote workforce initiatives, such as retirement benefits, and the Paid Family and Medical Leave contribution into the tax and fringe rate, we request a total tax and fringe rate of 27.97 percent. This is the reported prior average of 25.61 percent, plus the 2 percent for workforce initiatives and PFML contribution.

Additionally, we have routinely supported our members' request for an administrative allocation of between 15 and 18 percent, as 12 percent is inadequate. EOHHS has continued to use 12 percent in these rates.

**# 3 Recommendation:** We ask EOHHS to meet with providers to determine a more appropriate level for tax and fringe – **27.97 percent** – and administrative allocation – **between 15 and 18 percent**.

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*Closing*

Again, we thank the Executive Office of Health and Human Services for its review of these rates. We appreciate the very significant progress made 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 three 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 and essential workforce.

Sincerely,

Michael Weekes  
President/CEO