



November 4, 2022

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 417.00, *Rates for Certain Elder Care Services*
101 CMR 414.00, *Rates for Family Stabilization Services*
101 CMR 424.00, *Rates for Certain Developmental and Support Services*
101 CMR 346.00, *Rates for Certain Substance-Related and Addictive Disorders Programs*

Dear Secretary Sudders:

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

On behalf of the Providers' Council's 220 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 of vacancies, 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.

While our testimony contains many "numbers," these figures represent real people in Massachusetts who 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 know the state 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.

I. Using BLS 75th 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.

EOHHS is now using the latest available Bureau of Labor Statistics state-specific Occupational Employment and Wage Estimates data for Massachusetts that was released in March 2022 with figures from May 2021. All the rates heard today contain these new benchmarks with a median wage for Direct Care I workers benchmarked at \$18.72/hour and a median wage for Direct Care III workers benchmarked at \$23.42/hour.

The workforce crisis in the human services sector, however, continues to worsen, impacting the critical care we can provide to state residents on your behalf. To better address our sector's historically low wages, and to attract and retain an adequate workforce, we have continually advocated for EOHHS to use the BLS's 75th percentile when creating its model budgets for human services rates. We urge EOHHS instead to use these benchmarks in these rates, meaning a median wage for Direct Care I workers would be benchmarked to \$21.06/hour and a median wage for Direct Care III workers would be benchmarked to \$30.29/hour.

We urge EOHHS to incorporate the 75th percentile of the Bureau of Labor Statistics data to ensure community-based human services organizations are able to recruit and retain workers in an increasingly competitive environment. Inadequate rates depress workforce salaries and increase staff turnover and vacancies, which mean residents that need the safety net are on waiting lists or denied services. None of us either support or should be comfortable with that outcome.

1 Recommendation: We respectfully request EOHHS use the 75th percentile, at a minimum, to set fair and comparable salary levels using an adequate blend of Bureau of Labor Statistics job classifications.

II. Increase cost adjustment factor

In the three public hearings being held today, EOHHS is proposing a cost adjustment factor of **1.85 percent**. It is unclear how this CAF was derived, and publicly available economic data indicates it is inadequate. This CAF even lags behind the CAF proposed by EOHHS back in April 2022 of 2.31 percent.

Meanwhile, the Bureau of Labor Statistics last month noted the Consumer Price Index increased **8.2 percent** over the last 12-month period. The Social Security Administration announced last month its cost-of-living adjustment for 2023 is **8.7 percent**, the *largest single increase since 1982*, after a 5.9 percent jump in 2022. We believe EOHHS should use a CAF that is more reflective of market rates.

We encourage you to use a different analysis when calculating your CAF that takes into account increased costs that providers are facing on items like insurance, gas, facility costs and more. Your models – **which calculate a CAF for the past two years**

that is less than one-fourth 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.

The insufficient salary methodology 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 and worse tomorrow. We must adequately reimburse programs for these non-negotiable costs, or it will decrease the availability of funds for our workforce needs.

2 Recommendation: We ask EOHHS to discard its inadequate CAF of 1.85 percent and to consider instead using the latest CPI of 8.2 percent or Social Security Administration cost-of-living adjustment of 8.7 percent.

III. 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. We still feel this rate, however, is inadequate. **We renew our request that we made in April for a total tax and fringe rate of 27.97 percent.** This is the average tax and fringe rate that providers already reported paying in FY '21 of 25.61 percent, plus the 2 percent for workforce initiatives and 0.36 percent for the 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 that we estimate to be **27.97 percent** and an appropriate administrative allocation, which we believe is **between 15 and 18 percent.**

Closing

Again, we thank the Executive Office of Health and Human Services for its review of these rates, and we appreciate the significant progress made to increase salaries for the community-based workforce. We appreciate EOHHS commitment to improving our staff recruitment and retention. 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 and available services from a stable and essential workforce.

Sincerely,

Michael Weekes
President/CEO