



January 30, 2024

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

Dear Secretary Walsh:

Thank you for the opportunity to provide testimony on:

- 101 CMR 349.00: *Rates for Early Intervention Program Services*
- 101 CMR 422.00: *Rates for General Programs — Disability Services*

On behalf of the Providers' Council's 220 members across Massachusetts, thank you for your continued support and close working relationship with community-based human services organizations. We appreciate the work of EOHHS and the Healey Administration in setting rates for human services programs, and we appreciate being your partner in providing services to hundreds of thousands of Massachusetts residents with our sector's workforce that fills more than 160,000 jobs.

Thank you for holding these rate hearings today and, 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 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 (CAF) 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 helping community-based human services organizations fulfill their missions and provide critical care to hundreds of thousands of residents on behalf of the Commonwealth. 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 (compared to 43 percent in all other

industries), and we have a higher proportion of people of color in our workforce (36 percent) than all other sectors (25 percent). Our testimony not only supports a fairer economic policy but also a better social policy.

### **I. Using BLS 75<sup>th</sup> percentile data**

Four years ago, an EOHHS task force with active participation from the Council and other sector leaders agreed that EOHHS would begin to use salary benchmark information from the Bureau of Labor Statistics (BLS) to set salaries for human services workers.

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 April 2023 with figures from May 2022.

Additionally, we are thankful that EOHHS has raised benchmark salaries for some positions, including Direct Care I workers, beyond the 53<sup>rd</sup> percentile of BLS. We appreciate benchmarking Direct Care I salaries to \$20 an hour, an increase from rate hearings a year ago. It is our understanding that this figure represents roughly the 62<sup>nd</sup> or 63<sup>rd</sup> percentile of the BLS. The Council and our colleagues in *The Collaborative*, however, urge EOHHS to use no less than the 75<sup>th</sup> percentile of BLS when setting benchmark salaries for all positions – including Direct Care I.

As the workforce crisis in the human services sector continues to worsen, it is imperative that rates of reimbursement allow community-based human services providers to pay fair and competitive wages to their staff members – relative to what the Commonwealth pays state employees holding similar job titles and performing similar work – to attract workers to the 160,000 jobs in the sector. Inadequate rates depress workforce salaries and increase staff turnover and vacancies, which means residents who 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 75<sup>th</sup> 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 today's hearing, EOHHS is proposing a cost adjustment factor of 2.71 percent. It is unclear how this CAF was derived, and publicly available economic data indicates it is inadequate.

In December, the Bureau of Labor Statistics noted the Consumer Price Index increased 3.4 percent over the previous 12-month period, and the Social Security

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Administration's latest cost-of-living adjustment was determined to be 3.2 percent. 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. We ask EOHHS to thoroughly examine its models and evaluate them to ensure they are more reflective of actual market conditions.

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 2.71 percent and to consider instead using the latest CPI of 3.4 percent or Social Security Administration cost-of-living adjustment of 3.2 percent.**

**III. Tax/Fringe and Administrative Expenses**

We greatly appreciate EOHHS increasing its tax and fringe rate to 27.38 percent this year after using a rate last year of 24.22 percent. We have previously requested the tax and fringe rate be increased to 27.97 percent, and we're thankful that EOHHS continues to move in the right direction.

Still, we have also 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 for a more 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 this rate, 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. We 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,

Bill Yelenak  
President/CEO