



March 7, 2025

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

Dear Secretary Walsh,

Thank you for the opportunity to provide testimony on *101 CMR 424.00: Rates for Certain Developmental and Support Services*.

On behalf of the Providers' Council's more than 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 this rate hearing today. While our members may submit testimony regarding programmatic concerns, the Providers' Council will provide brief comments on how these rates affect our workforce development efforts.

Our sector is experiencing extremely 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 support 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 75th percentile data & maintaining prior benchmarks**

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We appreciate that EOHHS continues to use the Bureau of Labor Statistics state-specific Occupational Employment and Wage Statistics for Massachusetts. Benchmark salaries continue to increase for human services positions, including Direct Care I workers, which are now benchmarked to \$20.79/hour – the 53<sup>rd</sup> percentile of BLS.

Last year, however, EOHHS benchmarked this salary at \$20/hour, closer to the 63<sup>rd</sup> percentile of BLS – a figure that now equates to \$22.35/hour using the May 2023 BLS data. We hope EOHHS would not reduce the DC I figure from the 63<sup>rd</sup> percentile (when using May 2022 BLS data) to the 53<sup>rd</sup> percentile (when now using May 2023 BLS data) in its latest rate proposals.

We do still urge EOHHS to use no less than the 75<sup>th</sup> percentile of BLS when setting benchmark salaries for all positions. As an example, this would mean a benchmark wage of \$24.22/hour for DC I workers using the May 2023 BLS data. We are seeking movement toward the 75<sup>th</sup> percentile, and reducing the benchmark percentile used for DC I workers in this rate moves further away from ensuring these women and men can earn a livable wage.

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 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.

***Recommendation: We respectfully request EOHHS not reduce benchmark percentiles used when setting rates and urge use of the 75th percentile, at a minimum, to set fair and comparable salary levels using an adequate blend of BLS job classifications.***

## **II. Increase cost adjustment factor**

In today's hearing, EOHHS is proposing a cost adjustment factor of 2.02 percent for 101 CMR 424.00, which publicly available economic data indicates is inadequate.

As we have done at prior Chapter 257 hearings, we continue to urge EOHHS to discard the IHS Markit optimistic scenario data that uses a cost adjustment factor that ignores market realities. If the state continues to use IHS Markit to set the CAF, we asked instead that you use the pessimistic scenario data, which would set the CAF at 3.85 percent for 101 CMR 424.00. We believe this figure more accurately reflects expected cost increases.

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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.

***Recommendation: We ask EOHHS to discard its inadequate CAF of 2.02 percent for 101 CMR 424.00 and to use, at a minimum, the IHS pessimistic scenario data, which would set the CAF at 3.85 percent.***

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

In today's hearing, EOHHS is proposing a tax and fringe rate of 24.97 percent. We have several concerns with this figure, as it decreased from 27.38 percent in FY '24 to 24.97 percent in FY '25.

The largest difference in the state Comptroller's calculations from last year to this year was a decrease in the group insurance percentage – from 24.93 percent in FY '24 to 23.35 percent in FY '25. While the state has more purchasing power through the Group Insurance Commission and may have experienced increased stability, our members are seeing double-digit percentage increases for health insurance in their most recent renewals, and we're concerned that a decreased tax and fringe rate does not take this into account.

We do recommend the state include an additional 5.1 percent for retirement on top of the tax and fringe rate, and we ask that you hold the tax and fringe rate harmless from the prior year. This means a total tax and fringe rate of 32.48 percent (using last year's tax and fringe rate of 27.38 percent plus 5.1 percent for retirement benefits). The 5.1 percent is derived from an Association for Behavioral Healthcare survey noting the average plan match was 4.1 percent plus 1 percent for plan admin.

We also continue to support our members' request for an administrative allocation of between 15 and 18 percent, as 12 percent is inadequate.

***Recommendation: We ask EOHHS to include 5.1 percent for retirement in the tax and fringe rate and hold it harmless from last year, setting the overall rate at 32.48 percent, and for an administrative allocation 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

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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,

A handwritten signature in blue ink that reads "Bill Yelenak". The signature is fluid and cursive, with the first name "Bill" and last name "Yelenak" clearly legible.

Bill Yelenak  
President/CEO