



July 11, 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 346.00: Rates for Certain Substance-Related and Addictive Disorders Programs* and *101 CMR 419.00: Supported Employment Services*.

On behalf of the Providers' Council's nearly 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. The Providers' Council will provide brief comments on how these rates affect the sector's workforce development efforts while our members may speak more directly to specific programmatic concerns.

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. Opposition to emergency adoption of rates

As we noted earlier this year during the rate hearing for 101 CMR 417.00: *Rates for Certain Elder Care Services*, we remain concerned that the Executive Office of Health and Human Services is doing another emergency adoption for 101 CMR 346.00: *Rates for Certain Substance-Related and Addictive Disorder Programs*. Without going through a full public hearing process, the Council and its members are less able to do a full rate analysis and make suggested changes to EOHHS before the final adoption of the rate.

We urge EOHHS whenever practical to go through a full rate-hearing process. It is unclear to us why it was determined that 101 CMR 346.00 could not receive the full rate review. We remain opposed to the emergency adoption of rates.

***Recommendation:* We respectfully request that EOHHS engage in a full rate review in the future when setting rates for human services programs to ensure the opportunity for review and feedback, and we urge EOHHS to not use an emergency adoption for future rates.**

II. Using BLS 75th percentile data & maintaining prior benchmarks

We appreciate that EOHHS continues to use the Bureau of Labor Statistics (BLS) state-specific Occupational Employment and Wage Statistics (OEWS) 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 53rd percentile of BLS.

Last year, however, EOHHS benchmarked this salary at \$20/hour, closer to the 63rd 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 63rd percentile (when using May 2022 BLS data) to the 53rd percentile (when now using May 2023 BLS data) in its latest rate proposals.

We do still urge EOHHS to use no less than the 75th 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 75th 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.

Further, BLS released the May 2024 OEWS in early April. While we know these specific rates may have already been in development before that date, we hope the new benchmarks will be used in subsequent rate hearings to ensure workers are paid a fair and adequate wage that uses the most recently available data.

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

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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 the use of the 75th percentile, at a minimum, to set fair and comparable salary levels using an adequate blend of BLS job classifications. We also request that EOHHS use the updated May 2024 OEWS in subsequent rate hearings.

III. Increase cost adjustment factor

In today's hearings, EOHHS is proposing a cost adjustment factor (CAF) of 3.25 percent. The Council had long urged EOHHS to discard the optimistic scenario data and use the pessimistic scenario data, which we believe was more sufficient based on publicly available economic indicators.

We thank EOHHS for adopting the baseline data for these rates, which represents a compromise between the state previously using the optimistic scenario data and providers and trades requesting EOHHS use the pessimistic scenario data. We appreciate the consideration of this request, and we thank EOHHS for using the baseline scenario data moving forward as it more accurately represents economic conditions.

Recommendation: We thank EOHHS for discarding the inadequate CAF using the optimistic scenario data, and we appreciate the baseline scenario data being used as a compromise. We continue to request EOHHS evaluate this data moving forward to ensure it is sufficient when examining other market conditions.

IV. Tax/Fringe and Administrative Expenses

In today's hearings, 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.

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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 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. 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,

A handwritten signature in blue ink, appearing to read "Bill Yelenak", is positioned above the printed name.

Bill Yelenak
President/CEO