



*The Campaign to* **STRENGTHEN  
HUMAN SERVICES**  
IMPROVE CARE • RETAIN QUALITY STAFF  
ENHANCE ECONOMIC IMPACT



**PROVIDERS' COUNCIL**

# Chapter 257:

An Act Relative To Rates For Human & Social Service Programs  
FACT SHEET



We have come a long way since Chapter 257 became law in August of 2008. Through the work of *The Collaborative* and with your support, we have a strong record of success.

The recent announcement by EOHHS that they will begin paying the Adult Long Term Residential rates on April 1, 2014, is a significant victory. Further good news is that the rates were produced in a collegial process with



## **Decades Absence of rates leads to action:**

- For over 25 years since 1987, the Commonwealth failed to systemically adjust human service reimbursement rates.
- In 2007 EOHHS released a report detailing a financial crisis confronting the state's human service providers and threatening the quality of services for the most vulnerable citizens of the Commonwealth.
- The 2007 report found that 60 % of providers had less than 30 days cash on hand at the end of the year and that almost half of all providers had liabilities in excess of net assets - warning signs of businesses in crisis.

*The Collaborative* and include improvements based upon provider research and testimony.

We continue to address other Purchase of Service rates to assure that rates are developed and fully funded in accordance with the letter and spirit of Chapter 257.

**We remain concerned that the Patrick Administration adhere to the rate review implementation schedule as required by the law, including two year review cycles for rates previously set in accordance with Chapter 257.**

We have no room to rest. It will be the unity and sense of purpose and the relationships we have developed that will take us further.

The process of rate development and implementation has been an educational experience for all of us (including the administration), and we are proud of our hard work and good faith efforts to succeed.

It is imperative that we meet these challenges head on. As of January 1



### **The Legislature Responded Creating Chapter 257:**

- Signed by Governor Deval Patrick in 2008, Chapter 257 was a landmark achievement for the Association of Behavioral Healthcare, the Association of Developmental Disabilities Providers and the Providers' Council (known collectively as "*The Collaborative*") in reforming how the Commonwealth establishes rates of reimbursement for social services.
- The law called for a four year phase-in, later extended for an additional eighteen months.

### **The Continuing Challenge:**

- By January 1, 2013, the Commonwealth was expected to have revised 70% of all Purchase of Service contracts.
- In FY '14, Governor Patrick underfunded Chapter 257 costs by at least 50% and **now plans to provide the necessary funding for some programs nine months late**, in April 2014.
- *The Collaborative* has written to the Governor requesting that he honor the law he signed and let him know that *The Collaborative* would "vigorously support" a FY '14 Supplemental Budget Request.
- *The Collaborative* is preparing a plan to educate the public and further engage Commonwealth officials in meeting the state's continuing Chapter 257 obligation.

### **Chapter 257:**

- Chapter 257 ended the past practice whereby rates of payment for various social services were determined by each agency of the Executive Office of Health and Human Services (EOHHS) and through individually negotiated contracts.
- Chapter 257 has created a level playing field for social

2013 the Executive Office for Health and Human Services had developed rates for 72% of all contracts as required, but has only implemented rates for 43%, which *The Collaborative* and our Counsel believe does not meet the legislative intent and requirements of Chapter 257.

*The Collaborative* continues to work with Governor Patrick and his Administration. We continue to urge the Governor and his team to move forward in partnership with us.

As we continue to work with the Administration we will be bringing these issues to the attention of the Legislature as well.

We know how critical fair and adequate reimbursement rates are to each and every provider member organization.

Thank you to every member of *The Collaborative* who have helped us get to this point. We look forward to working with you further.

Thank you.

service providers, allowing them to bid on contracts based upon uniform rates that reimburse them for the actual cost of the services. The bill established a transparent, uniform and evidence-based process for the establishment of rates.

- The Secretary of EOHHS has the sole responsibility for establishing rates of reimbursement to be paid by all agencies when procuring social services from private providers. It does so through a process that provides for technical input from providers and the opportunity to submit oral and written testimony at a public hearing.
- When establishing rates, the secretary is required by law to adjust rates to take into account the following factors:
  1. The reasonable cost to social service program providers of any existing or new governmental mandate that has been enacted, promulgated or imposed by any governmental unit or federal governmental authority;
  2. A cost adjustment factor to reflect the changes in reasonable costs of good and services of social service programs, including those attributed to inflation; and
  3. Geographic differences in wages, benefits, housing and real estate costs in each metropolitan statistical area of the commonwealth, and in any city or town therein where such costs are substantially higher than the average cost within that area as a whole.
- Once a rate of payment for a unit of service has been set, the secretary is ***mandated to review and adjust that rate every two years.***
- Providers who are aggrieved by a rate established pursuant to Chapter 257 now have the right to legally challenge that rate in the courts.
- Authorized by the Legislature and supported by the Collaborative, timelines for the contracts were extended as follows:
  - Not less than 40% of the contracts by Jan 1, 2012
  - Not less than 70% of the contracts by Jan 1, 2013
  - 100% of the contracts by Jan 1, 2014

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EOHHS has developed a written plan to complete the implementation of Chapter 257. For more information [click here](#).

**Information  
Prepared By:**

