



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

CHAPTER 257 WATCH

State Bans Practice of Cutting Rates But Not Services

HUMAN SERVICES PROTECTED, IN GOOD & BAD TIMES

In a major victory for *The Collaborative*, the Executive Office of Health & Human Services last month issued a ruling that forbids state agencies from cutting provider reimbursement rates while simultaneously requiring that the same level of services be provided. This development marks a major milestone in the Chapter 257 implementation process, and strengthens protections for providers by strengthening enforcement of Chapter 257.

EOHHS, in a memo to all of its agencies entitled, "*EOHHS Agency Chapter 257 Implementation Policy Relative to Reductions in Budgetary Spending*" explicitly forbids EOHHS agencies such as DMH, DDS, DPH, and DCF from cutting reimbursement rates to providers without a corresponding reduction in service requirements.

Prior to Chapter 257 - the landmark law signed by Governor Patrick in 2008 that required the state to replace its opaque, outdated rate-setting system with a fair, transparent system - human services agencies had no recourse if funding was cut for a service they were contracted to provide. The state could still require the agency to provide the same services and the same level or services to the same number of people even though the agency would be getting less money to do it.

It's time to
**STOP THE
CUTS!**

Chapter 257 Watch

In this ongoing series, *The Collaborative* offers the latest developments as the state proceeds with implementing the landmark Chapter 257 law and examines what implementation will mean for the human services industry in Massachusetts.

Chapter 257 Links

[Mass. Information Site](#)

[Implementation Plan](#)

[Meetings and Events](#)

[The Bill](#)

[Executive Order No. 536](#)

What is the Collaborative?

The Collaborative is a coalition of the state's three major human service provider trade groups. They joined forces a decade ago primarily to champion rate-setting reform and ensure a bright future for the

According to Benjamin Fierro (right), a partner in the Boston law firm Lynch & Fierro, LLP, what was simply unfair before Chapter 257 became illegal after the law was enacted. "We argued that since the services purchased were to be reimbursed at a rate established by Chapter 257, the state agency had only one of two options," said Fierro, who helped draft the bill and continues to work on behalf of The Collaborative as a consultant, "either purchase fewer services at the same rate or reduce the intensity of services to be purchased and seek a rate review under Chapter 257."



"What they could not do," Fierro added, "is what they tried to do, force providers to deliver the same level of service for less money, thereby effectively paying a lesser rate than what was set by Chapter 257."

According to the memo, "All EOHHS constituent agencies must continue to reimburse for services in accordance with the provisions of the applicable regulation(s) but may need to take action such as adjusting service volume or requesting initiation of a rate review regulatory determination to modify program requirements as long as those modifications do not compromise safety or security in order to address budgetary requirements."



In a matter of days, Governor Deval Patrick (left) will release his budget proposal for fiscal year 2014, which begins July 1. This will take place under the cloud of an uncertain economy, a federal government that just barely averted a fiscal cliff and a looming debt ceiling crisis. There is much for human services agencies to be unsettled about.

And yet, because of Chapter 257, Massachusetts human service providers have more protection against arbitrary rate cuts than ever before. In fact, the ongoing implementation of Chapter 257 Rate Reform is creating a healthier, better funded system in good and bad economic times.

industry. Its members include [The Providers' Council](#), [The Association for Behavioral Healthcare](#) and [The Association of Developmental Disabilities Providers](#)

As we anticipate the beginning of a long, hard-fought budget season, we can look to Chapter 257 for protection against unfair cuts in reimbursement rates for providers. The Collaborative, on behalf of our members, intends to lean heavily on this "insurance" policy in the weeks, months and years to come.

[Please click here to read the EOHHS directive to all its agencies.](#)

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