

**Commonwealth of Massachusetts  
Executive Office of Health and Human Services**

**NOTICE OF PUBLIC HEARING**

Under the authority of M.G.L. c. 118E and in accordance with M.G.L. c. 30A, the Executive Office of Health and Human Services (EOHHS) will hold a remote public hearing on Monday, January 5, 2026, at 10 a.m. relative to the emergency adoption of amendments to the following regulation.

**101 CMR 204.00: Rates of Payment to Resident Care Facilities**

The regulation went into effect as an emergency on December 5, 2025. There is no fiscal impact on cities and towns.

101 CMR 204.00 governs payment rates for resident care services (“rest homes”) provided to publicly aided individuals by governmental units. The proposed rates, effective December 1, 2025, were calculated according to the following methodology:

*Preliminary Rate Calculation:*

- Calculate the preliminary rate as follows:
  - Calculate allowed Variable and Fixed Cost Per Diems rebasing from 2022 to 2023 costs.
    - Cap variable costs at the 87<sup>th</sup> percentile, which is calculated at \$195.74. Variable costs include an imputed amount of \$114,622 for the personal services of an owner for rest homes that are sole proprietorships, since they do not report owner’s salary. There are currently two facilities that are reported as sole proprietors based on their CY 2023 cost reports.
    - Apply an 8.78% cost adjustment factor (CAF). The CAF is based on inflation indices derived by cost center from data provided by IHS Markit. The CAF was calculated with a base period of CY2023 and a one-year rate period beginning October 1, 2025.
    - Cap Fixed Cost component to the existing amounts described in 101 CMR 204.08(2)(a)1.d.
    - Apply an 87% occupancy standard when calculating per diem costs.
  - The preliminary rate is the sum of the resulting Variable and Fixed Cost Per Diems.

*DTA Days Adjustment Calculation:*

- For each rest home, calculate its DTA days percentage by dividing its DTA days by the facility’s total resident days, based on the 2023 cost report. The facility’s DTA Days Percentage Adjustment is equal to its DTA days percentage multiplied by \$5.39.

*Minimum Rate Change Adjustment:*

- For each rest home, calculate a new rate equal to the greater of
  - The sum of the preliminary rate and the DTA Days Percentage Adjustment, and capping the maximum decrease at 0% if applicable, or
  - \$105.

*Resident Care Cost Quotient (RCC-Q) Downward Adjustment:*

- For each rest home, calculate its FY2025 RCC-Q by dividing certain rest home expenses by revenue, excluding any revenue from non-rest home lines of business, based on cost reports that facilities are required to file.
- For non-exempt facilities with FY2025 RCC-Q scores that fall below the established threshold of 80%, a downward adjustment is applied to their rate as calculated above.
  - For every 1 percentage point that the facility's RCC-Q is below the threshold, the downward adjustment is 0.5% of the rate, up to a maximum of a 5% downward adjustment.
- For non-exempt facilities with an audited FY2024 RCC-Q score that fell below the established threshold of 80%, a downward adjustment is applied to their rate.
  - Language was added to the regulation effective January 1, 2025, to indicate that if a facility's audit shows that their score was in fact below the 80% threshold in the prior fiscal year, a downward adjustment to their currently effective rate will be calculated, and the dollar value of this adjustment will be applied to the newly established rate in the following rate period.
  - An audit of FY24 RCC-Q scores that were used during the FY25 rate calculations found that two facilities' actual RCC-Q scores were below 80%. To account for this, a downward adjustment was calculated based on a percentage of their rates in effect November 30, 2025, and the dollar value of this adjustment is proposed to be applied beginning in their rates effective December 1, 2025.

*Resident Care Add-on Adjustment:*

- Facilities that do not receive RCC-Q downward adjustments will receive a resident care add-on adjustment of \$0.89 to the proposed rate as calculated above.

*Maximum Rate Change Adjustment:*

- If the rate calculated above exceeds the current rate effective November 30, 2025, plus \$0.89, the facility will receive a negative adjustment such that the new rate effective December 1, 2025, will be equal to the current rate effective November 30, 2025, plus \$0.89.

*Annualization Adjustment:*

- For rates effective December 1 through December 31, 2025, apply an annualization adjustment of 196.77% of the difference between the new rate and the current rate, to cover the 61 days from October 1 through November 30, 2025.

The per diem rates effective as of November 30, 2025, for rest homes range from \$105.00 to \$242.83, with a median of \$150.60. For the period beginning January 1, 2026, the proposed rates will range from \$99.75 to \$243.72, with a median of \$148.66.

New language in the regulation describes how the appropriated \$4,000,000 in budgeted funding will be allocated to all rest homes and nursing facilities with Level IV beds proportionally distributed based on the number of public Level IV bed days reported in their CY2023 cost report.

Additional amendments are being proposed to update the scope of the regulation and the rates within the regulation.

There is no anticipated change in annual aggregate state expenditures to eligible resident care facilities based on the proposed amendments to rates effective December 1, 2025. There is an annual fiscal impact of \$4,000,000 resulting from the FY2025 Supplemental Payment.

To register to testify at the hearing and to get instructions on how to join the hearing online, go to [www.mass.gov/info-details/executive-office-of-health-and-human-services-public-hearings](http://www.mass.gov/info-details/executive-office-of-health-and-human-services-public-hearings). To join the hearing by phone, call (646) 558-8656 and enter meeting ID 935 397 8200# when prompted.

You may also submit written testimony instead of, or in addition to, live testimony. To submit written testimony, please email your testimony to [ehs-regulations@mass.gov](mailto:ehs-regulations@mass.gov) as an attached Word or PDF document or as text within the body of the email with the name of the regulation in the subject line. All written testimony must include the sender's full name, mailing address, and organization or affiliation, if any. Individuals who are unable to submit testimony by email should mail written testimony to EOHHS, c/o D. Briggs, 100 Hancock Street, 6<sup>th</sup> Floor, Quincy, MA 02171. Written testimony will be accepted through 5:00 p.m. on Monday, January 5, 2026. EOHHS specifically invites comments as to how the amendments may affect beneficiary access to care for MassHealth-covered services.

To review the emergency regulation, go to [www.mass.gov/info-details/executive-office-of-health-and-human-services-public-hearings](http://www.mass.gov/info-details/executive-office-of-health-and-human-services-public-hearings) or request a copy in writing from MassHealth Publications, 100 Hancock Street, 6<sup>th</sup> Floor, Quincy, MA 02171. To view or download related supporting materials, go to [www.mass.gov/info-details/proposed-regulations-supporting-materials](http://www.mass.gov/info-details/proposed-regulations-supporting-materials).

Special accommodation requests may be directed to the Disability Accommodations Ombudsman by email at [ADAAccommodations@mass.gov](mailto:ADAAccommodations@mass.gov) or by phone at (617) 847-3468 (TTY: (617) 847-3788 for people who are deaf, hard of hearing, or speech disabled). Please allow two weeks to schedule sign language interpreters.

EOHHS may adopt a final, revised version of the emergency regulation taking into account relevant comments and any other practical alternatives that come to its attention.

In case of inclement weather or other emergency, hearing cancellation announcements will be posted on the MassHealth website at [www.mass.gov/info-details/executive-office-of-health-and-human-services-public-hearings](http://www.mass.gov/info-details/executive-office-of-health-and-human-services-public-hearings).

December 5, 2025

## Small Business Impact Statement

(As required by M.G.L. c. 30A §§ 2, 3 & 5)

**CMR No and Title:** 101 CMR 204.00: *Rates of Payment to Resident Care Facilities*

**Estimate of the Number of Small Businesses Impacted by the Regulation:** 60

- Will small businesses have to create, file, or issue additional reports?  
No. The regulation does not establish new reporting requirements for resident care facilities.
- Will small businesses have to implement additional recordkeeping procedures?  
No. The regulation does not require additional recordkeeping procedures.
- Will small businesses have to provide additional administrative oversight?  
No. The regulation does not require additional administrative oversight.
- Will small businesses have to hire additional employees in order to comply with the proposed regulation?  
No. Compliance does not require hiring additional employees.
- Does compliance with the regulation require small businesses to hire other professionals (e.g. a lawyer, accountant, engineer, etc.)?  
No. Compliance does not require hiring other professionals.
- Does the regulation require small businesses to purchase a product or make any other capital investments in order to comply with the regulation?  
No. The regulation does not require purchases or capital investments.
- Are performance standards more appropriate than design/operational standards to accomplish the regulatory objective? (Performance standards express requirements in terms of outcomes, giving the regulated party flexibility to achieve regulatory objectives and design/operational standards specify exactly what actions regulated parties must take.)  
No. Performance standards are not more appropriate than design or operational standards.
- Do any other regulations duplicate or conflict with the proposed regulation?  
No other regulations duplicate or conflict with the proposed regulation.
- Does the regulation require small businesses to cooperate with audits, inspections or other regulatory enforcement activities?  
Yes. All resident care facilities using the rates under the regulation are subject to audit, if determined necessary by EOHHS, and the regulation amendment explicitly acknowledges that audit power. The regulation does not distinguish between small and other businesses.
- Does the regulation require small businesses to provide educational services to keep up to date with regulatory requirements?  
No. The regulation does not require small businesses to provide educational services to keep up to date with regulatory requirements.
- Is the regulation likely to *deter* the formation of small businesses in Massachusetts?  
No. The regulation establishes new and updated payment methodologies for providers and is unlikely to deter or encourage the formation of small businesses.
- Is the regulation likely to *encourage* the formation of small businesses in Massachusetts?  
No. The regulation establishes new and updated payment methodologies for providers and is unlikely to deter or encourage the formation of small businesses.
- Does the regulation provide for less stringent compliance or reporting requirements for small businesses?  
No. The regulation does not distinguish between small and other businesses.
- Does the regulation establish less stringent schedules or deadlines for compliance or reporting requirements for small businesses?  
No. The regulation does not distinguish between small and other businesses.
- Did the agency consolidate or simplify compliance or reporting requirements for small businesses?  
No. The regulation does not distinguish between small and other businesses.
- Can performance standards for small businesses replace design or operational standards without hindering delivery of the regulatory objective?  
The regulation does not distinguish between small and other businesses.
- Can performance standards for small businesses replace design or operational standards without hindering delivery of the regulatory objective?  
No. Distinguishing small businesses from other businesses would not be practicable for this regulation.

- Are there alternative regulatory methods that would minimize the adverse impact on small businesses?  
No. Payment methodologies for resident care facilities are required by statute to be established through regulation.