



Commonwealth of Massachusetts

FY26 H.1 Budget Overview

Executive Office of Health & Human Services

January 22, 2025





Executive Office of Health and Human Services

Mission

The Executive Office of Health and Human Services (EOHHS) is the largest secretariat in state government, with 11 agencies, over 23,000 employees, and over **\$33 billion** in projected FY26 spending. It is responsible for the health, resilience, and independence of people across Massachusetts. It directly serves 1 in every 3 Massachusetts residents and touches every community in the state through public health programming.

FY26 Overview

The Healey-Driscoll Administration's FY26 House 1 budget proposal recommends funding EOHHS at **\$33.303 billion**, a **\$2.829 billion (9%) increase** from the FY25 GAA, including MassHealth, driven by substantial **non-discretionary cost increases** including Ch. 257 provider rate increases, collective bargaining, and caseload and acuity growth. These factors impact agencies differently, so the rate of growth in H.1 differs greatly between agencies and programs.



EOHHS Strategic Priorities

H.1 is aligned with EOHHS's key priorities, maintaining the following core commitments:

Advance Health Equity in Massachusetts

Promote equitable outcomes across all demographics and geographies served by HHS.

Support High Need Youth & Adults

Identify most common profiles of youth with high ED boarding and establish cross-agency case management.

Prepare for an Aging Population

Analyze impact of aging on program demand & budgets. Incorporate aging analysis into planning.

Develop a Strong Workforce

Build up primary care, behavioral health, direct care, and nursing workforce.

Invest in Economic Empowerment & Prevention

Identify profiles of families most "at risk" and identify most impactful intervention points.

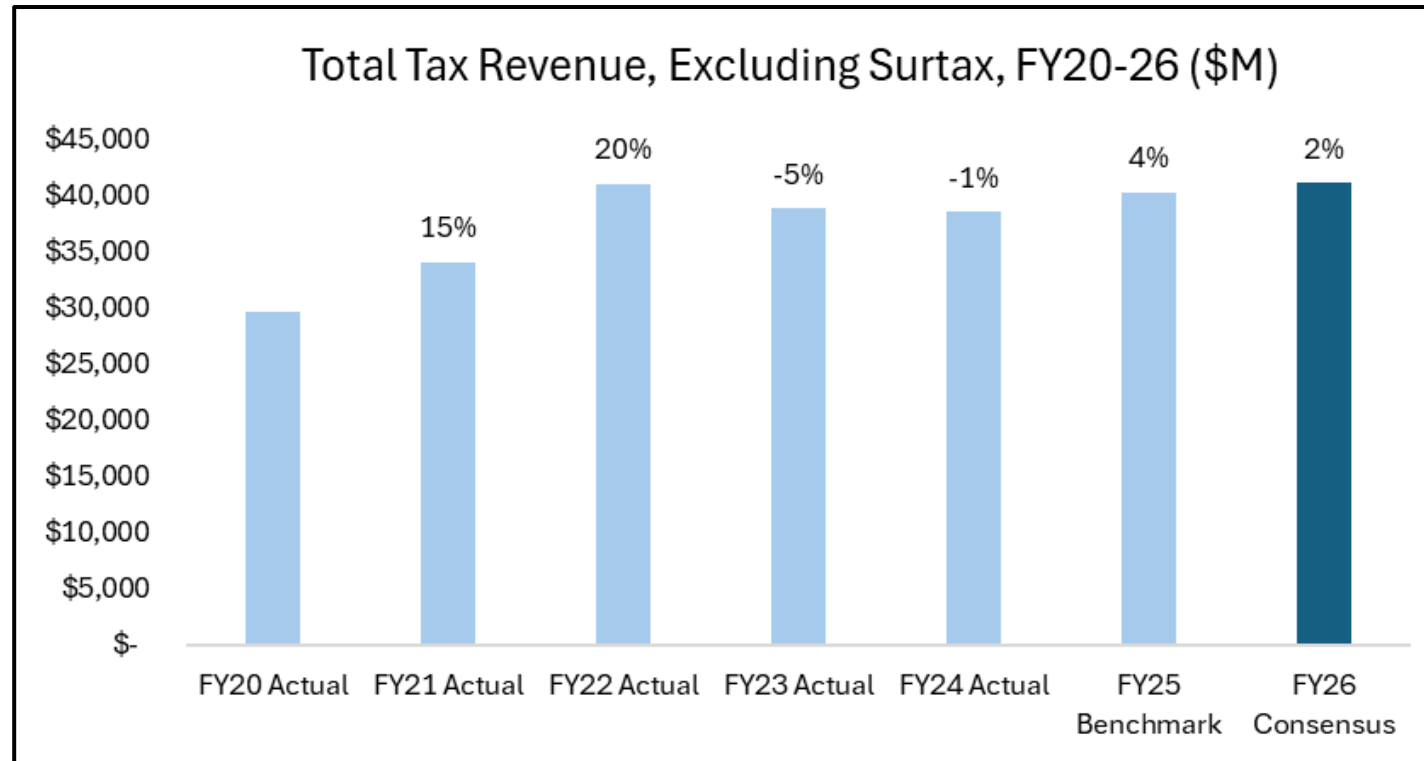
Improve Resident "Front Door" Across Agencies

Identify "front door" vision and business needs. Clarify role of existing IE&E system. Provide seamless access to services.



Overall Fiscal Constraints

- Consensus tax revenue estimates for FY26 total **2.2% over FY25 benchmarks**, excluding surtax
- Most agencies are seeing program cost growth that far outpaces revenue growth
- Exhausting of temporary COVID-era funding including ARPA and enhanced Medicaid revenue, coupled with sluggish tax growth and non-discretionary spending growth, have created **significant fiscal constraints for the state in FY25 and FY26**





EOHHS Funding and Policy Highlights

FY26 H.1 preserves HHS's strategic priorities and notable prior year investments funded in response to historic challenges in **workforce costs and demand for services**. H.1 maintains substantial growth from prior fiscal years that expanded on a robust base of service and benefits delivery.

Notable investments maintained from prior years and targeted new investments include:

Workforce

- \$207 M in new Ch.257 rates to maintain the 53rd percentile BLS benchmark
- Annualizing \$524 M in FY24 Ch. 257 rate increases and collective bargaining increases for state staff

Equity

- Expanding Health Connector eligibility to 500% of FPL
- 31% growth in TAFDC/EAEDC benefits from FY20-24 and expanding TAFDC pregnancy eligibility in FY26

Serving Youth and Families

- 2.5% DCF foster parent rate increase over FY25
- Maintaining the new DPH doula certification program and doula coverage on MassHealth

Access to Services

- Expanding DMH Adult Community Clinical Services (ACCS) capacity
- Redesigning Human Service Transportation to improve efficiency and expand service capacity
- New investments in Aging & Independence's Community Transition Liaison Program (CTLTP), DMH Safe Haven, and DDS Supportive Technology
- Simplifying access to MassHealth services for low-income older adults by raising the asset limit

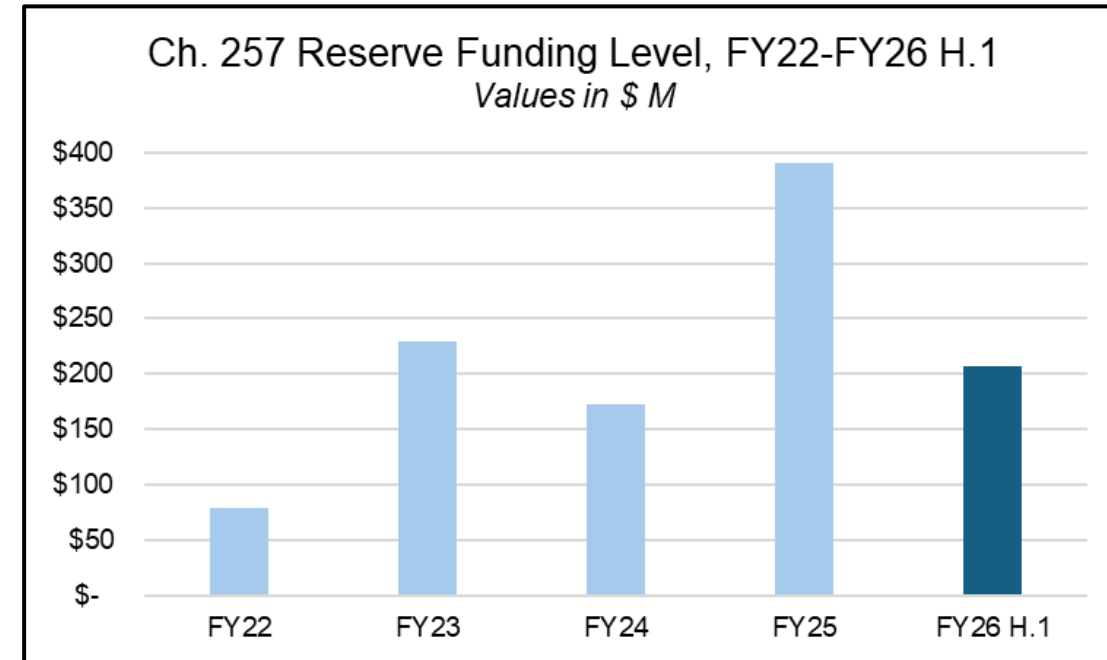


Chapter 257 Reserve Overview and Office of the Secretary

The Chapter 257 Reserve funds rate increases to human and social service providers. Rates are reviewed on a two-year cycle and benchmarked to Bureau of Labor Statistics (BLS) salaries.

H.1 funds the Chapter 257 Reserve at \$207.0 M for new FY26 rate increases:

- This funding level maintains the Ch. 257 rates benchmarked to the **53rd percentile** of BLS salaries, in line with FY24 and FY25, and assumes a lowest model wage of **no less than \$20/hr**
- Because rates are typically negotiated on two-year cycles, the level of funds needed in the GAA tends to fluctuate between “large” years and “small” years, with FY26 representing a “small” year
- FY26 H.1 also annualizes the historic investment of **\$524.2 M** in FY25 provider rate increases



Excluding Ch. 257 and supplemental payments to hospitals, the Office of the Secretary is funded at **\$472.7 M, +\$6.2 M (+1%) relative to the FY25 GAA.**



Department of Transitional Assistance

Agency Mission

The mission of the Department of Transitional Assistance (DTA) is to assist and empower low-income individuals and families to meet their basic needs, improve their quality of life, and achieve long-term economic self-sufficiency. DTA serves one in six residents of the Commonwealth with direct economic assistance (cash benefits) and food assistance (SNAP benefits), as well as workforce training opportunities.

H.1 funds DTA at \$1.204 B, a \$64.9 M (+6%) increase above the FY25 GAA. This includes:

- Maintaining TAFDC/EAEDC benefit levels in effect as of January 2025, including clothing and rental allowance
 - Administration intends to propose in an upcoming vehicle a modest TAFDC/EAEDC benefit increase spread across FY26 in place of 10% increase scheduled for April as enacted in the FY25 GAA
 - Fully annualizing the 10% benefit increase would cost an estimated \$84.4 M in FY26
- Building on the Administration's maternal health equity initiatives to invest \$700 K to expand TAFDC eligibility to ensure access for people throughout the full pregnancy
- Raising HIP benefits to a limit of \$30/month, 50% greater than current levels as of January 2025
- Maintaining funding to support operation of food security programs including SNAP, which supports 670 thousand households, and SUN Bucks (aka Summer EBT), which delivers ~\$70 M in food assistance to school aged children during summer
 - H.1 supports the administrative needs of the department to help manage growing application volume, federal compliance, and program integrity and access



Executive Office of Aging & Independence

Agency Mission

The Executive Office of Aging & Independence (AGE), formerly the Executive Office of Elder Affairs (EOEA) envisions a state in which every person has the tools, resources, and support they need to fully embrace the aging experience. Together, we support aging adults to live and thrive safely and independently – how and where they want.

H.1 funds Aging & Independence at \$959.5 M, a \$189.6 M (+25%) increase above the FY25 GAA, due to:

- Significant utilization and program cost growth for Home Care and Community Choices that exceeds FY25 funding levels. This trend is expected to continue through FY26
 - To help manage this rate of growth, and prioritize new enrollment for the most vulnerable residents, Aging & Independence will implement the following program management controls:
 - Managed intake for new enrollees to Home Care Basic
 - Increased minimum spend threshold for new Enhanced Community Options Program (ECOP) enrollees
 - Institute statewide enrollment ceiling for ECOP
 - No current Home Care consumers will have their services reduced as a result of these measures
- Establishing a new line item to fund grants to municipalities to promote age-friendly communities, \$1 M
- Annualizing the Community Transition Liaison Program (CTLTP) from a federal pandemic relief funding source
- Maintaining the \$15 per elder formula grant to Councils on Aging



Department of Public Health

Agency Mission

The Department of Public Health (DPH) promotes and protects health and wellness and prevents injury and illness for all people, prioritizing racial equity in health by improving equitable access to quality public health and healthcare services and partnering with communities most impacted by health inequities and structural racism.

Pediatric Health

DPH plans to upgrade and transfer all pediatric medical services at the Pappas Rehabilitation Hospital for Children to Western Massachusetts Hospital Campus in Westfield. This will improve the delivery of care to children with complex medical needs and is the result of a clinical service line strategic review across DPH's Public Health Hospital System and a feasibility study of facilities and infrastructure on the Canton campus.

H.1 funds DPH at \$949.9 M, a -\$45.4 M (-5%) decrease from the FY25 GAA. This includes:

- Reducing GAA expansion and earmarks not typically funded in H.1
- Bureau of Substance Addiction Services reductions impacting program, service, and training areas, -\$18.9 M
- Sunsetting of temporary COVID-era programming, split across multiple bureaus, -\$15.0 M
- Annualizing FY25 provider rate increases, split across multiple services including Early Intervention, \$16.2 M

Notable proposed policy changes include:

- Increasing the Determination of Need fees to support services and implementation of the Long-Term Care Bill
- Establishing a Universal Adult Vaccine Program



Department of Mental Health

Agency Mission

The Department of Mental Health (DMH), as the State Mental Health Authority, assures and provides access to services and supports to meet the mental health needs of individuals of all ages; enabling them to live, work and participate in their communities.

H.1 funds DMH at \$1.275 B, a \$82.7 M (+7%) increase above the FY25 GAA. This includes:

- Supporting FY25 provider rate increases, \$82.0 M
- Rightsizing direct care payroll due to FY25 underfunding and collective bargaining growth, \$52.6 M
- Maintaining Adult Community Clinical Services (ACCS) capacity expansion
- Annualizing funding for Safe Haven beds from a federal pandemic relief funding source, \$3.3 M
- Closing the Pocasset Mental Health Center and consolidating underutilized adolescent residential treatment programs, -\$20.1 M
- Reducing contracted adult (Respite) and Child, Youth, and Family services (Flex and PACT-Y), -\$15.7 M
- Decreasing DMH caseworkers by 50%, -\$12.4 M
 - DMH is prioritizing critical needs case management intended to preserve access to DMH's 24/7 continuing care operations. Extended enrollment case management will be provided on a case by case basis.



Department of Developmental Services

Agency Mission

The Department of Developmental Services (DDS) provides supports for individuals with intellectual and developmental disabilities including Autism Spectrum Disorder to enhance opportunities to become fully engaged members of their community.

H.1 funds DDS at \$3.289 B, a \$386.9 M (+13%) increase above the FY25 GAA. Highlights of this budget include:

- Maintaining the historic FY25 Ch. 257 provider rate increases, \$388.4 M
- Annualizing the FY24 and FY25 Turning 22 classes, and supporting the new FY26 Turning 22 class, largest on record, \$116.8 M
- Supporting the changing needs of clients as they age, \$44.3 M
- Annualizing funding for new investments from a federal pandemic relief funding source, including supportive technology and respite services, \$5.3 M
- Ending the current practice of funding vacancies in Adult Long Term Residential (ALTR) programs, -\$30.0 M
- Consolidation of group homes to more efficiently utilize existing residential capacity, -\$19.7 M
 - No individuals will lose services. DDS will work closely with individuals and families to identify appropriate placements and carefully transition clients as needed to ensure continuity of care



Department of Children and Families

Agency Mission

The Department of Children and Families (DCF) strives to protect children from abuse and neglect and, in partnership with families and communities, ensures children are able to grow and thrive in a safe and nurturing environment.

H.1 funds DCF at \$1.483 B, a \$45.8 M (-3%) decrease below the FY25 GAA. Highlights of this budget include:

- Maintaining CBA and annualizing Ch. 257 provider rate increases, \$34.3 M
- Increasing Foster Care rates by 2.5%, \$2.8 M
- Aligning placement caseload projections with the declining trends in overall DCF cases in the last several years and Congregate Care and Intensive Foster Care provider capacity, -\$49.1 M
- Generating savings by transitioning and managing the after-hours hotline internally, switching legal notices to a digital format, and discontinuing rarely used programming, -\$8.1 M
- Backing out legislative earmarks for programs not historically funded in H.1, -\$7.0 M



Department of Youth Services

Agency Mission

As the Juvenile Justice agency for the Commonwealth of Massachusetts, the Department of Youth Services (DYS) promotes positive change in the youth in our care and custody.

H.1 funds DYS at \$178.3 M, a \$11.0 M (-6%) decrease below the FY25 GAA. Highlights of this budget include:

- Maintaining CBA and annualizes Ch. 257 provider rate increases, \$4.9 M
- Reducing by two the number of staff secure services programs, consistent with DYS's census, utilization, and capital plan, -\$5.0 M
- Reducing reliance on staff overtime, -\$4.0 M
- Other administrative costs and consultant staff, -\$890 K



MassAbility

Agency Mission

MassAbility (formerly Massachusetts Rehabilitation Commission, MRC) works to break down barriers and make a better state possible for people with disabilities — one that is truly equitable, accessible, and inclusive.

H.1 funds MassAbility at \$93.7 M, a \$6.8 M (+8%) increase above the FY25 GAA. Highlights of this budget include:

- Maintaining CBA and annualizes Ch. 257 provider rate increases, \$8.6 M
- Generating savings in administrative, staff training, consultant expenses, and utilizing off-budget resources, -\$1.8 M



Massachusetts Commission for the Blind

Agency Mission

The Massachusetts Commission for the Blind (MCB) provides individualized training, education, and empowerment to people who are blind and visually impaired, and advocate for inclusive policies across the Commonwealth, with the goal of life-long independence and full community participation.

H.1 funds MCB at \$30.8 M, a \$368 K (+1%) increase above the FY25 GAA. Highlights of this budget:

- Maintaining CBA and annualizes Ch. 257 provider rate increases, \$2.5 M
- Investing in three new social worker positions to help improve regional equity in access to MCB services, \$250 K
- Backing out legislative earmarks, -\$2.4 M
 - Carroll Center for the Blind, the MA Association for the Blind and Visually Impaired, the Talking Information Center, and Radio Reading Services that are not historically funded in H.1
- Reducing some community supports including assistive technology, youth camperships, and client services such as homemaker and vision utilization devices, -\$215 K



Massachusetts Commission for the Deaf and Hard of Hearing

Agency Mission

The Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH) is the principal agency in the Commonwealth which is tasked with raising awareness of the issues of Deaf and hard of hearing people of all ages and backgrounds. MCDHH provides accessible communication, education, and advocacy to consumers and private and public entities so that programs, services, and opportunities are fully accessible to persons who are Deaf and hard of hearing.

H.1 funds MCDHH at \$10.6 M, a \$158 K (+2%) increase above the FY25 GAA. Highlights of this budget include:

- Maintaining prior year investments including the Sign Language Interpreter Mentorship Program and After-Hours Emergency services
- Annualizing collective bargaining growth and provider rate increases, \$255 K
- Targeted administrative savings, -\$100 K



Office for Refugees and Immigrants

Agency Mission

The Office for Refugees and Immigrants (ORI) welcomes and empowers all immigrants in Massachusetts to access resources and supports.

H.1 funds ORI at \$2.8 M, a \$297 K (+12%) increase above the FY25 GAA. Highlights of this budget include:

- Adding payroll to support the administrative needs of the agency, \$535 K
- Backing out legislative earmarks, -\$225 K



Health Connector

H.1 assumes Health Connector spending of \$478.7 M gross/\$304.1 M net, a \$111.5 M gross/\$77.9 M net increase over FY25.

H.1 Recommendation

- **H.1 maintains eligibility expansion up to 500% of the Federal Poverty Level (FPL) through 2026**
 - Pilot program was previously scheduled to end in December 2025



Agency Mission

To improve the health outcomes of our diverse members and their families by providing access to integrated, high-quality, and member-centric health care services that sustainably promote equitable health, well-being, and independence.

Behavioral Health and Primary Care

Provide access to high-quality, member-centric care in the community

Member Experience

Offer a high-quality member experience, especially streamlined eligibility & enrollment

Health Equity

Address health inequities and health-related social needs, including standing up a first-in-the nation health equity incentive program

Member Independence

Promote independence and choice of care setting, including diversion and discharge from nursing homes



House 1 Budget: FY26 H.1 funds MassHealth at \$22.6 billion gross/\$8.7 billion net, an increase of \$1.0 billion gross/\$417 million net above revised estimated FY25 spending. The FY26 budget proposal preserves critical investments in recent years and preserves access to high quality services for members, despite significant fiscal challenges in FY26:

- Enrollment remains 260K above pre-pandemic levels, and the average acuity of MassHealth members has grown substantially since the end of the public health emergency.
- Health care cost growth continues to outpace inflation nationally, particularly for pharmaceuticals; recent state statutory requirements and Medicare premium growth further increase spending growth.
- Roughly \$600M net impact of savings initiatives and one-time revenues, used to partially mitigate the loss of enhanced federal match in FY25 following the end of the federal public health emergency, are not available in FY26.



H.1 Highlighted Investments

- **Simplifies benefits for low-income older adults** by raising the asset limit for the first time in decades and streamlining access to Home and Community Based Services waivers
- Continues to invest in **primary care and behavioral health**
- Launches Reentry Initiative with correctional partners, supporting **continuity of care for MassHealth members exiting jail and prison** and bringing in tens of millions of federal dollars to support their care



H.1 Highlighted Savings Initiatives

- Proposes a **\$145M assessment on pharmacies** that would support a **\$165M increase in funding, creating a net \$20M increase in support for pharmacy access** for MassHealth members. The proposal raises additional \$75M in additional net revenue for the Commonwealth through federal matched dollars. EOHHS will work closely with pharmacies to validate data and finalize payment mechanics.
- **Expands allowable uses of the Behavioral Health Access and Crisis Intervention Trust Fund** to support financial sustainability and infrastructure of Community Behavioral Health Centers (CBHCs)
- Invests in Nursing Facility rates, partially supported by increasing the Nursing Facility assessment, for a net increase of **\$80M**
- Holds most **provider rates flat** and makes targeted rate adjustments
- Makes limited adjustments to coverage policy to **ensure MassHealth is always the payor of last resort.**
- Anticipates **partnership with One Care plans to improve Medicare funding**, reducing reliance on MassHealth's ongoing rate subsidy
- Proposes long-term requirement to **manage spending growth in PCA program to HPC benchmark (no impact in FY26)**



We look forward to working with you and the Legislature

Thank you for your attention and commitment to help us better serve people across the Commonwealth in a fiscally prudent manner.

These slides are available on [mass.gov](https://www.mass.gov).