

**January 26, 2015**  
**National Council on Non-Profits**

### **Court Orders Massachusetts to Update Rates Paid to Nonprofits**

Massachusetts must update the rates paid to nonprofits for human services provided on behalf of the Commonwealth, a [state judge has ordered](#). The decision requires the Secretary of the Executive Office of Health and Human Services (EOHHS) to set and implement prospective payment rates for social services programs within 90 days. **Many of the rates at issue have not been updated in twenty years.** The lawsuit was filed by [Providers' Council and others](#) in response to the failure of the government to comply with Chapter 257, a 2008 law that requires the Secretary to establish “rates of payments for social service programs which are reasonable and adequate to meet the costs which are incurred by efficiently and economically operated social service program providers....” The court found the government failed to meet its responsibilities under Chapter 257, which not only requires establishing reasonable and adequate prospective payment rates, but also mandates updating these rates at least biannually after a public hearing. The timing of the court’s decision and the impact of the new [OMB Uniform Guidance](#) mean that the Commonwealth must now follow federal cost principles, including reimbursements for indirect costs, when setting the new rates.