

(218) 999-9908

Keri.erickson@northhomes.org

www.northhomes.org

413 13th Street SE Suite A Grand Rapids, MN 55744

Senator Melissa Wiklund, Chair
Health & Human Finance & Policy Committee
Minnesota State Senate
March 14, 2024

Dear Chair Wiklund and Committee Members

On behalf of North Homes Children and Family Services, I am sending this letter to share the importance of investing in our Minnesota's Medicaid (Medical Assistance) rates for our mental health and substance use disorder services. **We ask the Committee and the Legislature to fix our behavioral health Medical Assistance rates by supporting Chair Wiklund's bill (sc0952-2).**

North Homes, Inc., d.b.a. North Homes Children and Family Services, is a 501(c)(3) organization that provides a full-continuum of behavioral health services to children, adults and families in Northern MN. Our continuum includes outpatient mental health and substance use treatment services, rehabilitative mental health services, residential treatment for children, child foster care and adoption services, and other community-based programs. We recently became state-certified as a Certified Community Behavioral Health Clinic.

We continue to experience a more severe mental health and SUD care access crisis coming out of the global pandemic than ever before. At the root of this crisis is the lack of **sustainable reimbursement funding** for our mental health and SUD care sector. Costs of delivering care and sustaining staff salaries, benefits, facilities infrastructure and meeting state regulations have increased exponentially. But, Medicaid (Medical Assistance) reimbursements – the core source of funding for our MN mental health and SUD treatment system – are not keeping pace. For example, the cost to complete a diagnostic assessment can be as much as twice the reimbursement rate in some cases.

Out of necessity, our community providers are closing programs or significantly decreasing size their services in efforts to keep some base level of access to services we can available to our clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care.

Community mental health providers and programs are striving to keep up with the heightened need for mental health and SUD care, while being reflective and highly responsive to the individuals, families and communities we serve across the state. This work comes with many rewards and challenges. We have been working with the Legislature and the Department of Human Services (DHS) over the course of many bills and rates studies, most recently throughout last calendar year 2023.

We deeply appreciate your passage of three (3) percent increase with an annual inflation adjustor last year. We are happy to learn the rates study that predicated this change is complete, and we are ready to support moving recommendations for investing in our rates structures to sustain our clients' access to critical mental health and SUD services.

We understand the current financial environment, and we know the full bill cannot be implemented all at once. We implore the legislature to help us start building a solution this year so we can scale up and phase in the full solution for our rates over the next several years.

Please help us move these recommended investments forward - this is foundational to solving our mental health and SUD crisis in Minnesota.

Sincerely,

Heidi Seaton, MA
Quality Assurance Director