



Senator Melissa Wiklund, Chair
Senate Health and Human Services Committee
MN State Senate
March 14, 2024

Dear Chair Wiklund and Committee Members:

The team at Washburn Center for Children and I want to take a moment to share the importance of investing in 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.**

As you hear today's mental health and SUD rates bill, **I hope you can take a moment to reflect on how kids in our state are doing today.** Every kid we serve, nearly 4,000, is navigating mental health challenges that outpace what we imagined for this generation—any generation.

Their mental health is our mission: to nurture every child and family's well-being and full potential through transformative children's mental health care.

The mental health care kids receive at Washburn Center is a safety-net. Community-based mental health care is for all kids and families who need us, period. We offer services regardless of the client's ability to pay; 50% of the kids and families we serve are covered through some form of medical assistance.

The steep increase and ever-growing complex demand of this crisis threatens the future generation and continues to intensify. Children are experiencing more overlapping diagnosis and needing extended treatment plans as we emerge from the pandemic and its disruption to children's lives, connections and stability.

The reality is there will be more kids and families than we can serve in the foreseeable future. It's not just at Washburn Center, there's not one area of the sector that is prepared to match the demand.

The system's inability to meet the needs of kids and families is rooted in the lack of **sustainable reimbursement funding** for our mental health and SUD care sector. Costs of delivering care, sustaining staff salaries, benefits, facilities infrastructure and meeting state regulations have increased exponentially. Sadly, Medicaid (Medical Assistance) reimbursements – the core source of funding for our MN mental health system – are not keeping pace.

More than half of our fee-for-service revenue comes from reimbursement rates that cover only 60-70% of the cost of services. Meanwhile, the economy has delivered 1 - 8% inflation over the last 10 years since this study was commissioned.

The current rate structure is holding us back; it's keeping the sector from creating a viable and sustainable talent pool of therapists to serve the demand. In many cases, the pay structure is not living wage and is a detractor for attracting incoming talent. Choosing this career is a stretch



for a master's graduate who has incurred substantial debt; yet we need them to work with children who've experienced life events that forever changed their vision of the world as a safe place.

Even as I write this today, we have hundreds of children waiting for services at Washburn Center with more caregivers calling each day. It is not inconceivable that a family may be waiting up to 9 months to start services.

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 in 2023.

I acknowledge and appreciate last year's initiative by the legislature to pass a three (3) percent increase with an annual inflation adjustor. I'm also eager to see what can be done to move the recommendations forward now that the rates study which predicated this change is complete. Now is the time to invest in our rates structures to sustain our clients' access to critical mental health and SUD services.

Given the current financial environment, 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 investments forward, the returns will be measurable for our community's children and will be felt in every part of our community. Schools. Community centers. Faith centers. Jobs.

Regards,

A handwritten signature in blue ink that reads "Craig J. Warren".

Craig J. Warren
Chief Executive Officer
Washburn Center for Children