



**TESTIMONY OF MARK PETERSON, CEO, NYSTROM & ASSOCIATES  
BEFORE THE SENATE HEALTH AND HUMAN SERVICES FINANCE AND POLICY COMMITTEE  
April 18, 2024**

Madame Chair and Members of the Committee, my name is Mark Peterson, CEO of Nystrom & Associates, one of the largest providers of outpatient therapy, psychiatry and substance use treatment in Minnesota.

Unless the Legislature acts this session, critical access mental health providers rates will be cut by 9.6% starting 1/1/25.

To make it concrete... providers serving Medicaid patients will go from \$161 to \$145. This 9.6% cut takes into consideration the 3% rate increase passed last session.

**We've heard several concerns about delaying this phase-out of critical access funding and I want to take a moment to address them. We've heard:**

- It's not a budget session and that surplus is less than anticipated.  
That is why we are only asking that you postpone the phase-out by one year.
- The Department of Human Services told lawmakers that phase-out of critical access funds was necessary to avoid problems with Federal Upper Rate Limits.  
This issue only applies if or when the Legislature passes broader mental health rate increases, which it has not done. There is no upper rate limit concern by delaying the cut to critical funding until rate reform occurs.
- There are many other priorities.  
While we understand the many demands, at the very least, the State should not be cutting mental health rates at a time when needs are so high.

As DHS said in its rate study, current rates don't even cover the cost of providing care. Several providers have already had to stop serving Medicaid patients and cutting rates will force more to do so. Medicaid patients with mental health issues will have less access, forcing them to go without care or end up in more costly settings -- emergency rooms, hospitals or jails.

For these reasons, I urge you to delay the phase-out of critical access mental health funding for one year. Mental health providers and the patients they serve are counting on you.

Thank you!