

February 23, 2025

Minnesota Senate Health and Human Services

Senator Melissa Wiklund

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Dear Senator Wiklund and Members of the Senate Health and Human Services Committee:

On behalf of the Minnesota chapter of the American College of Physicians, we respectfully encourage you to support and vote in favor of **SF1402**. This bill proposes rate adjustments for MN Medical Assistance. The Minnesota chapter of the American College of Physicians (MN-ACP) represents nearly 2500 internal medicine physicians and internal medicine trainees that take care of adult patients in clinics/hospitals throughout the state.

- MN Medical Assistance (MA) rates for out-patient physician and other professional outpatient services have not been increased since 2011.
- Minnesota's current MA payment rates rank 30th in the nation.
- MA currently pays 60-70% of Medicare, and only about 30% of what commercial insurers pay.
- One in four Minnesotans rely on Medical Assistance (MA) for their healthcare and many rural communities have a significant proportion of their population covered by MA.
- A recent DHS study concluded that outpatient MA payments are too low and must be increased. The study recommended increasing rates to 100% of Medicare.

Innovative and proven Medicaid financing solutions exist and should be adopted in Minnesota as proposed in SF1402. Medical Assistance is financed by a combination of state and federal funds. Minnesota can do more to obtain federal matching funds to preserve access to outpatient care. The revenue needed to increase outpatient payment rates can be generated through an assessment based on enrollment in managed care organizations (MCOs) without impact to the state's General Fund. This approach has been successfully adopted by other states, including West Virginia and California.

As physicians, we see first-hand the impact of what happens when MA payment rates have failed to keep up with the cost of delivering care, causing clinics to make difficult business decisions about services to cut or limit and the impact on our patients and their families. Thank you for your consideration. Please contact Minnesota.ACPC@gmail.com if you have any additional questions.

Sincerely yours,

Tseganesh Selameab, MD

Tseganesh Selameab, MD, FACP
MN-ACP Governor

Sally Berryman, MD

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MN-ACP Health Policy Committee Chair