



Representative Melissa Wiklund, Chair
Senate Health & Human Services Committee
Minnesota State Senate
February 24, 2025

Dear Chair Wiklund and Committee Members,

On behalf of Fraser, I am sending this letter to share the importance of investing in Minnesota's Medicaid (Medical Assistance - MA) rates for our outpatient services. **We ask the Committee and the Legislature to fix Medical Assistance rates by supporting Senate File 1402.**

Fraser is Minnesota's largest and most experienced provider of autism and early childhood mental health services. For over 80 years, Fraser has served children and families with special needs. Fraser serves infants through adults with healthcare, housing, education and employment. Our programs are nationally recognized for being high quality, innovative and individualized to each family.

Post-pandemic nearly one in four (1:4) Minnesotans are covered by Medical Assistance or MinnesotaCare, making our public programs the largest coverage for behavioral health services in the state. We continue to experience a more severe behavioral health care access crises coming out of the global pandemic than ever before. At the root of this crisis is the lack of **sustainable reimbursement funding** for the care delivered. Costs of delivering care and sustaining staff salaries, benefits, facilities infrastructure and meeting state regulations have increased exponentially in the last five years. But, Medicaid (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace.

Out of necessity, our community providers are closing programs or significantly decreasing the size of their services in efforts to keep some base level of access to services available to our clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health 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. In 2024, DHS released an outpatient rate study which was discussed in this committee last year. The study showed what we have known for some time: *MA reimbursement rates are extremely low compared to the cost of providing care.* SF 1402 builds on the steps the legislature has collectively taken over the past few years and implements the remainder of the recommendations in that rate study. This includes:

- Ensuring reimbursement rates for mental health and physician services that have an equivalent Medicare payment will be paid at least 100% of the Medicare fee schedule;
- Increasing community-based children's and adult mental health rates, and behavioral health home rates to the DHS study calculation, as these rates do not have an equivalent in Medicare;
- Ensures masters-level providers are reimbursed the same amount for delivering the same service as other clinicians; and

Increases funding for hospital inpatient mental health services delivered to fee-for-service Medicaid enrollees.



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We deeply appreciate your passage of increases in 2023 and 2024 with an annual inflation adjustor. 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.

Because we have left our rates unchanged for so long, these increases come with a significant cost. 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 continue building onto the good work done and completing the rate reforms the state needs this year.

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

With gratitude,

Diane S. Cross
Fraser President and Chief Executive Officer