



Minnesota Association of Community Mental Health Programs

Representative Melissa Wiklund, Chair
Senate Health & Human Services Committee
Minnesota State Senate
February 26, 2024

Dear Chair Wiklund and Committee Members

On behalf of the Minnesota Association of Community Mental Health Programs (MACMHP), 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.**

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 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. *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.

We greatly 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.

Sincerely

Jin Lee Palen, Executive Director

Solving the children's mental health crisis begins with

Medical Assistance rates reform

The solution is fixing Medical Assistance reimbursement rates

- **For timely access and early intervention services.**
- **To provide healing treatment.**
- **For success in school and community life.**
- **To prevent today's reliance on crisis care in hospitals, juvenile detention and other emergency services.**

The 2024 DHS Outpatient Rate Study provides a framework for the Medical Assistance rates structure that is needed now and into the future.

Minnesota's children and families cannot wait another year for a solution – rate increases are crucial to sustaining what we have and preventing future loss in access to care.

S.F. 1402 / H.F. 1005 – Medical Assistance Rates Reform Package –

Addresses low reimbursement rates by implementing the DHS outpatient rate study over the next three years:

January 1, 2026:

- **sets all RBRVS rates to at least equal to 100% Medicare**
- **raises children's community-based mental health services (HCPCS)**

January 1, 2027:

- **raises adult community-based mental health services (HCPCS)**
- **eliminates current 20% rates cut for services provided by master-level educated providers**

January 1, 2028:

- **increases inpatient mental health fee-for-service rates**

**According to the
Minnesota Department of
Human Services:**

**One in four (1:4)
Minnesotans currently
relies on Medical
Assistance or
MinnesotaCare for their
health coverage.
Medical Assistance and
MinnesotaCare
contribute significantly
to the state's health care
sector, supporting public
health infrastructure,
hospitals, mental health
centers, home care,
community clinics,
nursing homes,
physicians and many
other health
professionals.
Medical Assistance helps
to significantly reduce
the number of
Minnesotans that go
without health care
coverage, and serve as a
lifeline to Greater**



decreasing access

Children and families struggle accessing mental health care - because Medicaid pays for the majority of our children's mental health services, and there is a 40% gap between the cost of delivering care and Medicaid reimbursement rates. This is unsustainable.

Children are boarding in hospitals, juvenile detention and with counties — being held for their safety and without the treatment they need and deserve.

In 2024, children boarded at Children's Minnesota *over 1200 times*, a substantial increase from 2023.

Capacity is shrinking: In January 2025, over 80% of children's mental health providers surveyed anticipate diminished capacity and/or closures in the next 6-12 months. This will result in losing capacity in a range of early-intervention and intensive community-based options, CTSS, and In-Home Services.

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14
WEEKS

Outpatient treatment

16
DAYS

Day treatment

5
WEEKS

School-based services

3
WEEKS

Residential treatment,
depending on client needs

10
WEEKS

Children's therapeutic
services and supports

Children are experiencing preventable mental health crises — while waiting for care, symptoms get worse and families are thrown into crisis trying to help their children.

growing waitlists from shrinking capacity

Access to care is decreasing, with waiting lists averaging statewide increasing from CY 2024 to 2025.

In early 2025, Providers of children and families' services reported closures in:

- Outpatient services
- Early childhood services
- CTSS – including In-Home and Skills Services
- School-based mental health services
- Elementary-Aged Day Treatment
- Respite services
- Psychological testing and assessment
- Systemic Family Therapy

66%

Shrinking current
services

38%

Closing services
altogether

22%

Considering closing
services