



Senator Melissa Wiklund, Chair
Senate Health and Human Services Committee
MN State Senate
February 24, 2025

Dear Chair Wiklund and Committee Members

I am writing today urging you to invest in Minnesota's Medicaid (Medical Assistance - MA) rates on behalf of our team at Washburn Center for Children and the more than 4,000 children we treat through our outpatient services every single year.

We strongly ask the Committee and the Legislature to fix Medical Assistance rates by supporting Senate File 1402.

As the committee gathers today, **I hope you can take a moment and ground yourselves in how Minnesota's kids are doing.** 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 and where they need us, period. They receive services regardless of the client's ability to pay; 50% of the kids and families who are clients at Washburn Center are covered through some form of medical assistance.

Our therapists continue to face more severe behavioral health crises than we've ever seen. Kids are navigating the most intense mental health challenges in the history of our agency. With overlapping diagnosis and needing extended treatment plans, nearly all (~97 to 98%) Washburn Center clients (Ages 0-17) have required multiple mental health programs since 2017.

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. Medicaid (Medical Assistance) reimbursements are not keeping pace. 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.

At Washburn Center, 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 inflation (1-8%) over the last 10 years since the DHS study was commissioned.

This funding gap has generated a vicious, paradoxical cycle for Washburn Center and for providers like us: **despite the skyrocketing demand for mental health care, community providers are closing programs because they can't afford to stay open.**

As a result, we have hundreds of children waiting for services at Washburn Center alone. It's not just us; there's not one area of the sector that is prepared to handle the outsized community need. Families may wait for 9 months or more before receiving mental health care.



The lack of access has led to a crisis of children boarding in emergency rooms, detention facilities 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 those who need care. Our communities simply cannot afford for the quality of care to decrease because more people need support or because of a lack of funding. Right now, many providers are running that risk.

In 2024, the Department of Human Services (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 are full of gratitude for you passing 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 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.

There will be more kids and families than we can serve. Yet, the impact each kid we reach is life changing. The returns will be measurable for our community's children as they grow into the future of Minnesota – in their schools, their community centers, their faith centers, their jobs.

I urge you to move these recommended investments forward.

Regards,

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

Craig F. Warren
Chief Executive Officer
Washburn Center for Children