



April 9, 2025
Senate Health and Human Services Committee

Dear Chair Wiklund and Committee Members,

On behalf of Children's Minnesota, I am writing to offer comments on several provisions in SF2669, the Senate Health and Human Services Omnibus bill. Children's Minnesota is the state's largest pediatric health care provider. We serve children and teens from all 87 counties and 60 percent of the counties in surrounding states. Nearly half of our patients are insured through Medicaid.

Like other hospitals in Minnesota, we are continuing to face tough financial headwinds overall and too many children are boarding in our emergency departments waiting to access mental health care. We are grateful to see critical steps to address these challenges in this bill including:

- **Initiating the process for establishing a hospital Medicaid Directed Payments Program.** In 2023 we had more than \$175M in unreimbursed costs from Medicaid. That loss has continued to increase from year to year as costs for salaries and benefits, supplies, and pharmaceuticals continue to increase faster than our reimbursement from the state. The mounting gap between the cost to provide care and what Medicaid pays for that care threatens our ability to maintain access to vital services for Minnesota kids and families. If approved at the federal level, this program would go a long way to address Medicaid under-reimbursement and allow us to more sustainably provide critical and specialty care services to our patients.
- **Implementing the recommendations in the DHS Outpatient Rates Study.** Increasing Medical Assistance outpatient mental health rates is foundational to addressing the mental health crisis children are facing. Investing in outpatient care and community-based services will decrease pressure on the rest of the system, including emergency departments, inpatient units and other more acute services. Most importantly, it would give children and families a better chance of addressing their mental health needs well before they are in crisis.

It is worth noting that the provision in this bill that prohibits facility fees would negate the progress offered in the critical steps outlined above. Prohibiting these fees would also restrict patient access to services provided in hospital-based clinics which currently extend critical care, urgent care, emergency services, and specialized pediatric services to locations that are closer to home for Minnesota families. CMS requires that hospital-based clinics bill for all services outside of what is provided by a physician, including nursing care, front desk staff, security, care coordination, etc., under a "facility fee". Removing our ability to charge these fees eliminates our ability to be reimbursed for these services and could result in up to \$11M in additional losses. We ask that article 1, section 3 be removed from the bill.

Our comments on additional provisions included in SF2669 are listed below.

In addition to the foundational increase in mental health rates, we support key provisions included in this bill that will help address the current boarding crisis including:

- Funding for a pilot program that would allow resources to move efficiently through the system based on kids' individual needs
- Creating a workgroup to improve the PRTF benefit to allow more children to be able to access PRTF services

We also support provisions that will improve access to care and support the healthcare workforce including:

- Maintaining access to audio-only telehealth services
- Establishing a sustainable rate for Medical Assistance coverage for home-based phototherapy services and equipment that would support families with an infant who qualifies for home-based treatment for jaundice
- Funding a “Treat Yourself First” public awareness campaign focused on supporting the well-being of healthcare workers in response to increasing burnout
- Establishing a healthcare interpreter services work group to address challenges and changing needs in healthcare interpreting

At Children’s Minnesota, our vision is to be every family’s essential partner in raising healthier children. As the kid experts in our community, we appreciate the opportunity to partner with you to collectively improve the health and wellbeing of kids in our state.

Sincerely,

A handwritten signature in black ink, appearing to read "Amanda Jansen", with a stylized, flowing script.

Amanda Jansen, MPP
Director of Public Policy
Children’s Minnesota