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8 April 2025

Hon. Melissa Wiklund
Senate Office Building
St. Paul, MN 55105

Dear Senator Wiklund,

I have so appreciated the discussions I have had with you about mental health rates.

As we discussed, mental health rates for children are seeing a reduction of 11.85% in 2025 rates as a result of legislative action to phase out the critical access rate of 2007 with a full decrease of 23.7% by 2027.

We strongly support the Medicaid Outpatient Rate Increases (implementing the DHS rate study), *and* an MCO assessment that leverages the required federal funding to make this investment.

Our analysis of this rate decrease for this year is devastating for our mental health agency which currently serves 1,000 clients each month in east central Minnesota. For this reason, we believe it is imperative that rates be meaningfully increased for the first time in 14 years.

Aside from the harmful consequences for organizations like ours there is an important public policy goal that makes this reduction counter productive. That has to do with the shortage of qualified staff to provide services.

As you know access to mental health in Minnesota is shrinking due to the lack of qualified staff. This shortage is due entirely to low rates of reimbursement from payers. This reduction in rates heads us in the wrong direction and is contrary to the findings of the serial studies commissioned by the legislature on this topic in the last several years.

Although people are attracted to this line of work those preparing for the workforce are not choosing mental health as a viable career option due to

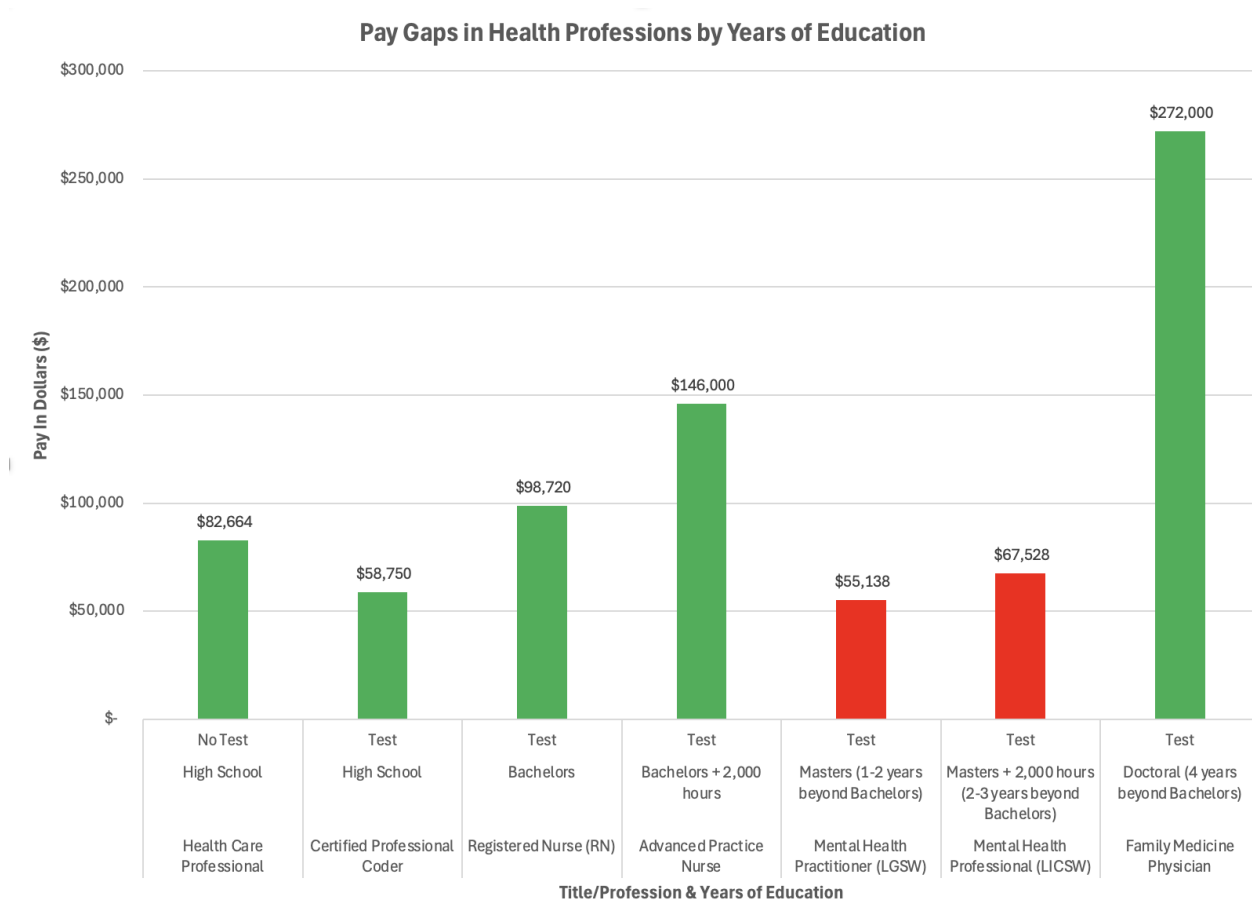
the low rates of pay relative to the needed academic preparation and the cost thereof.

The chart below is a good illustration of this career discrepancy just within the health field not to mention the many other lines of work available to young people today. The health careers are listed from left to right by the academic preparation needed. One can see the significant discrepancy suffered by mental health staff. They have higher educational requirements but are not being paid in line with those demands.

The column Health Care Professional represents the non-medical support staff and is a good indication of the higher salaries that insurance companies are paying their own staff to administer health care as opposed to those of us in the mental health field delivering the service.

Likewise, the billers shown are not over-paid but their average compensation is similar to mental health practitioners who provide the service for which billers are billing! Note the significant educational requirement difference between the two positions with no value reflected in the higher educational level needed for mental health practice.

While an argument can be made that the hard science course work (chemistry, biology etc.) needed for nurse and physician training is more challenging than that in the mental health field surely the length of education needed for mental health-considerably more than for nursing-does not justify an annual \$31,000 discrepancy. Likewise, does medical school training of four years vs. mental professional training of 3-4 years justify a \$204,000 discrepancy?

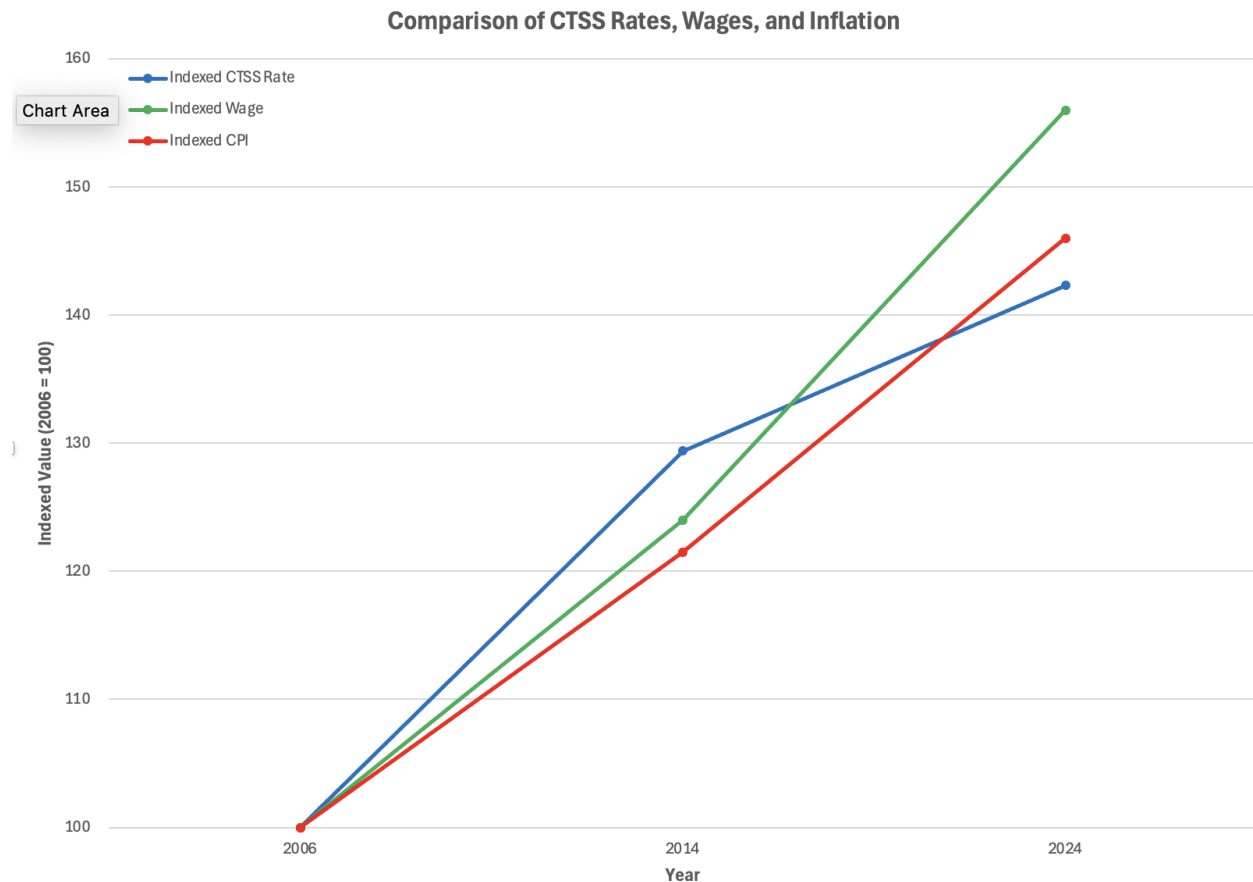


(See attached for data sources and further explanation)

You are surely aware, too, of the significant raises those in the medical field have sought and achieved in the last several years and that those fields still complain of inadequate pay. This is another indication of the basic unfairness and inadequacy of mental health practice compensation.

The question then arises as to why compensation rates in mental health are so low. This is entirely due to the rates paid for the service. This has been an issue since the turn of the century and before. The chart below shows how rates have not kept up with the inflation rate. While salaries have exceeded the inflation rate they are low to begin with and also reflect that compensation generally rises when labor is scarce. The rate lag is what limits the salary companies can offer staff. Already salaries outpace the resources available (rates) and puts great pressure on companies trying to provide this service.

The result is a workforce shortage because young people cannot afford to go into this line of work given the cost of education to qualify.



(See attached for data sources and further explanation)

I would urge you to prioritize increasing mental health rates. If the current political arrangement and projected budget forecast make this impractical please at least reverse the phase out of the critical access rate and restore rates to their previous low inadequate level.

Sincerely,

CMcHugh

Chris McHugh, Founding Director

