



To: Chair Hoffman; Senate Human Services Committee
From: Brian Zirbes, MARRCH Executive Director
Subject: Public Testimony of the 2025 Governor's Budget
Date: February 19, 2025

MARRCH, the statewide trade association for Substance Use Disorder (SUD) programs and professionals, represents thousands of dedicated individuals and organizations committed to providing life-saving care to Minnesotans. Through education, training, advocacy, and public policy engagement, we support the critical work of our members and the countless lives they touch each year.

After reviewing the proposed 2025 Governor's budget, we recognize several thoughtful proposals, such as extending audio-only telehealth options and the effort to maintain a balanced budget for FY 28-29. However, we are deeply alarmed and disappointed that the budget fails to address the dire need for rate adjustments for SUD services, as recommended in the January [2024 Outpatient Services Rate Study](#)

For over a decade, SUD providers have endured numerous rate studies, each shining a spotlight on the chronic underfunding of these essential services. The most recent study by Burnes & Associates offered a glimmer of hope, with data-backed recommendations reflecting the true cost of delivering care under the American Society of Addiction Medicine (ASAM) Levels of Care. Despite broad consensus on the accuracy of these findings and the urgent need for change, this budget overlooks the crisis.

The study revealed that 8 of the 9 SUD rates require increases, with the most critical—low-intensity residential care (ASAM 3.1)—needing a staggering 171.7% adjustment. **On average, a 68% rate increase is necessary across services to ensure that providers can continue delivering high-quality care.** Ignoring these recommendations means that more programs are going to close and clients will be denied access to services.

We appreciate the willingness of the Governor's office and DHS to continue to meet with us on the Governor's proposals. We have another meeting this week to get clarification on some of the proposals including changes to SUD treatment service changes, enhanced regulations, and changes to the Behavioral Health Fund eligibility and timelines.

There needs to be a balanced approach to regulation and rates. The ongoing workforce challenges are compounding the crisis. Clinical services are strained, providers are overwhelmed, and the ripple effects are felt by families and communities across the state. Each day that passes without action deepens the crisis and places more lives at risk. Another year of inaction is not just a missed opportunity—it's a failure to meet the needs of thousands of Minnesotans who depend on these services.

We urge you to identify and prioritize funding to begin implementing the rate recommendations without delay. With a projected \$355 million surplus in FY 28-29, there is a clear opportunity to invest in the sustainability of SUD programs—a critical lifeline for individuals, families, and communities. A study of California's SUD treatment programs found every dollar spent on drug and alcohol treatment saves the public seven dollars through reduced crime. When averted health care costs are included, the savings increase to \$12 for each dollar invested. Taking a balanced approach to this investment is not just fiscally responsible; it is morally imperative.

SUD treatment saves lives, strengthens families, and rebuilds communities. By addressing the funding disparities and supporting the dedicated providers on the frontlines, Minnesota can reaffirm its commitment to the health and well-being of its citizens. We ask for your leadership and action to ensure that these life-saving programs are not just sustained but strengthened for the future.

Thank you for your time and consideration. We stand ready to assist and provide any further information to support these critical changes.