



March 3, 2025

SENATOR JOHN HOFFMAN, CHAIR

HUMAN SERVICES COMMITTEE

MINNESOTA STATE SENATE

Chair Hoffman and Committee Members,

On behalf of Woodland Centers, 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 1826.**

Woodland Centers is a private non-profit 501(c)(3) comprehensive community mental health center established in 1958. We serve seven rural counties in the west central region of Minnesota – Chippewa, Big Stone, Kandiyohi, Lac Qui Parle, Meeker, Renville, and Swift. Woodland Centers catchment area encompasses approximately 5000 square miles with a population of approximately 114,000. Approximately 75% of the clients served at Woodland Centers are enrolled in Minnesota Health Care Programs and another 15% are enrolled in Medicare. Approximately 90% of our clients are eligible for sliding fee scale reductions and around 85% of these individuals are provided a 100% sliding fee scale reduction. Woodland Centers serves approximately 5,000 unduplicated individuals each year ranging in age from toddlers to the elderly.

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 – mental health and substance use disorder - 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.

Kandiyohi Center (Willmar) – Main Office P.O. Box 787 Willmar, MN 56201
320-235-4613 or 800-992-1716
Fax: 855-625-7406
www.woodlandcenters.com

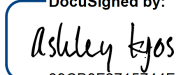
Out of necessity, our community providers are closing programs or significantly decreasing the size of their services in efforts to keep some base level of access to services we can available to our clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis level of lost SUD programs for adults, adolescents, children and families 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. The study showed what we have known for some time: *MA reimbursement rates are extremely low compared to the cost of providing care.* SF 1826 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:

- Adding substance use disorder services to the three percent increase in outpatient services;
- Increasing reimbursements for ASAM levels of care to the study's recommended levels;
- Adding an annual inflation adjuster to our state MA SUD rates;
- Building rates that acknowledge the added investments and service complexities in being culturally responsive, providing disability services responsively, providing child care and service of co-occurring conditions.

We deeply appreciate your passage of increases in 2024 to residential services. 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 implore the legislature to help us continue building onto the good work done and completing the rate reforms the state needs this year.

Please help us move these recommended investments forward - this is foundational to solving our mental health and substance use disorder crisis in Minnesota.

Sincerely

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Ashley Kjos, Psy.D., L.P.

Chief Executive Officer

Woodland Centers