

To: Chair Hoffman; Senate Human Services Committee
From: Debbie Gray, Regional Director – Behavioral Health Group
Subject: Funding SUD treatment is a budget solution
Date: April 8th, 2025

Dear Members of the Committee,

Behavioral Health Group - Minnesota recognizes the incredibly difficult budgetary decisions facing the Legislature—and this committee in particular—in the current fiscal environment. We appreciate your commitment to stewarding limited resources in ways that protect the health and well-being of the most vulnerable members of our communities.

As you evaluate potential cuts, we urge you to consider the following critical point:

Substance use disorder (SUD) treatment is not a cost center—it is a proven, cost-saving investment.

Decades of underfunding have not diminished the need for care. Instead, the burden has simply shifted—often at greater expense—to emergency departments, law enforcement, jails, and the child welfare system. Untreated addiction costs the state more, not less.

Appropriately funding Medicaid reimbursement rates for SUD treatment is one of the most effective steps the state can take to reverse this trend. Doing so would not only stabilize a field that has been chronically underfunded, but also produce measurable, system-wide savings.

Consider the following:

- CMS reports that nearly 12% of adult Medicaid beneficiaries have a substance use disorder. Those with untreated alcohol use disorders, for example, cost *twice as much* in health care expenditures as those who receive treatment.
- The Substance Abuse and Mental Health Services Administration (SAMHSA) notes that individuals with chronic medical conditions and a co-occurring SUD incur health care costs two to three times higher than those without.
- Washington State found that providing a full addiction-treatment benefit resulted in Medicaid savings of \$398 per person, per month.

The situation in Minnesota:

- In 2022, Minnesota reported 1,384 drug overdose deaths, with synthetic opioids like fentanyl involved in approximately 70% of these fatalities. [Minnesota Department of Health](#)

- Fentanyl's impact is profound; it is involved in 92% of all opioid-involved deaths and 62% of all overdose deaths in Minnesota. [Minnesota Department of Health](#)
- The Minnesota Department of Health notes that for every drug overdose death, there are nearly 13 nonfatal overdoses, indicating a substantial number of individuals in need of treatment and intervention. [Minnesota Department of Health](#)

These are not abstract numbers—they reflect real opportunities to reduce costs, alleviate pressure on other public systems, and improve lives.

Beyond the fiscal benefits, effective SUD treatment leads to safer communities, more stable families, greater workforce participation, and—most importantly—saved lives.

That is why we are urging this committee to support the **Burns & Associates rate recommendations**, along with **automatic inflation adjustments**. These recommendations are grounded in reliable data and reflect the true cost of providing high-quality, evidence-based care.

This is not just about funding services. It's about aligning Medicaid rates with the actual cost of addressing one of the most complex and costly public health challenges we face today.

Included is an overview of the recommended rates for your review.

Thank you for your time, your consideration, and your ongoing leadership on this critical issue.

Sincerely,



Debbie Gray, MSW, LICSW, LADC
Regional Director – Minnesota
Behavioral Health Group

Here is an overview of the recommended rates:

Service description	Unit of service	Current rate (w/ 1115 base rate)	Recommended rate	% difference
Comprehensive SUD assessment	Per Session	\$162.24	\$234.06	44.3%
Treatment coordination	15 min	\$15.02	\$37.13	147.2%
Individual therapy	60 min	\$86.53	\$140.27	62.1%
Group therapy	60 min	\$42.02	\$42.97	2.3%
Peer recovery support	15 min	\$15.02	\$28.43	89.3%
High-intensity residential	Per Diem	\$224.06	\$355.02	58.4%
Low-intensity residential	Per Diem	\$79.84	\$216.90	171.7%
WM clinically managed	Per Diem	\$400.00	\$375.91	-6.0%
WM medically managed	Per Diem	\$515.00	\$576.18	11.9%

Now is the time to do more with every dollar. Strategic investment in a full continuum of care for substance use disorders will not only serve those directly affected, but will return value across state systems—public safety, health care, education, and beyond.

Thank you for your consideration and for your continued leadership.