



To: Chair Hoffman; Senate Human Services Committee Members

From: Brian Zirbes, MARRCH Executive Director

Subject: Letter of support and concern for SF3054

Date: April 7th, 2025

MARRCH appreciates the opportunity to provide feedback and recommendations to [SF3054](#). We are pleased to see the recommendations from the [Outpatient Rate Study](#) partly included in the [Human Services Omnibus Budget spreadsheet](#) and the [A-1 amendment to SF3054](#). For over a decade, SUD providers have endured numerous rate studies, each shining a spotlight on the chronic underfunding of these essential services.

We recognize 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 a way that protects 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 value proposition: **Substance use disorder (SUD) treatment is not a cost center, but a proven cost-saving investment.**

Underfunding the continuum of care for SUD has not eliminated the need for care. It has only shifted the burden to more expensive and less effective systems, including emergency departments, law enforcement, and the child welfare system. **In short: untreated addiction costs the state more.**

Fully funding Medicaid reimbursement rates for SUD treatment providers would not only stabilize a field that has gone underfunded for decades, but would also generate real, measurable savings across the state's budget.

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 a Medicaid savings of \$398 per person, per month.

Beyond dollars and cents, we know that effective SUD treatment reduces crime, improves family stability, increases workforce participation, and saves lives. That's why we are urging this committee to fully support the Burnes and Associates rate recommendations which are grounded in data and reflective of the true cost of delivering care. We are very pleased to see the automatic inflation adjustment language in Article 3, section 31. This is not just about funding treatment; it's about finally aligning Medicaid rates with the real-world costs of addressing one of the most complex and expensive public health challenges we face.

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.

We have appreciated the ongoing work and collaboration with DHS policy and legislative staff on a number of the proposals that seek to make changes to treatment definitions, changes to the Behavioral Health Fund, and Recovery Residences. The other areas of concern in SF3054a-1, Article 3 include:

Section 17--Creation of a Behavioral Health Practitioner: We support the effort to expand staffing options in SUD programs. **Recommendation:** If this proposal passes, we need clarity, consistency, and timely feedback with providers when creating and utilizing this new type of staff.

Section 27--Commissioner to determine financial eligibility for the Behavioral Health Fund: We have significant concerns with this proposal creating a bottleneck in determining eligibility. The proposal seeks to conduct enrollment work with 4.5 FTEs when there are singular counties that currently utilize 4 or 5 staff for just their county. Although there may be some efficiencies gained by consolidating this activity with DHS, it would cause major disruptions. **Recommendation:** Strike the proposal and spend a year to work with DHS, counties, and providers. DHS should explore adding staff to support some counties with enrollment. There are some counties that cannot process applications within 60 days.

Section 27--Line 118.11 seeks to change eligibility from the current 12-month window to a consecutive 60-day period in a calendar year: We have significant concerns that this proposal would cause additional administrative burdens and cause a disruption that will impact clients. **Recommendation:** Strike the proposal and spend a year working with DHS, counties, and providers.

We are very pleased that the proposal to Eliminate Free-Standing Room and Board did not make it in the Senate's proposal. With the current instability and disruption with Recovery Residences and Outpatient treatment, taking established housing options off the table is premature. There has been no stakeholder engagement with programs like Progress Valley, ANEW, and other vendors of this service. **Recommendation:** Fund the Recovery Residence Workgroup to evaluate, determine, and fund viable housing options.

There were some Recovery Residence proposals that did not make it into the Senate bill. If those provisions return, we have the following input--Align MN laws with the National Alliance of Recovery Residence (NARR) standards: We generally support to movement to adopting NARR standards which will include enhanced program policies and procedures, oversight, and records. However, how will current vendors pay for making these enhancements? The Anti-kickback regulations are preventing treatment programs to support housing in these settings. There currently isn't a funding mechanism for these settings that don't violate anti-kickback. The recommendations due in 2027 will arrive after many of these sites have closed to supporting SUD clients. **Recommendation:** create funding and a transition plan for these sites.

Recovery Residence Workgroup: Recommendation: add MARRCH as a stakeholder. We are the largest SUD trade association in the state and bring a breadth of experience and insight beyond what one program can provide.

We know that treatment works and recovery is possible! We ask for your leadership and action to ensure that these life-saving programs are not just sustained but strengthened for the future.