

To: Chair Hoffman; Senate Human Services Committee
From: Sierra Canham, University of Minnesota
Subject: Funding SUD treatment is a budget solution
Date: April 7th, 2025

Myself and my colleagues 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.**

Properly 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 support the Burnes and Associates rate recommendations and automatic inflation adjustments, which are grounded in data and reflective of the true cost of delivering care. 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. 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.