

Senator Ann Rest, Chair
Tax Committee
Minnesota Senate
March 31, 2025

Dear Chair Rest and Committee Members,

On behalf of Fraser, 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 1402.**

Fraser is Minnesota's largest and most experienced provider of autism and early childhood mental health services. For over 80 years, Fraser has provided mental health and disability services to children and families. Fraser serves infants through adults with healthcare, housing, education and employment. Our programs are nationally recognized for being high quality, innovative and individualized to each family.

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 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 reimbursements – the core source of funding for our MN system – are not keeping pace. Minnesota's children and families cannot wait another year for a solution. Rate increases are crucial to sustaining what we have and prevent future loss in access to care.

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 which was discussed in this committee last year. The study showed what we have known for some time: *MA reimbursement rates are extremely low compared to the cost of providing care.* SF 1402 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. Including:

- Ensuring reimbursement rates for mental health, physician and other professional services that have an equivalent Medicare payment will be paid at least 100% of the Medicare fee schedule;
- Increasing community-based children's and adult mental health rates, and behavioral health home rates to the DHS study calculation, as these rates do not have an equivalent in Medicare;
- Ensures masters-level educated providers are reimbursed the same amount as other independently licensed clinicians;
- Increases funding for hospital inpatient mental health services delivered to fee-for-service Medicaid enrollees.

We deeply appreciate your passage of increases in 2023 and 2024 with an annual inflation adjustor. 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 understand the current financial environment, and we know the full bill cannot be implemented all at once. 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 behavioral health crisis in Minnesota.**

Sincerely,



Diane Cross
President and CEO