

RE: Letter of Support for SF 1402

March 28, 2025

Dear Chair Rest and Members of the Committee,

We are writing to express strong support for **Senate File 1402**. As consumer advocates deeply invested in improving healthcare access for Minnesotans, we believe that increasing Medicaid reimbursement rates is a necessary step toward ensuring that all residents, particularly low-income individuals and families, can obtain the care they need without facing undue barriers.

Minnesota has long been a leader in healthcare access and quality, yet many Medicaid recipients struggle to find providers willing to accept their insurance. When healthcare providers choose not to participate in Medicaid due to financial concerns, the result can be reduced access and delays in necessary care. Senate File 1402 helps address this issue by increasing reimbursement rates for services to 100% of the Medicare rate, making it easier for Medicaid patients to receive timely medical services from a broad network of providers.

Improved reimbursement rates will have several tangible benefits, including:

1. **Expanding Access to Care** – Increased reimbursement will encourage more providers to accept Medicaid and accept more Medicaid patients, ensuring that patients can find doctors, specialists, and mental health professionals without excessive wait times or transportation burdens.
2. **Reducing Health Disparities** – Many Medicaid recipients come from underserved communities, including rural areas and communities of color. Expanding provider participation in Medicaid improves health equity and ensures all Minnesotans have access to necessary medical care.
3. **Preventing Costly Emergency Care** – When patients cannot find providers to treat them in a timely manner, they are more likely to need emergency care, leading to higher overall healthcare costs for the state and worse health outcomes for patients.
4. **Supporting Minnesota's Healthcare Workforce** – Ensuring that providers are fairly compensated for serving Medicaid patients helps maintain a strong network of professionals who are willing and able to care for all populations.

While it is true that Medicaid service reimbursement rates should be increased to reflect the cost of providing care, it is also important to recognize that excessive charges are a significant problem in our healthcare system. Studies show charges vary drastically and erratically for the same services. Some hospital systems impose high facility fees and mark up routine procedures at unjustifiable levels, creating financial burdens for patients and inflating overall healthcare costs.

The most recent data shows 17 Minnesota hospitals operating without a profit margin, and more with low and reasonable profits, while at the same time more than 20 Minnesota hospitals had net profits of \$10 million or more, and one over one billion.¹ While Medicaid rates should be fair and sustainable,

¹ [NASHP Interactive Hospital Cost Tool](#), accessed March 2025

efforts should also be made to ensure that providers charge reasonable, transparent rates to all patients and payers, and that we build toward an actual healthcare *system* that prioritizes people over profit.

Importantly, SF 1402 seeks to maximize federal support for Medical Assistance, closing a long time gap between Minnesota's level of federal contribution and that of other states, and making this investment possible without threatening state resources to maintain eligibility. Please support SF 1402 as an investment in the health and well-being of Minnesotans.

Sincerely,

ISAIAH

Minnesota Farmers Union

SEIU Healthcare MN & IA

Unidos MN