

April 1, 2025

Senator Ann H. Rest
Chair of the Committee on Taxes

Re: SF 1402— Wiklund: Medical assistance rate adjustments establishment for physician and professional services

Dear Chair Rest and Taxes Committee Members,

The City of Minneapolis appreciates the opportunity to comment in support of SF 1402, as this legislation will **fix our behavioral health Medicaid (Medical Assistance) rates, by increasing rates for our mental health services.**

The Minneapolis Health Department operates 9 School Based Clinics in Minneapolis High Schools providing medical and mental health services through 13,031 visits annually. Approximately 66% of our clients are BIPOC. We provided mental health therapy to 329 students during the 2023-24 school year. Many of these students are low-income and have experienced multiple adverse childhood experiences like homelessness. Many are also refugees or immigrants where English is not spoken in the home.

We continue to experience a more severe mental health access crisis coming out of the global pandemic than ever before. At the root of this crisis is the lack of **sustainable reimbursement funding** for our mental health services. Costs of delivering care and sustaining staff salaries, benefits and meeting state regulations have increased exponentially. But Medicaid reimbursements – the core source of funding for our MN mental health therapy – are not keeping pace. For instance, it costs over \$200 to provide a therapy visit yet we are only able to recoup \$130 per visit in Medicaid reimbursement.

This financial pressure makes it harder to retain our staff and offer therapy. For addition, demand for services outstrips our ability to provide therapy. We often have waiting lists for therapy services by January of each school year.

School based and community mental health providers and programs are striving to keep up with the heightened need for mental health care, while being reflective and highly responsive to the individuals, families, and communities we serve across the state. This work comes with many rewards and challenges. We have been working with the Legislature and the Department of Human Services (DHS) over the course of many bills and rates studies and appreciate the attention to this issue.

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 start building a solution this year so we can scale up and phase in the full solution for our rates over the next several years.

Please help us move these recommended investments forward - this is foundational to solving our mental health crisis in Minnesota.

Sincerely,



Damon Chaplin
Commissioner
Minneapolis Health Department