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To: Chair Rest and Members of the Tax Committee
Date: March 30, 2025
RE: SF1402
FROM: Lainie Janke, MSW, LICSW – Executive Director

Lainie Janke, MSW, LICSW

Dear Honorable Chair Rest and Member of the Tax Committee-

Addressing the children's mental health crisis requires urgent legislative action to ensure fair and sustainable reimbursement rates for mental health providers. By supporting legislation SF1402 that fixes Medicaid reimbursement rates, we can increase provider participation in Medicaid and insurance networks, ensuring that children receive timely and quality care. Low reimbursement rates discourage mental health professionals from accepting insurance, leading to long wait times, provider shortages, and inadequate access to critical services. By establishing and increasing these rates as outlined in HF 1005, lawmakers can bridge the disproportionate rate gap that mental health providers have identified in 2 separate rate studies. The last rate study in 2023 identified the need for a then 35% rate bridge for Medicaid services provided. Today, we have experienced an 11.875% decrease that is the start of a 23.7% rate sunset decrease for key services that were established in 2007. This means our 35% recommended increase in 2023 now has a **larger** gap in adequate rate payments to mental health providers, one could argue that gap is now sitting at 58.7%.

Why does this matter? Providers who see children and families with Medicaid coverage, and in particular, in areas where there is high poverty, like Pine County, MN where approximately 65% of our clients served are on a Medicaid or PMAP plan, these rate discrepancies create serious problems in hiring and retaining highly skilled and qualified mental health professionals with 6 years of advanced higher education experience, to work for less income. We are seeing providers leave rural areas for private pay, contracted service delivery models, fulltime telehealth, and private practice where providers are saying "no" to Medicaid clients due to the poor reimbursement rates. This is the downstream effect of the rate/reimbursement gap disparity and has contributed to the children's mental health crisis, despite providers like Therapeutic Services Agency who work tirelessly to provide services to all children, families and adults that live in the communities we serve. We are committed to this cause.

By providing a fix and increasing Medicaid rates by implementing the DHS outpatient rates study over the next three years lawmakers can provide a pathway for providers to expand mental health resources in schools and communities and reduce the burden on emergency rooms and juvenile justice systems. Fixing rates is a necessary step to move



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toward building a comprehensive, accessible mental health care system that prioritizes the well-being of children and families. **Please support SF1402 to address the children's mental health crisis in Minnesota.**

We have outlined some of the key points for takeaways listed in our Mental Health Services One-Pager organized by AspireMN, MACHMP, and Children's MN, some of those highlights are noted below:

DECREASING ACCESS

- Due to a 40% gap between costs to deliver care and rates, children and families are not accessing timely care
- Capacity is shrinking, over 80% of children's mental health providers surveyed anticipate diminished capacity or closures in the next 6-12 months
- This will result in losing capacity in a range of early-intervention and intensive community-based options
- Children are boarding in Hospitals, detention and with counties – held for their safety and without the treatment they need and deserve

Children are experiencing preventable mental health crises – while waiting for care, symptoms get worse and families struggle while trying to help their children.

In Jan 2025 children's providers reported closures in:

- Outpatient services
- Early childhood services
- Children's Therapeutic Services and Supports (CTSS) In-Home & Skills
- School-Based MH
- Elementary-Aged Day Treatment
- Respite services
- Psychological testing
- Systemic Family Therapy

The solution is to fix Medical Assistance reimbursement rates

- For timely access and early intervention services
- To provide healing treatment
- For success in school and community life
- To prevent reliance on crisis care in hospitals, juvenile detention and other emergency services