



Driving Excellence in Addiction Care

TO: HUMAN SERVICES FINANCE AND POLICY COMMITTEE

FROM: MARRCH GOVERNMENT AFFAIRS COMMITTEE

SUBJECT: WRITTEN TESTIMONY HF 2127 HUMAN SERVICES OMNIBUS FINANCE BILL

DATE: APRIL 6, 2021

MARRCH is **not opposed to drive towards quality**. We have been supportive of the substance use disorder 1115 demonstration and a driving force behind it. **It is the timing, conditions and lack resources that are the concern**. Providers are managing the shifting sands of COVID-19, helping patients access vaccination, in the midst of implementing direct access, will need to manage another large shift to in-person treatment and logistics once COVID-19 concerns relax and finally managing the unexpected mandate of enrolling in a voluntary federal demonstration. This is a lot of change to manage and it takes people, who are already exhausted, and resources to do so.

HF 2127 – areas of agreement and gratitude

- ✓ **Five-year extension of the 1115 demonstration & long-range planning workgroup** – this provides some degree of predictability for substance use disorder providers who are trying to plan beyond the next three years.
- ✓ **Rate restructuring framework and modeling for both residential and outpatient services** – this will provide a methodology for the substance use disorder rates of which there is none now. It will also position the state to make informed decisions aligned with the conclusion of this first round of the substance use disorder demonstration.
- ✓ **Regulatory reform/streamlining** – similarly this work should be completed by the conclusion of the first round of the substance use disorder demonstration and guide the future of the substance use disorder system development.
- ✓ **Five percent increase for enhanced rates/rate add-ons** (pregnant women and culturally specific) – additional investment in these services is a welcomed surprise. Thank you for attending to the needs of diverse communities and women and children.

HF 2127 – areas of disagreement and concern

- ✓ **Mandatory enrollment of residential providers** – thank you for extending the time providers have for enrolling in the demonstration from the Governor's position. For some residential providers this timeline is still too aggressive. The implication of eliminating a provider from

participating in the Medicaid program after July 1, 2023 is concerning. Given only 13% of Minnesotan’s who need access to treatment are getting access currently. Residential treatment is the most frequent place hospitals refer patients to when the present in the Emergency Department and need to be discharged.

The House proposal will automatically apply a rate increase to providers; providers would like some assurance the State will not clawback the rate increase if the provider is unable to make the July 1, 2022 deadline.

Finally, for adolescent residential providers it is unclear how they will be able to enroll. There is not a full continuum of services available to adolescents e.g. detox centers or peer recovery support – therefore providers are unable to complete the demonstration enrollment requirements and face rejection of their application.

✓ **Demonstration participation rates**

- In 2019 the demonstration participation rates were established (10% outpatient participation/ 15% for residential.) At that time the State did not meaningfully invest any further in the substance use disorder continuum or services. In fact, in 2019 the State booked a savings of \$16 million for the current biennium we are in and \$73 million for the upcoming biennium due to enrollment in the demonstration. The House proposal books an additional \$5 million for the upcoming biennium and \$17 million for the next biennium. Total this demonstration is saving Minnesota \$110 million.
- Eliminating the existing enhanced rate add-ons do not leave providers any better off than they are today. At the same time the proposal adds new unfunded mandates.

EXAMPLE OF PROVIDER RATE UNDER THE HOUSE PROPOSAL

	Residential medium intensity	Not in demo	Enrolled in demo today	House proposal 30%
Base rate	139.9	132.9	152.84	172.77
Co-Occurring rate	7.97	7.97	7.97	0.00
Medical Services rate	11.96	11.96	11.96	0.00
Total Residential Revenue		152.83	172.77	172.77

- Additionally, the substance use disorder rates today are one percent less than they were in 2009 (2010 -4%, 2015 +2%, 2017 +1%). If the state is serious about improving service delivery, innovation, and better outcomes for the patients these providers serve; meaningfully invest in these services today.

- The demonstration participation rate enhancements were negotiated in 2019 before the department started its implementation plan. In July 2020 DHS revealed to providers the expectations for participation in the demonstration. Below are some administrative and personnel costs unknown at the time, but are real cost unaccounted for today.
 - Staff to manage the partner referral relationships, additions/deletions.
 - Training: all staff must be trained on new policies and procedures.
 - Staff burnout and turnover due to increased number of assessments required.
 - Securing 24/7 access to mental health professionals and qualified physician. Even though you do not have to have these professionals on staff you must have them available 24/7 and that comes with a cost. When a provider uses the professional that also comes with a cost.
 - Peer recovery support services/access in residential sites is new and not billable.
 - Stricter documentation requirements.
 - Upcoming unknown work related to utilization management audits.

- ✓ **Eliminate enhanced rate add-ons for co-occurring and medical services**
 - Sixty-five percent of the residential providers and 38 percent of outpatient providers bill for the enhanced rate add-ons. Providers have hired professional staff due to the availability of the enhanced rate add-ons. In the House proposal any provider who does not enroll in the demonstration (e.g. an outpatient provider) they will no longer have access to these rates as of January 1, 2022 and this will create a significant hole in their budget, likely leading to the elimination of some of their dually licensed staff. This policy proposal is in direct conflict with improved quality and care for patients. It penalizes providers who have already made a commitment to improved quality.

 - Elimination of the enhanced rate add-ons echoes the concern MARRCH highlighted in the Governor's budget. For providers who do not comply with demonstration standards by July 1, 2022 they must return to Medicaid base rates which will not support the staffing complement providers already have hired. This further frustrates the provider's ability to reach the demonstration requirements by July 1, 2023 when the House proposals bans residential providers from providing Medicaid services if they do not meet demonstration standards.

 - Before eliminating rates for services please complete the rate restructuring work that establishes a methodology and framework.

- ✓ **Recovery Community Organizations**
 - Thank you for including funding for recovery community organizations (RCOs). RCOs are the main source for peer recovery support specialists. RCOs recruit and train peers. There are only 10 RCOs in Minnesota. The demonstration project requires all enrolled providers to have access to peer recovery support specialists. Investment in RCOs will help to create access to the peers needed to fulfill the obligations to the demonstration the House proposal creates.

- RCOs create a safe place in the community for those in recovery to be supported and experience fellowship, community, and connection. Recovery is where we want people who have experienced substance use disorders to spend most of their time. It is important to invest in this part of the continuum to help hold people in recovery.

While we have outlined several concerns with the House proposal; we do want to acknowledge the improved position from the Governor's budget proposal. We are appreciative you are listening to our testimony and responding to concerns brought forward. Our hope is to continue to work with the House leaders to improve the policies that will impact over 400 providers and 64,000 Minnesotan's every year. This new demonstration has already saved Minnesota \$89 million. Please consider our request for enough time to make the transition your proposal mandates, allow for adequate conditions to meet the demonstration expectations, and the monetary resources to accomplish the work.

HF 2127 will be much improved if you would be willing to adopt the following:

- ✓ Extend your deadline for mandatory enrollment of residential providers
- ✓ Do not eliminate the enhanced rate add-ons for co-occurring and medical services
- ✓ Set demonstration participation rates at 35% residential/30% outpatient services
- ✓ Improve investment in RCOs to \$4 million over the biennium
- ✓ Fund services for adolescents through school-linked substance use disorder grants

Thank you to Chair Fischer, Representative Franke and Chris McCall for their time and attention during this session to hear from those who will be carrying out the work of the demonstration and policies passed this session.