



March 3, 2025

Representative Robert Bierman
5th Floor Centennial Office Building
St. Paul, Minnesota 55155

Dear Rep. Bierman,

I am writing on behalf of the American Physical Therapy Association – Minnesota Chapter in support of your legislation, H.F. 1005, which seeks to address the woefully inadequate payments to providers who serve Medical Assistance patients.

The APTA-Minnesota Chapter represents over 6,500 physical therapists, 1,700 physical therapist assistants and 500 PT and PTA students enrolled in one of the eleven accredited DPT and PTA programs in Minnesota. The number of PTs and PTAs in Minnesota is growing each year in response to the growing demand for physical therapy services.

Physical therapists are licensed doctors who work with multiple patient populations impacted by disease, injury and movement dysfunction. They optimize quality of life by maintaining, restoring and improving the ability of their patients to move, function and live more active lifestyles. They examine, diagnose and treat individuals of all ages, from newborns to people at the end of life. They save the health care system and public programs money by helping patients avoid expensive surgeries and prescription drugs. PTs and PTAs practice in hospitals and clinics, schools, nursing and veterans homes and workplaces.

Minnesota's Medical Assistance payment rates for physical therapy services are the lowest in our region and are among the lowest in America. MA payments do not cover the cost of providing care. This puts providers of PT services in financial jeopardy, which threatens access for commercial and Medicare patients as well as MA patients. If patients do not have access to physical therapy, their only option for treatment is surgery and drugs, which cost far more.

H.F. 1005 takes long-needed steps to address this problem. It will help assure continued access to physical therapy services for not only the over 1 million MA enrollees in Minnesota but also for Medicare and commercially-insured patients.

Thank you for your work on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Megan Urick".

Megan Urick, PT, DPT - APTA MN Chapter President



Minnesota Association of Community Mental Health Programs

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2024

Dear Chair Schomacker and Committee Members

On behalf of Minnesota Association of Community Mental Health Programs – MACMHP, 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 House File 1005.**

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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace. Out of necessity, our community providers are closing programs or significantly decreasing size their services in efforts to keep some base level of access to services we can available to our clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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. 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.* HF 1005 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. This includes:

- 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

Jin Lee Palen, Executive Director

Solving the children's mental health crisis begins with

Medical Assistance rates reform

The solution is fixing Medical Assistance reimbursement rates

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

The 2024 DHS Outpatient Rate Study provides a framework for the Medical Assistance rates structure that is needed now and into the future.

Minnesota's children and families cannot wait another year for a solution – rate increases are crucial to sustaining what we have and preventing future loss in access to care.

S.F. 1402 / H.F. 1005 –

Medical Assistance Rates Reform Package –

Addresses low reimbursement rates by implementing the DHS outpatient rate study over the next three years:

January 1, 2026:

- **sets all RBRVS rates to at least equal to 100% Medicare**
- **raises children's community-based mental health services (HCPCS)**

January 1, 2027:

- **raises adult community-based mental health services (HCPCS)**
- **eliminates current 20% rates cut for services provided by master-level educated providers**

January 1, 2028:

- **increases inpatient mental health fee-for-service rates**
- **streamlines and increases the Behavioral Health Home rate**

**According to the
Minnesota Department of
Human Services:**

**One in four (1:4)
Minnesotans currently
relies on Medical
Assistance or
MinnesotaCare for their
health coverage.
Medical Assistance and
MinnesotaCare
contribute significantly
to the state's health care
sector, supporting public
health infrastructure,
hospitals, mental health
centers, home care,
community clinics,
nursing homes,
physicians and many
other health
professionals.
Medical Assistance helps
to significantly reduce
the number of
Minnesotans that go
without health care
coverage, and serve as a
lifeline to Greater
Minnesota providers.**



decreasing access

Children and families struggle accessing mental health care - because Medicaid pays for the majority of our children's mental health services, and there is a 40% gap between the cost of delivering care and Medicaid reimbursement rates. This is unsustainable.

Children are boarding in hospitals, juvenile detention and with counties — being held for their safety and without the treatment they need and deserve.

In 2024, children boarded at Children's Minnesota *over 1200 times*, a substantial increase from 2023.

Capacity is shrinking: In January 2025, over 80% of children's mental health providers surveyed anticipate diminished capacity and/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, CTSS, and In-Home Services.

Contacts:
Kirsten Anderson, AspireMN, 651-308-7765
Jin Lee Palen, MACMHP, 651-233-3502
Amanda Jansen, Children's Minnesota, 262-442-3628

14
WEEKS
 Outpatient treatment

16
DAYS
 Day treatment

5
WEEKS
 School-based services

3
WEEKS
 Residential treatment,
 depending on client needs

10
WEEKS
 Children's therapeutic
 services and supports

Children are experiencing preventable mental health crises — while waiting for care, symptoms get worse and families are thrown into crisis trying to help their children.

growing waitlists from shrinking capacity

Access to care is decreasing, with waiting lists averaging statewide increasing from CY 2024 to 2025.

In early 2025, Providers of children and families' services reported closures in:

- **Outpatient services**
- **Early childhood services**
- **CTSS – including In-Home and Skills Services**
- **School-based mental health services**
- **Elementary-Aged Day Treatment**
- **Respite services**
- **Psychological testing and assessment**
- **Systemic Family Therapy**

66%
 Shrinking current
 services

38%
 Closing services
 altogether

22%
 Considering closing
 services

Minnesota Chapter

INCORPORATED IN MINNESOTA

American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN®



Minnesota Chapter of the American Academy of Pediatrics

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March 3, 2025

Human Services Finance and Policy Committee
Minnesota State Capitol
75 Rev Dr Martin Luther King Jr Boulevard.
St Paul, MN 55155

Members of the Human Services Finance and Policy Committee,

On behalf of the over 1,000 members of the Minnesota Chapter of the American Academy of Pediatrics, I am writing in strong support of HF1005.

This legislation will increase outpatient reimbursement rates for medical assistance (MA) to 100% of Medicare. MA currently reimburses about 60-70% of Medicare, and only about 30% of what commercial insurers pay. Minnesota's current payment levels rank 31st in the nation. The proposed rate increase would improve that rank to sixth. With more and more Minnesotans relying on MA for coverage, it is more important than ever to increase these rates and ensure those in every corner of the state have access to care.

If rates remain at the current level, we risk seeing more services cut and access to care in traditionally underserved and rural communities become more difficult. In the past, when we see services reduced, often due to low rates, they are often in primary care, obstetric, and pediatric services. These are services we need to make more accessible, not less accessible, to Minnesotans

Lastly, Minnesota already has some of the worst healthcare disparities in the country. Increasing these rates will directly improve health equity in Minnesota – a top legislative priority for our chapter.

Thank you for the opportunity to weigh in and express strong support for HF1005.

Sincerely,

A handwritten signature in black ink that reads "Katie Smentek".

Katie Smentek, MD, FAAP

President, Minnesota Chapter American Academy of Pediatrics



March 4, 2025

REPRESENTATIVE JOE SCHOMACKER, CHAIR

HUMAN SERVICES POLICY & FINANCE COMMITTEE

MINNESOTA HOUSE OF REPRESENTATIVES

Dear Chair Schomacker and Committee Members,

On behalf of Woodland Centers, 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 House File 1005.**

Woodland Centers is a private non-profit 501(c)(3) comprehensive community mental health center established in 1958. We serve seven rural counties in the west central region of Minnesota – Chippewa, Big Stone, Kandiyohi, Lac Qui Parle, Meeker, Renville, and Swift. Woodland Centers catchment area encompasses approximately 5000 square miles with a population of approximately 114,000. Approximately 75% of the clients served at Woodland Centers are enrolled in Minnesota Health Care Programs and another 15% are enrolled in Medicare. Approximately 90% of our clients are eligible for sliding fee scale reductions and around 85% of these individuals are provided a 100% sliding fee scale reduction. Woodland Centers serves approximately 5,000 unduplicated individuals each year ranging in age from toddlers to the elderly.

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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace.

Out of necessity, our community providers are closing programs or significantly decreasing size their services in efforts to keep some base level of access to services we can available to our clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. As an example, Woodland Centers currently has 8 families on the waiting list for family therapy, many of whom have been waiting for months for services due to the lack of providers competent to provide family therapy services. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental

Kandiyohi Center (Willmar) – Main Office P.O. Box 787 Willmar, MN 56201
320-235-4613 or 800-992-1716
Fax: 855-625-7406
www.woodlandcenters.com

health programs are striving to keep up with the heightened need for mental health and SUD 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. 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.* HF 1005 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. This includes:

- Ensuring reimbursement rates for mental health and physician 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 providers are reimbursed the same amount for delivering the same service as other clinicians; and
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

DocuSigned by:

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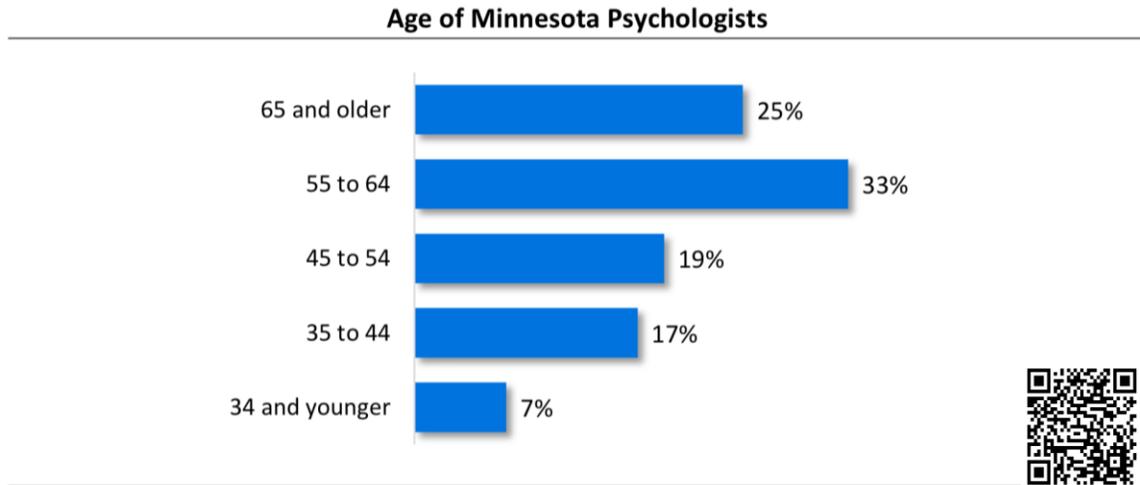
Ashley Kjos, Psy.D., L.P.

Chief Executive Officer

Woodland Centers

Psychology: A Profession in Crisis

Psychology is an aging profession in Minnesota's health care sector. More than half of all psychologists are age 55 or older, and the youngest cohorts of psychologists are proportionately small, suggesting that there is not a large pipeline of new professionals entering the field to replace those retiring.



Source: Minnesota Board of Psychology, February 2016. Analysis done by MDH. Percentages are based on all 3,824 licensees.

- 77% of psychologists in 2016 were 45 years old or older.
- In 2022, there were just over 3700 psychologists in Minnesota
- Approximately 2850 of them are 45 years or older.
- In 25 years, the youngest of these will be 70 years old. The remaining 850 will be 45 or older.
- Assuming replacement at the rate of the last 20 years, there will be 1700 psychologists in Minnesota.
- Using the replacement rate projected in the last 10 years and considering the time it takes to educate and train a psychologist, there will be 260 new psychologists added to the 850 older psychologists, for a total of 1110 psychologists in Minnesota.
- 20 years later it will be 520.

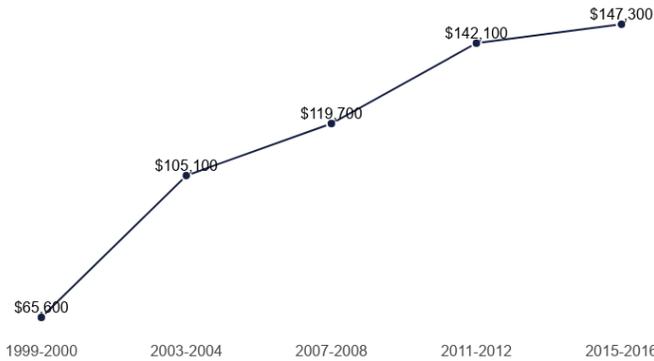
We are running out of psychologists in Minnesota. There are many factors that play a role in this, the most important is that income has been stagnant over the past 20 years. The few improvements have not come even close to keeping up with inflation, much less the costs of training to become a psychologist.

Why it matters.

- Psychologists have a significantly greater breadth and depth of education, training, and experience in mental health diagnosis and treatment. Psychologists are trained in the neurological, biological, social, relational, cognitive, and behavioral sources of mental health disorders. We literally consider the whole person in the treatment of mental health disorders. Master's level mental health providers typically have 3 or more years fewer of education; a lot is learned in those 3 years.
- While this high level of training and experience is not needed for every client, it is needed for the most complex clinical presentations, which are far more likely to be accessing Medical Assistance funded services.
- While we are paid a percentage more than master's level clinicians, the rates of pay have not changed in years, while the cost of living and ironically healthcare have risen sharply.

- From 1999-2015 the cost of a doctorate in psychology has more than doubled, and likely is nearing tripling.

Doctorate of Psychology Cost



Source: National Center for Education Statistics

- Average student loan debt for new psychologists ranges between \$160,000 and \$224,000. (this is higher than education costs because living expenses exceed earning potential for most students)
- Let's look at income (Bureau of Labor Statistics, national data)
 - 2001 median salary for Doctoral level clinical psychologist was \$72,000
 - 2021 median salary for Doctoral level clinical psychologist was \$82,510 (14% increase)
 - Cumulative inflation during the same period is 53%
 - Using the Minnesota federal reserve inflation calculator the pay rate if it just matched inflation should be \$110,175
 - There is a shortfall in pay of \$27,665, an inflation-adjusted pay cut of 33% in the last 20 years.



So with a 1/3 reduction in pay and an approximately 130% increase in educational costs, is there any wonder why there are fewer per capita people entering the field of clinical psychology?

In Minnesota there was a rate increase to a very limited number of programs of 23.7% in 2007; psychologists were excluded from this increase.

- MPA once again presented a request for a rate increase of 23.7% for doctoral level Licensed Psychologists for Medicaid clients.
- DHS informally scored the cost of this change to be \$26,000,000.
- The total annual behavioral health budget for 2024 proposal is \$187,000,000.



For perspective

- The DHS projected cost for a 23.7% increase of 26 million is 14% of the 187 million budget which reflects the costs of all behavioral health. (Mental health and chemical dependency in all its forms.)
- Using DHS math, Doctoral level psychologists would currently account for over 56% of their behavioral health budget (4 times the scored \$26 million cost of a 23.7% increase in payments to Psychologists) or \$104,000,000.

A final note from an April 30th Star Tribune Article "Despite Laws, Patients Face Obstacles to Care"

- Physician assistants (a Master's degree and license) MN median salary \$65.07 per hour, annual salary \$135,345
- We are supposed to have mental health parity, but how can we have that without parity in earnings?



March 3, 2025

Dear Chair Schomacker, Vice Chair Gillman, and Members of the House Human Services Finance and Policy Committee:

I am writing on behalf of the American Diabetes Association (ADA) to urge your support of HF 1005.

The ADA takes a considerable interest in physician payment system rules, as diabetes is a complex, chronic illness that requires continuous medical care, often times from a wide variety of providers. It is of great importance to us to ensure the viability of the many practicing providers and the related public health programs that touch our community.

People living with diabetes get services from a full range of providers. In addition to providers like endocrinologists, podiatrists, nephrologists, diabetes care and education specialists, dietitians, and ophthalmologists, among others; 90% of individuals with type 2 diabetes receive their care through their primary care provider.^{1,2}

Adequate reimbursement for all members of a primary care team improves patient support and care management.³ Team-based care models benefit primary care practices only if they are fully staffed with a range of professionals offering people with diabetes a treatment plan, counseling through lifestyle changes, technology assistance, and follow-up to support disease management.⁴

Minnesotans across the state depend on the Medical Assistance program to get access to the care needed to treat their medical conditions. Roughly one in four Minnesotans rely on Medical Assistance or MinnesotaCare for their healthcare. If services were to be reduced or cut it would greatly impact people living with diabetes.

We respectfully ask the committee to support passage of HF 1005.

Sincerely,

Matt Prokop
Director of State Government Affairs
American Diabetes Association
mprokop@diabetes.org

¹Davidson JA. The increasing role of primary care physicians in caring for patients with type 2 diabetes mellitus. *Mayo Clin Proc* 2010;85(Suppl. 12):S3–S4

²Shrivastav M, Gibson W Jr, Shrivastav R, et al. Type 2 diabetes management in primary care: the role of retrospective, professional continuous glucose monitoring. *Diabetes Spectr* 2018;31:279–287

³Diabetes Management: A Case Study to Drive National Policy Change in Primary Care Settings Raveendhara R. Bannuru, Francisco Prieto, Lisa Murdock and Elise Tollefson *The Annals of Family Medicine* November 2024, 22 (6) 550-556; DOI: <https://doi.org/10.1370/afm.3175>

⁴Diabetes Management: A Case Study to Drive National Policy Change in Primary Care Settings Raveendhara R. Bannuru, Francisco Prieto, Lisa Murdock and Elise Tollefson *The Annals of Family Medicine* November 2024, 22 (6) 550-556; DOI: <https://doi.org/10.1370/afm.3175>



Transforming Lives

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2024

Dear Chair Schomacker and Committee Members:

On behalf of Northeast Youth and Family Services, 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 House File 1005.**

We are a community based mental health and social service agency located in Suburban Ramsey County. We serve about 1000 clients per year with about 40 staff members. We have clinics in White Bear Lake and Shoreview. Our mental health services are provided across the lifespan, but 85% of our clients are under 18. We offer individual, family, couple, and group therapy and specialize in providing trauma, play, and art therapies. We offer services in our outpatient settings, telehealth, and have a robust school-based program serving three local school districts. We offer a sliding fee scale that slides down to \$5 per session for uninsured and underinsured clients.

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 crisis 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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace. For each clinical position, we are reimbursed 80% of the cost of the position by third party billing. 55% of our clients are on Medicaid. In order to cover the other 20%, we try to fundraise through donors and foundations. Even with these donations, we have a budgeted deficit of \$100,000 in our outpatient programs this year - about \$11,000 per position. Salaries and benefits are suppressed to minimize these unsustainable losses so we may provide mental health care to youth and their families.

Out of necessity, our community providers are closing programs or significantly decreasing size their services in efforts to keep some base level of access to services we can available to our clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. We have 47 people on our waitlist - most of whom are children. Our wait times are between 6 weeks and 3 months, depending on program and location. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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.



Transforming Lives

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*. HF 1005 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. This includes:

- 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,

A handwritten signature in black ink that reads "Angela Lewis-Dmello". The signature is fluid and cursive, with a long horizontal stroke at the end.

Angela Lewis-Dmello
President and CEO



March 3, 2025

RE: HF 1005 – Increasing Medical Assistance outpatient payment rates

Dear Chair Schomacker, Vice Chair Gillman, and Members of the Human Services Finance and Policy Committee,

On behalf of the Minnesota Ambulatory Surgery Center Association (MNASCA), I am writing to express our strong support for HF 1005, which proposes an increase in Medical Assistance (MA) outpatient payment rates. As a statewide association representing Minnesota's Ambulatory Surgery Centers (ASCs), MNASCA is committed to promoting high-quality, value-driven surgical services to provide the best possible care to patients.

This crucial legislation addresses a significant issue in our healthcare system and aligns with the recent Minnesota Department of Human Services study recommending outpatient rates be raised to 100% of Medicare levels. The proposed rate increase will provide:

- **Improved Access to Care:** Minnesotans in every corner of the state depend on MA for healthcare. While there are more MA recipients in the metro area, the percentage of recipients is the greatest in rural counties. Higher reimbursement rates will enable healthcare providers to continue offering services to Medical Assistance patients, ensuring better access to necessary outpatient care. Without an increase in rates, access to care will be jeopardized.
- **Support for Healthcare Providers:** The current reimbursement rates, at only 60-70% of Medicare and 30% of commercial payers, are unsustainable for many providers. This increase will help ensure the financial viability of outpatient care facilities.
- **Phased Implementation:** The three-year phase-in approach allows for a gradual adjustment to the new rates, making it more manageable given the projected state budget forecast.

HF 1005 is a critical step towards ensuring the long-term sustainability of outpatient care in our state. By addressing the reimbursement gap, we can improve access to high-quality healthcare services for all Minnesotans, regardless of their location or economic status.

We appreciate your leadership in addressing this vital issue and look forward to collaborating with you to ensure the successful passage of HF 1005. Thank you for your consideration and commitment to improving healthcare access and quality in Minnesota.

Sincerely,

Tracy Mills, President
Minnesota Ambulatory Surgery Center Association

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

On behalf of Relate Counseling Center, 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 House File 1005.**

Relate Counseling Center is a nonprofit organization that has provided mental health care in Western Hennepin County for 55 years. Relate provides outpatient therapy services at two office locations and in 53 schools in the West Metro regardless of financial limitations.

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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace. The majority of Medicaid clients seen by Relate occur in school-based mental health sessions. The costs of providing these services continue to increase. In 2024 our cost per clinical hour was \$146. The school clinicians are paid at the reduced non-doctoral Medicaid reimbursement rate of \$78.26 per session. Medicaid accounted for 28% of our school-based payers.

Out of necessity, our community providers are closing programs or significantly decreasing the size of their services in efforts to keep some base level of access to services available to clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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.

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- Ensuring reimbursement rates for mental health and physician 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 providers are reimbursed the same amount for delivering the same service as other clinicians; and 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,

Arica Hanson, MA, LMFT

Director of Operations, Relate Counseling Center

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

As a therapist at Relate Counseling Center, 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 House File 1005.**

Relate Counseling Center is a nonprofit organization that has provided mental health care in Western Hennepin County for 55 years. Relate provides outpatient therapy services at two office locations and in 53 schools in the West Metro regardless of financial limitations.

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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace. The majority of Medicaid clients seen by Relate occur in school-based mental health sessions. The costs of providing these services continue to increase. In 2024 our cost per clinical hour was \$146. The school clinicians are paid at the reduced non-doctoral Medicaid reimbursement rate of \$78.26 per session. Medicaid accounted for 28% of our school-based payers.

Out of necessity, our community providers are closing programs or significantly decreasing the size of their services in efforts to keep some base level of access to services available to clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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.

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- Ensuring reimbursement rates for mental health and physician 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 providers are reimbursed the same amount for delivering the same service as other clinicians; and 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.

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Sincerely

Lindsey Sachs, LPCC

Lindsey Sachs, LPCC

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

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Sincerely

Your Name

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 3, 2025

Dear Chair Schomacker 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 House File 1005.**

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 (Medical Assistance) 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.

Out of necessity, our community providers are closing programs or significantly decreasing size their services in efforts to keep some base level of access to services we can available to our clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. Access to care is decreasing with waiting lists averaging statewide from 2024-2025. 66% of medical clinics are shrinking current services and 38% are closing altogether. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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. 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.* HF 1005 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. This includes:

- 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.

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Sincerely



Abigail Vavra
Compliance Officer

March 3, 2025

Chair Schomacker
House Human Services Finance and Policy Committee
2nd Floor Centennial Office Building
St. Paul, MN 55155

Re: Support for HF 1005 (MA rate increases)

Dear Chair Schomacker and Members of the House Human Services Committee:

We write in strong support of HF 1005 which would increase rates within the Medical Assistance program, strengthening the foundation of an essential program that provides health coverage for over one million Minnesotans across the state.

Medical Assistance reimburses at levels far below the cost of providing care. Low reimbursement rates for mental and behavioral health services in particular result in less access to timely and appropriate care, strained emergency departments, and undue hardship for patients and their families. Inadequate payment rates within MA also create reimbursement inequities between Medical Assistance and commercial plans.

The 2024 study by the MN Department of Health and Wilder Research underscored how limited community mental health service capacity results in transfer and discharge delays in emergency departments for patients with behavioral health conditions.¹ The study found the single most common factor leading to transfer and discharge delays for behavioral health patients was the lack of Inpatient psychiatric beds. The study found that this same factor also accounted for the greatest number of discharge delay days.

HF 1005 would strengthen Medical Assistance reimbursement by simplifying and bolstering rates, incorporating several recommendations from the 2024 DHS Outpatient Services Rate Study. The bill makes a crucial investment in the state's Medical Assistance program, strengthening this essential program for Minnesotans across the state.

Thank you to Representative Bierman for your leadership on this important issue, and we urge members of the committee to support HF 1005.

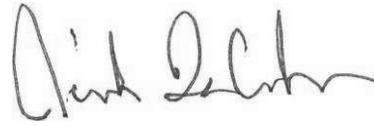
¹ [Transfer and Discharge Delays for Behavioral Health Patients at MN Hospitals, July 2024](#)

Sincerely,



Irene Fernando
Chair
Hennepin County Board of
Commissioners

HENNEPIN COUNTY
BOARD OF COMMISSIONERS



Jennifer DeCubellis
Chief Executive Officer
Hennepin Healthcare System

 Hennepin**Healthcare**

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

As a therapist at Relate Counseling Center, 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 House File 1005.**

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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.* HF 1005 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. This includes:

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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.

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Sincerely,

Kallie Stroh

School Services Therapist

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

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Kallie Stroh

School Services Therapist

MnJDA 
**Minnesota Juvenile
Detention Association**

To whom it may concern

Anoka County Juvenile
Center

Over the past 5 years there has been a significant increase in the number of children boarding in detention facilities. In 2024 a survey of MNJDA facilities showed that on June 1st 2024 20% of youth in juvenile correctional facilities in the state of Minnesota were boarding due to their mental illness. Most of these children stay for extended periods waiting for care they need.

Arrowhead Juvenile
Center

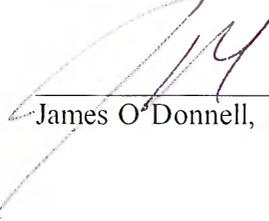
Dakota County Juvenile
Services Center

We recognize reform of our current Medicaid rates will help to enhance mental health services available to children who are in desperate need of these services. As a result we support HF 1005 to provide solutions to children boarding.

East Central Regional
Juvenile Center

Respectfully,

Hennepin County
Juvenile Detention Center



James O'Donnell, President MNJDA

03 March 2025
Date

MN Correctional Facility
Red Wing

Northwestern Minnesota
Juvenile Center

Prairie Lakes Youth
Programs

Ramsey County Juvenile
Detention Center

Red River Valley Juvenile
Center

Scott County Juvenile
Alternative Center

West Central Regional
Juvenile Center

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

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Sincerely

Kyla Flaten, MSW, LICSW, MPH

Early Childhood Program Manager

Clinical Supervisor/Therapist

Relate Counseling Center

7700 Equitable Drive, Eden Prairie, MN 55344

Main Office: 952.932.7277 | Fax: 952.932.9827

March 3, 2025

Members of the House Human Services Finance and Policy Committee:

On behalf of NAMI Minnesota, we are writing in support of HF 1005.

Medicaid reimbursement rates are too low, making it difficult for providers to meet the needs of people in Minnesota. Some providers are closing their doors completely, while others are scrambling to recruit and retain skilled professionals. The impact is that children and adults are waiting for months to receive the care they need. Children are boarding in emergency rooms, with counties, and in juvenile detention facilities.

Medicaid is the single largest payer for mental health services in the United States and thus, low rates are not offset by higher private insurance rates. In Minnesota people from Black, Indigenous, and People of Color (BIPOC) communities are more likely to use Medicaid thus adding to mental health care disparities. These issues are spread across the state but workforce shortages and gaps in care have a harsher impact on rural Minnesotans, where resources may already be sparse.

Increasing Medicaid reimbursement rates means increasing access to care. This bill is necessary to ensure that people across the state have access to timely, quality, culturally responsive treatment. Raising rates is the primary way we can solve the mental health workforce crisis and increase access to lifesaving services.

We must continue to build out a continuum of early intervention, prevention, outpatient, intensive, and crisis services. Yet, at a certain point, we are loading an abundance of resources into a cart with broken wheels. Children and families will not see those resources in time and preventable crises will go without intervention if we do not have a foundation of robust rates and investment. Thank you for taking the time to hear this important bill and for prioritizing mental health in your committee. We urge your support of HF 1005 to provide gradual increases to rates for critical mental health services.

Sincerely,

Sue Abderholden, MPH
Executive Director

Elliot Butay
Senior Policy Coordinator

Sarah Knispel, MSW
Public Policy Coordinator



**Minnesota Society of
Interventional Pain Physicians**

The Voice of Interventional Pain Medicine in Minnesota

March 3, 2025

Chair Joe Schomacker
2nd Floor Centennial Office Building
St. Paul, MN 55155

RE: HF1005 – Medical Assistance Rate Adjustments Establishment for Physician and Professional Services

Dear Chair Schomacker, Vice Chair Gillman, Lead Noor, and Members of the Human Services Finance and Policy Committee,

The Minnesota Society of Interventional Pain Physicians (MSIPP), join other stakeholders in supporting HF1005. MSIPP's mission is to promote the development and practice of safe, high quality, cost-effective interventional pain management techniques for the diagnosis and treatment of pain and related disorders, and to ensure patient access to these interventions.

The proposed adjustments in HF1005 are essential, and long overdue, to ensure that healthcare providers are adequately compensated for their services, which in turn will improve the quality of care for patients. It will expand the healthcare access for individuals across the state of Minnesota while ensuring that physicians are paid adequately regardless of the patient's payment mechanism.

Fair reimbursement rates are fundamental to maintaining a robust network of healthcare providers. By supporting this provision, we can address the financial challenges faced by providers, improve patient access to care, and strengthen the overall healthcare system in Minnesota. HF1005 will help ensure that Minnesota's growing MA population's needs can be met by providing reliable funding to ensure the care patients need is available to them when and where they need it.

MSIPP appreciates the legislature's consideration of this bipartisan effort to improve physician reimbursement. MSIPP believes that this bill is a crucial step to expand healthcare access to Minnesotans who rely on medical assistance for care while ensuring that healthcare providers who administer this care are adequately compensated for their work.

Thank you for the opportunity to share this letter in support of HF1005.

Sincerely,

The Minnesota Society of Interventional Pain Physicians



March 3, 2025

RE: HF1005 – Medical Assistance Rate Adjustments Establishment for Physician and Professional Services

Dear Chair Schomacker, Vice Chair Gillman, Lead Noor, and Members of the Human Services Finance and Policy Committee,

Thank you for hearing HF1005 aimed at reforming reimbursement rates for physicians. Healthcare Leaders Association of Minnesota (HLAMN formerly MMGMA), join other stakeholders, including the Minnesota Medical Association in supporting HF1005. HLAMN is an organization of healthcare business leaders and executives who work together to improve the health status of the community and patients they serve. This provision is essential for ensuring that primary care providers are compensated and that patients have access to high-quality healthcare services.

The proposed adjustments in HF1005 are essential, and long overdue, to ensure that healthcare providers are adequately compensated for their services, which in turn will improve the quality of care for patients.

The provision mandates that, effective January 1, 2026, or upon federal approval, reimbursement rates for primary care services under the resource-based relative value scale must be at least equal to 100 percent of the Medicare Physician Fee Schedule. This adjustment is crucial and would move Minnesota's payment levels from 31st in the nation to 6th in the nation.

Additionally, the provision requires the commissioner to increase capitation payments to managed care plans and county-based purchasing plans to reflect the rate increases. This ensures that the increased funds are appropriately directed to primary care providers, enhancing their ability to deliver essential services. The monitoring of the rate increase's impact on enrollee access to services is a vital step in ensuring that the intended benefits are realized which is crucial as more and more Minnesotans are relying on MA for coverage.

By supporting this provision, we can address the financial challenges faced by primary care providers, improve patient access to care, and strengthen the overall healthcare system in Minnesota. Fair reimbursement rates are fundamental to maintaining a robust network of healthcare providers.

HLAMN greatly appreciates the legislature's consideration of this bipartisan effort to improve physician reimbursement. HLAMN believes that this bill is a crucial step to expand healthcare access to Minnesotans who rely on medical assistance for care while ensuring that healthcare providers who administer this care are adequately compensated for their work.

Sincerely,

Laurie Curtis, Government Affairs Chair
Healthcare Leaders Association of Minnesota

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 3, 2025

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- Ensuring reimbursement rates for mental health and physician services that have an equivalent Medicare payment will be paid at least 100% of the Medicare fee schedule;
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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

Tracee Lawrence

Payroll/Accounting Manager

Relate Counseling Center

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

As a therapist at Relate Counseling Center, 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 House File 1005.**

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Sincerely,

Kallie Stroh

School Services Therapist



Tuesday, March 4, 2025

Dear Chair Schomacker and Members of the Human Services Finance & Policy Committee,

Minnesota's Prenatal to Three Coalition (PN-3) urges you to support HF1005, to increase Medicaid mental health reimbursement rates for obstetric and gynecological and care, and to invest in infant and early childhood mental health care. We represent a diverse group of stakeholders supporting policies and programs aimed at ensuring infants, toddlers and families with young children have the best start in life regardless of income, geography, or race.

Increasing Medicaid reimbursement rates mitigates financial strain on providers and improves the ability of community-based organizations and public agencies to perform critical care and services to children and families. PN-3 Coalition believe this investment will ultimately improving maternal health outcomes by encouraging more women to seek necessary care without barriers due to cost.

Labor and delivery units are closing around Greater Minnesota and providers are struggling to stay open with the current obstetrics and gynecology reimbursement rates. Access to perinatal care during pregnancy is critical to prevent complications during the birth and the postpartum period, but high costs and the far distance between Medicaid providers deter pregnant people from accessing this lifesaving care.

We know that the mental health of infants and toddlers are indicators of their overall health and wellbeing. Their earliest experiences and relationships with their caregivers create the foundation on which all future learning and development is built on. Many families in Minnesota are sitting on waitlists for mental health care to support their young children. By supporting investment in children's mental health providers, more families will be able to access services more efficiently.

Please join us in supporting HF1005, to invest in caring for pregnancy care and the mental health and wellbeing of children and families in Minnesota.

Thank you,

Alisha Porter
Co-Chair, PN-3 Coalition
Children's Defense Fund

Nancy Jost
Co-Chair, PN-3 Coalition

Laura LaCroix-Dalluhn
Program Coordinator

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

As a therapist at Relate Counseling Center, 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 House File 1005.**

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

Sincerely,

Sarah Granger LICSW

Relate Counseling Center



Representative Joe Schomacker, Chair
Human Services Committee
March 4, 2025

Chair Schomacker and Human Services Committee Members,

On behalf of the National Association of Social Workers, MN Chapter (NASW-MN), the MN Society for Clinical Social Work and other members of the MN Coalition of Licensed Social Workers, we are writing in support of HF 1005.

NASW-MN is the largest membership organization of professional social workers in our state and the Coalition includes the MN Association of Black Social Workers, the MN Hmong Social Workers' Coalition, the MN Nursing Home Social Workers Association, the MN School Social Workers Association, and the MN Society for Clinical Social Work. Collectively we represent over 3,000 social workers.

There is currently a significant gap between the cost of delivering services and Medical Assistance reimbursement rates. Addressing this gap will improve access to services, increase capacity in mental health settings, and reduce staffing shortages.

HF 1005 sets all RBRVS rates to at least equal to 100% Medicare and raises children's community-based mental health services (HCPCS) immediately. It will phase in other needed rate increases over the next two years. These are services that are often already being provided but without proper reimbursement rates, it is difficult for providers to maintain these essential mental health services to their communities.

Social work is based on a mission to enhance the well-being of humans. We advocate for our clients, and want to ensure that social workers and other professionals are supported in their work.

We appreciate your consideration.

Sincerely,

Coalition of Licensed Social Workers Representatives,

Karen Goodenough, PhD, LGSW, National Association of Social Workers, MN Chapter
Renita Wilson, MSW, LICSW, MN Association of Black Social Workers
Kao Nou Moua, PhD, MSW, LGSW, MN Hmong Social Workers' Coalition,
Joanna Genovese-Cairns, MSW, LISW, MN Nursing Home Social Workers Association
Julie Campanelli, LICSW, Ed.S, MN School Social Workers Association
James Stoltz, LICSW, LADC, MN Society for Clinical Social Work
Jenny Arneson, MSW, LGSW, Legislative Consultant

To: Chair Representative Joe Schomacker; House Human Services Committee

Re: Support for HF 1005

Date: 3/3/2025

Dear Chair Schomacker and members of the Human Services Committee,

We are writing to express support for HF 1005. 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, including mental health care and substance use treatment.

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. Delays in mental health and substance use treatment can be terribly harmful to patients and present challenges for providers. HF 1005 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, 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.

We urge you to adopt the payment mechanism adopted in SF 1402, or other sources of new revenue, in order to make 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,

ISAI AH

Minnesota Farmers Union

SEIU Healthcare MN & IA

UNIDOS MN

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



MINNESOTA ACADEMY OF PAS

Minnesota Academy of PAs
PO Box 459
Tolland, CT 06084

Phone: (651) 237-7241
Email: info@minnesotapa.org

March 1, 2025

Rep. Robert Bierman
5th Floor, Centennial Office Building
St. Paul, Minnesota 55155

Dear Rep. Bierman,

I am writing in support of your legislation, HF 1005, on behalf of the Minnesota Academy of PAs (MAPA). Your bill proposes necessary reforms and increases to Minnesota's Medical Assistance (MA) reimbursement rates.

MAPA represents Minnesota's 4,000+ PAs and PA students enrolled at Minnesota's five nationally accredited PA programs. PAs are trained to diagnose illness, develop and manage treatment plans, and prescribe medication in every medical and surgical specialty and setting. PAs serve in hospitals and clinics and provide a comprehensive range of services, from primary care to high-technology specialty procedures. MAPA advocates for our members and our patients and seeks policies that promote access to quality care.

Current reimbursement rates from MA have not kept pace with rising costs, creating financial strain on providers and limiting access to essential healthcare services. By increasing these rates, HF 1005 will help sustain vital healthcare programs, support healthcare workers, and improve outcomes for the nearly 25% of Minnesotans that rely on MA.

We appreciate your initiative in advancing this important legislation and investing in a healthcare system that works for all Minnesotans.

Sincerely,

Alannah Zheng, MSPA, PA-C, CLC
Co-Chair, Minnesota Academy of PAs Legislative & Reimbursement Committee

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

As a therapist at Relate Counseling Center, 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 House File 1005.**

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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.

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Sincerely,

Rachel Schwake, MSW, LICSW
Relate Counseling Center



Addressing Medicaid Outpatient Rates for Psychologists

The Minnesota Psychological Association (MPA) appreciates efforts towards improving Medicaid outpatient rates in the upcoming legislative session. Recent improvements, including the increase to the Day Treatment rate, demonstrate a commendable commitment to supporting mental health care providers and expanding access to vital services for vulnerable populations. For many years, MPA has been advocating for broader changes in rates, and we are excited to collaborate further to ensure that rate reforms, like the recent DHS rates study, continue.

The Case for Medicaid Rate Increases for Psychologists

For over 15 years, outpatient Medicaid rates have not substantively changed for psychologists. During that time, the cost of providing vital psychological services has skyrocketed. As a result, we have seen more psychologists leaving or choosing not to enroll to provide Medicaid services. This is due to the rates not following inflation and, over time, they have become financially untenable. While aligning Medicaid outpatient rates with the Medicare Physician Fee Schedule may appear to be a positive step, it ignores the reality that psychologists will not see a meaningful rate adjustment due to psychologists already hitting the Medicare Physician Fee Schedule ceiling. Consequently, year after year, we will continue to see fewer psychologists enroll to be Medicare providers due to low rates of payment.

Minnesota Medicaid reimbursement relies on an RVU payment structure designed almost exclusively by medical physicians, and which fails to account for the distinct treatment realities of mental health care. Additionally, while Medicare has decided to include Master of Arts-level clinicians to increase the provider pool, this appears to have created a sense of licensure equivalency and static rates of pay across licenses. However, *there is no equivalency, and to propose that there is one is to ignore a significant reality: that psychologists undergo 3-4 years of additional education, and obtain a broader scope and higher level of training experiences that produce superior clinical skills.*

The proposed bill for rates adjustment overlooks the unique contributions and needs of psychologists. While the proposed adjustments do provide the same initial increase in medical rates to all providers in the first year, *the second year includes an additional 20% increase for Master's level providers yet omits an increase to psychologists. Failing to include psychologists in these rates increases perpetuates a critical gap in Medicaid's reimbursement for psychologists, deterring many from joining or remaining on Medicaid panels.* The unintended potential consequence of this will include a further reduction in psychologist Medicaid providers. This is potentially catastrophic, particularly to some of the most vulnerable Minnesotans, because the pool of patients on Medicaid includes some of the more complex clinical presentations and will require the highest level of training and skills.

The shortage of psychologists participating in Medicaid harms the general population, and, in particular, our neighbors with lower incomes. Without adequate access to psychologists, patients face longer wait times, limited provider choices, and fewer opportunities for specialized care. This is especially detrimental for underserved populations who often depend on Medicaid for mental health services. *Expanding access to psychologists and incentivizing psychologists' participation is essential to addressing these systemic issues.*

A Step in a New Direction

Our Asks:

1. Inclusion in the Second Year Rate Increase for Mental Health Providers

- 1. Acknowledgment of Advanced Education and Training:** Psychologists undergo a minimum of three additional years of education and training compared to master's level clinicians. Increased rates should reflect this distinction and reinforce the value of advanced expertise in delivering high-quality care. Rates that are the same between doctoral-level and masters-level clinicians creates a false equivalency.
- 2. Incentivizing Specialization and Panel Participation:** Psychologists are more likely to specialize in areas such as child and adolescent mental health, neuropsychology, integrated care, and other critical fields. Competitive rates would attract more psychologists to Medicaid's panel, ensuring that clients have access to these much-needed specialties.

Collaboration Moving Forward

With these points in mind, psychologists must be included in the second year outpatient Medicaid rate increase. MPA is committed to collaborating with policymakers and stakeholders to ensure psychologists receive equitable rate increases. Doing so will strengthen Medicaid's provider network, improve access to specialized care, and enhance overall mental health outcomes for our communities.

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2024

Dear Chair Schomacker and Committee Members

On behalf of Range Mental Health Center (RMHC), 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 House File 1005.**

About Range Mental Health Center:

- We are a private, not-for-profit mental health services provider and a Certified Community Behavioral Health Clinic (CCBHC)
- We were the first rural community mental health center in the United States and the first in Minnesota to provide services developed specifically for persons with serious and persistent mental illness.
- RMHC was established in 1961 and was the 16th federally designated community mental health center in the nation.
- Mental health services are provided each year to more than 5,000 adults, children and families. Our service area covers northern St. Louis County and expands for more than 6,800 square miles.

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WM. J. Bell Building | 504 First St N | Virginia, MN 55792 | 218-749-2881 | 800-450-2273
Range Treatment Center / Dextor | 626 S 13th St | Virginia, MN 55792 | 218-741-9120
Gov. Rudy Perpich Building | 3203 W 3rd Ave | Hibbing, MN 55746 | 218-263-9237 | 800-450-2273
Ely Office | 111 South 4th Ave E | Ely, MN 55731 | 800-450-2273

extremely low compared to the cost of providing care. HF 1005 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. This includes:

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Sincerely,

Annmarie Florest

Annmarie Florest, MSW, LICSW
Chief Executive Officer
Main - 624 S 13th St, Virginia, MN 55792
218-749-2881 Ext. 117
aflorest@rangementalhealth.org

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24 Hour Crisis Line: 844-772-4724

An Equal Opportunity Employer

www.rangementalhealth.org

March 3, 2025

Rep. Joe Schomacker, Chair
House Human Services Finance and Policy Committee
2nd Floor Centennial Office Building
St. Paul, MN 55155

Re: Support for House File 1005

Dear Chair Schomacker and Members of the Human Services Finance and Policy Committee:

ARRM is a statewide trade association of over 200 provider organizations, businesses, and advocates dedicated to leading in the advancement of Home and Community-Based services that support both adults and children with disabilities. On behalf of our members, we want to take this opportunity to offer our support for House File 1005.

Over the last year, ARRM has been engaged in coalition work with other provider organizations, hospitals, and advocacy organizations to address and find solutions for the crisis of children boarding in emergency rooms, detention centers, and with counties across the state. HF 1005 is critical to ensure that adequate reimbursement rates are provided to offer solutions to support children and their families. Finding the right kind of support to prevent long-term placements in emergency rooms or corrections facilities, along with access to the proper interventions to support a child to transition out of one of these placements, can only be accomplished with a robust network of services.

Children with a developmental disability or mental illness should not be boarding in emergency rooms or correctional facilities. They should be with their families or in a community-based setting where they can access the important services and support they need to help them in their day-to-day lives. We want to thank Rep. Bierman for bringing this important piece of legislation forward and look forward to the continued work to ensure that every child has access to the services they need to live their best life.

Thank you for the opportunity to provide support for this proposal.

Sincerely,

Sara Grafstrom
Senior Director of State and Federal Policy, ARRM





March 3, 2025

Representative Robert Bierman
5th Floor Centennial Office Building
St. Paul, MN 55155

Dear Representative Bierman,

Jamie Gulley
President

Jigme Ugen
Executive Vice President

Phillip Cryan
Executive Vice President

Brenda Hilbrich
Executive Vice President

Rasha Ahmad Sharif
Executive Vice President

As frontline mental health workers and members of SEIU Healthcare MN & IA, we write to support HF1005 which would provide a long overdue Medicaid rate increase for mental health services. SEIU represents over 50,000 healthcare workers in Minnesota who work in hospitals, clinics, nursing homes and self-directed homecare. Our members include hundreds of recently organized mental health workers in both the Allina and M Health Fairview systems. Between us, we have worked in mental health at M Health Fairview Riverside campus for 15 years and live in Minneapolis.

Our fellow mental health workers organized with SEIU because we thought our current mental health system is failing employees, the patients we care for, and our entire community. We suffered from low pay, dangerous working conditions, and short staffing. We wanted to keep providing critical services Minnesotans has continued to need.

Worse, hospitals kept closing and re-shuffling mental health beds in a way that made it very difficult to do our jobs effectively. On top of the closures of St. Joseph's and Southdale, our employer has closed more beds at Riverside. Since the pandemic, our pediatric department closed over 40 inpatient beds at Fairview Riverside. In June 2024, Fairview reduced another 12-adult inpatient mental health beds after capping Station 10 and 32. They have also worsened our staffing grid, instituted hiring freezes and in the fall of 2023 laid off Health Unit Coordinators. While decisions like this have been difficult on our coworkers, the ultimate burden is faced by the patients we serve.

As critical as our union has been of Fairview's decisions, we acknowledge these problems result, to a large extent, from a health care financing system that chronically underfunds mental health. In 2024, other hospitals have made the difficult decision to close mental health beds. Lake Region Hospital in Fergus Falls closed its 14-bed adult unit. Lakewood Hospital in Staples closed its 10-bed adult unit.

Everyone agrees that mental health treatment saves money for the health care system and our community in the long run, but it is hard to get the investments we need now.

HF1005 begins to redress that balance, at least with some Medicaid rates. It is an important first step to create a sustainable mental health system.

Sincerely yours,

Eric Immer and Bill Bader

kih/OPEIU12

345 Randolph Avenue
Suite 100
St. Paul, MN
55102

651.294.8100
800.828.0206
(fax) 651.294.8200
www.seiuhcmnia.org



The Kid Experts™

March 4, 2025
House Human Services Finance and Policy Committee

Chair Shomacker and Committee Members:

On behalf of Children's Minnesota, we are writing in support of HF1005 which increases Medicaid reimbursement rates for mental health services, a foundational step to addressing the mental health crisis facing Minnesota children.

Children's Minnesota is the largest pediatric health system in the state serving more than 160,000 kids annually. We provide a continuum of mental health services including primary care, integrated behavioral health, outpatient and partial hospitalization services, crisis stabilization and acute inpatient care.

Despite efforts to expand the services we provide, there are still not enough mental health services in Minnesota to meet the current need. Children are waiting for months to access care, too often utilizing the emergency department as a last resort. In 2024 kids boarded at Children's Minnesota more than 1,200 times while waiting to access the community-based services they need, a substantial increase from the year prior. Included with this letter is a document that provides additional information specific to children boarding in our hospitals.

Just over 77% of the patients who have boarded with us and nearly half of patients receiving mental health services from Children's Minnesota rely on Medicaid. Currently Medicaid rates for mental health services are paid well below the cost of providing care which impacts the entire spectrum of mental health providers in the state. Across all our outpatient and inpatient mental health services we are reimbursed for less than half of our costs and, because costs continue to rise, that level of reimbursement is getting worse. The current rates are unsustainable, and on average we operate these vital services at a loss, severely limiting our ability to recruit and retain the staff needed to meet the growing needs of our patients and their families.

Children and families cannot spend another year waiting for a solution to the mental health crisis they are experiencing. Please support HF1005.

Sincerely,

Patricia Vitale
System Director Mental Health
Children's Minnesota

Jessica Brisbois, LICSW
Manager, Acute Mental Health Services
Children's Minnesota

A broken system: THE JOURNEY OF A CHILD IN CRISIS

SITUATION

10 year old brought to the emergency department by caregiver for behavioral concerns.*



Multiple diagnoses (ADHD, PTSD) with limited coping skills and challenges regulating behaviors.

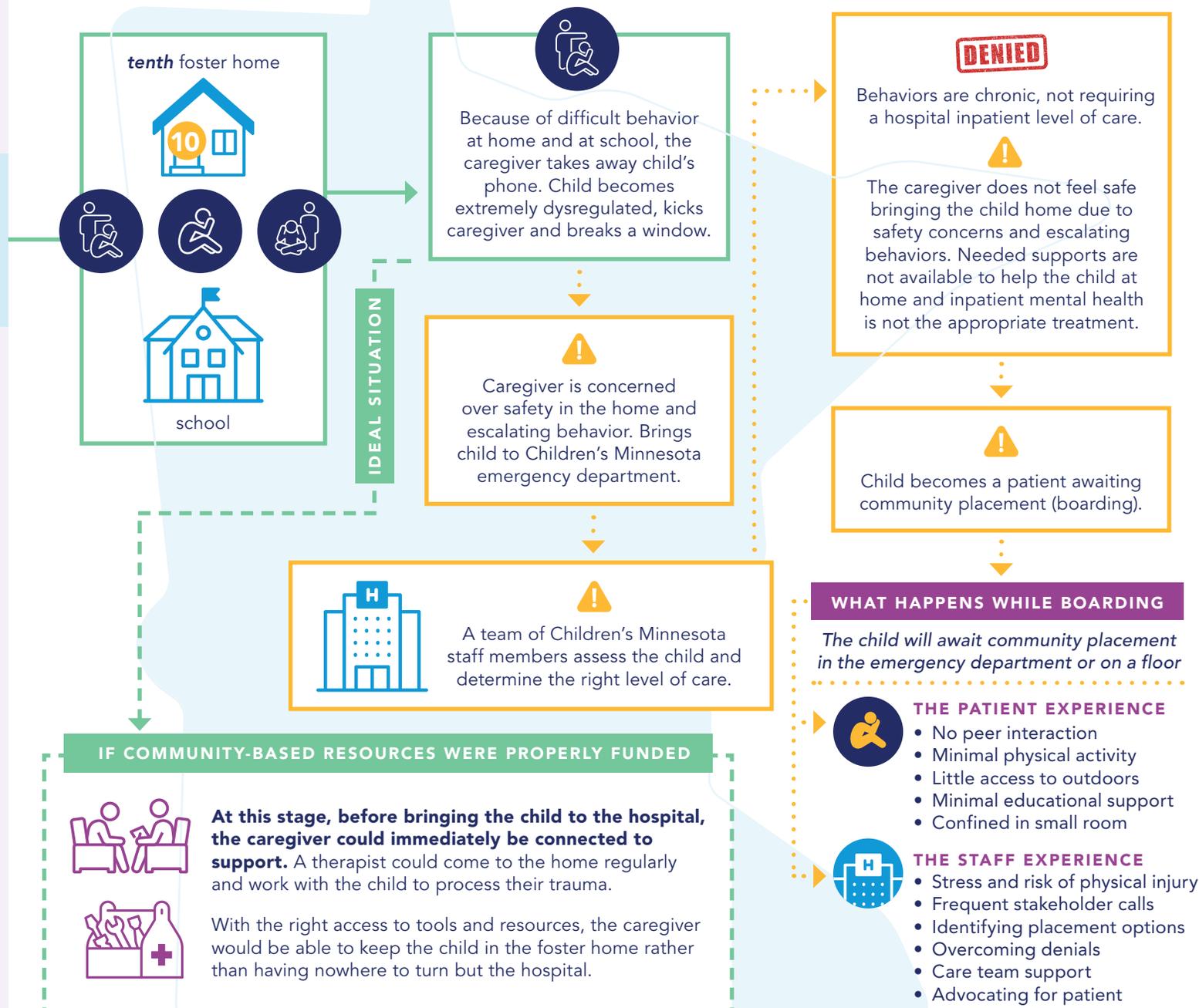
HISTORY

- Experienced past trauma, including witnessing domestic violence, parental substance abuse and was removed from birth family's care at 7-years old.
- Placed in 10 different foster homes.
- Verbally and physically aggressive when dysregulated, particularly towards caregivers.

For more information, please contact:

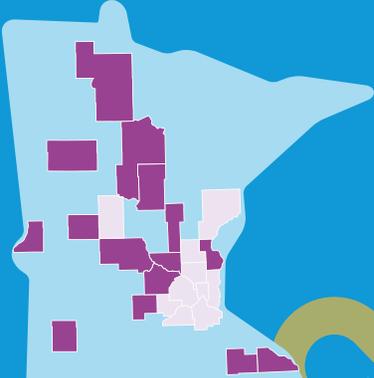
Amanda Jansen,
Director of Public Policy
Children's Minnesota

amanda.jansen@childrensMN.org
Cell: 262-442-3628



PATIENTS IMPACTED BY THE BOARDING CRISIS

In 2024, we saw patients from
16 NEW COUNTIES



MOST IMPACTED GROUPS

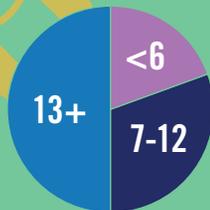
African American/Black
Caucasian/white
Multi-race

THIS HAS A WIDE
IMPACT ON ALL
COMMUNITIES

77.4%

are reliant on

MEDICAID



PATIENT AGES

In 2024, kids boarded
at Children's Minnesota

1200+

TIMES

a substantial increase from 2023

54%

are under guardianship

OF THE COUNTY

In 2025, state leaders must focus on policy changes to help children with the most complex behavioral health needs. Significant investments are needed to improve access to the continuum of mental health care, including increasing Medicaid reimbursement rates and alleviating the boarding crisis.



COMMON CHARACTERISTICS AMONG PATIENTS BOARDING:

- Multiple past placements
- More than 3 hospital visits over the past year
- Neurodivergent, developmental delay, low level of functioning
- History of aggression, sexualized behaviors, running away
- Chronic self-harm, substance abuse
- Multiple medical conditions

For more information, please contact:

Amanda Jansen, Director of Public Policy
Children's Minnesota

amanda.jansen@childrensMN.org
Cell: 262-442-3628

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

As a therapist at Relate Counseling Center, 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 House File 1005.**

Relate Counseling Center is a nonprofit organization that has provided mental health care in Western Hennepin County for 55 years. Relate provides outpatient therapy services at two office locations and in 53 schools in the West Metro regardless of financial limitations.

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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace. The majority of Medicaid clients seen by Relate occur in school-based mental health sessions. The costs of providing these services continue to increase. In 2024 our cost per clinical hour was \$146. The school clinicians are paid at the reduced non-doctoral Medicaid reimbursement rate of \$78.26 per session. Medicaid accounted for 28% of our school-based payers.

Out of necessity, our community providers are closing programs or significantly decreasing the size of their services in efforts to keep some base level of access to services available to clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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. 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.* HF 1005 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. This includes:

- Ensuring reimbursement rates for mental health and physician 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 providers are reimbursed the same amount for delivering the same service as other clinicians; and 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



Elizabeth Sersland

Fairview

March 4, 2025

House Human Services Finance and Policy Committee

Re: Support for HF1005 – Mental Health Reimbursement Rates

Dear Chair Schomacker and Committee Members:

On behalf of Fairview Health Services (“Fairview”), we are writing in support of HF1005 which includes critical reimbursement increases in our mental and behavioral health systems. This bill represents a critical step to helping improve access to mental health services across Minnesota.

In recent years, Fairview has taken bold steps toward innovative solutions to delivering mental health services. We were first adopters of the EmPATH (Emergency Psychiatric Assessment, Treatment and Healing) model in Minnesota and have paved the way for other hospitals in the state and across the country to look to this model to increase access to mental health care. Unfortunately, innovations like these are not sustainable nor replicable long-term at the current reimbursement rates for mental health.

Medicaid rates for mental health services are paid well below the cost of providing care. Financial challenges are particularly pronounced in the inpatient settings with patient’s length of stays increasing and hospitals inability to place many civilly committed patients in the state’s direct care and treatment facilities. Low reimbursement rates discourage investments in and expansions on inpatient mental health services, even threatening existing capacity.

These challenges also show up directly in our emergency departments. The lack of access to outpatient mental and behavioral health services means emergency departments have become de facto holding spaces for behavioral and mental health patients, straining emergency health care resources and creating an unsuitable environment for individuals in crisis who may require specialized care and a calm setting. Delayed admission to inpatient facilities or discharge to community settings often leads to the deterioration of mental health conditions, making the eventual treatment more challenging and potentially less effective. Without a significant investment in our mental and behavioral health system, individuals in crisis will be unable to access timely and appropriate treatment. This shortage is particularly acute in rural areas, where mental health services are already limited.

On behalf of all the patients who entrust our providers with their care, we again ask for your support to make significant investments in our mental and behavioral health system in the current legislative session.

Sincerely,



Chris Beamish, MHA, MSW

Fairview Health Services, Interim Service Line Director, Mental Health and Addiction Services



Volunteers of America of Minnesota
7625 Metro Blvd
Edina, MN 55439
P: (952) 945-4000

Behavioral and Mental Health Program

February 28, 2025

RE: Support for HF1005 – Medical Assistance Rate Adjustments for Physician and Professional Services

Dear Chair Schomacker and Members of the Human Services Finance and Policy Committee,

On behalf of Volunteers of America of Minnesota, I am writing to express our strong support for HF1005, which seeks to establish critical Medical Assistance rate adjustments for physician and professional services. As a nonprofit provider of mental health services, we work with nearly 800 young people each year in outpatient clinics, school-based programs, community and home settings, and residential treatment. The need for accessible, high-quality mental health care has never been greater, yet current reimbursement rates make it increasingly difficult to sustain these essential services.

The youth we serve come to us with significant mental health challenges, often exacerbated by trauma, housing instability, and systemic barriers to care. Whether a young person receives therapy in a school setting, at home, or in a residential treatment facility, our ability to provide timely and comprehensive services depends on a stable and adequately compensated workforce. Unfortunately, stagnant Medical Assistance reimbursement rates have created persistent financial strain, making it difficult to recruit and retain highly skilled mental health professionals.

HF1005 takes a vital step toward addressing this challenge by adjusting rates to reflect the true cost of delivering care. Increased reimbursement will help ensure that organizations like ours can continue providing life-changing mental health services to youth who might otherwise go without care. Investments in these services not only improve individual outcomes but also strengthen families and communities by reducing crisis interventions, emergency room visits, and long-term system involvement.

We urge you to support HF1005 and prioritize sustainable funding for mental health services across Minnesota. Thank you for your leadership and commitment to improving access to care for our most vulnerable residents. We welcome the opportunity to share further insights from our experience and stand ready to support this effort in any way we can.

Sincerely,

A handwritten signature in cursive script that reads "Julie Manworren".

Julie Manworren, President & CEO
Volunteers of America of Minnesota

February 28, 2025

Chair Schomacker and Members of the Human Services Finance and Policy Committee, e
Minnesota State Senate
95 University Ave W
Saint Paul, MN 55155

Chair Schomacker and Members of the Human Services Finance and Policy Committee,

On behalf of St. David's Center for Child & Family Development, I write in strong support of the following critical bills that address urgent mental health challenges affecting Minnesota's children and families. Based on the care we provide over 6,500 children and families around the greater Twin Cities metro, bill HF 1005 is especially relevant to the cost-effective, early-intervention services St. David's Center provides.

As a leading provider of developmental therapies, in-home services, and mental health treatment and support, St. David's Center witnesses firsthand the profound impact that gaps in services and funding have on children, individuals with enduring needs, and families in Minnesota. This bill represents a significant step toward strengthening the state's mental health system and ensuring that families receive the care they deserve, which will ensure the wellbeing of our communities.

HF 1005 proposed adjustments to medical assistance reimbursement rates, increases rates for some residential services, as well as establishing a more standardized statewide reimbursement rate for behavioral health home services. These changes would help ensure that St. David's Center is able to provide the kind of individualized, evidence-based, accessible care that ensures the best long-term outcomes for the clients we serve, and their communities.

We urge your support of this legislation to enhance mental health care accessibility, improve service delivery, and better support the health, well-being and contributions of all Minnesota's children families, and individuals with enduring needs. Thank you for your leadership and commitment to addressing these pressing issues.

Sincerely,



Julie Sjoldal
Chief Executive Officer
St. David's Center for Child & Family Development



2575 Harvest Lane, P.O. Box 977, Owatonna, MN, 55060 Phone: (507) 446-0431 Fax: (507) 446-8014 Email: info@fernbrook.org

February 24, 2025

ATTN: Chair Schomacker and Committee Members

I am writing on behalf of Fernbrook Family Center as a request that you support **HF1005**. This bill would be instrumental in building capacity and infrastructure to provide mental health services to kids and families in Minnesota.

The needs of kids and families have increased significantly and the lack of access to mental health services is putting them at great risk. Provider shortages and burnout are problematic and worsening.

Access to mental health services is shrinking at a time when the needs are great, the risks are life threatening and providers are simply burnt out. The 2024 DHS Rate Study outlined a solution to fixing Medical Assistance reimbursement rates for mental health services. It is imperative we begin to implement these changes immediately in order to prevent further closures and shrinkage in services.

According to a recent survey completed by AspireMN, current wait times for services are 14 weeks. Our intake team is overwhelmed with calls daily from frantic and upset caregivers because they desperately want their child to receive mental health services and everywhere they call says they are not taking new clients. I am grateful we are often able to help, but I worry about the burden on our staff of often feeling as though they are someone's only hope for help and feeling as though they can't say no.

This bill would be instrumental in investing in our capacity to serve kids and families. Long-term solutions are being discussed and worked on, but we have an immediate crisis that can't wait for these solutions. We need immediate and significant investment in a workforce that has dedicated their lives to serving and helping our most vulnerable constituents.

We ask that you vote to support **HF1005** during the hearing on March 4, 2025!

Thank you!

Shannon Brown, MS, LPCC

Chief Executive Officer

Fernbrook Family Center

sbrown@fernbrook.org

507-951-6899



220 Railroad Street SE, Pine City, MN 55063
Phone: 320-629-7600 or 651-224-4114 | Fax: 651-925-0071

To: Chair Schomacker and Members of the Human Services and Finance Committee
Date: March 2, 2025
RE: HF 1005
FROM: Lainie Janke, MSW, LICSW – Executive Director

Lainie Janke, MSW, LICSW

Dear Honorable Chair Schomacker and Members of the Human Services and Finance 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 HF 1005 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 the Medicaid rates by implementing the DHS outpatient rates study over the next three years lawmakers can provide the pathway for providers



Therapeutic Services Agency, Inc.
Phone: 320-629-7600 | Fax: 651-925-0071

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 toward building a comprehensive, accessible mental health care system that prioritizes the well-being of children and families. **Please support HF 1005 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



An association of resources and advocacy for children, youth and families
www.aspiremn.org

March 3, 2025

Dear Chair Schomacker and Members of the Health Services Finance and Policy,

AspireMN is a statewide association of children and family service providers, and for the past several years our priority for legislative action has been to invest in Minnesota's Medicaid outpatient mental health rates – to address our crisis in access to children's mental health care.

We are grateful for your longstanding engagement with the issue of Medicaid reimbursement rates and the opportunity you have helped create in 2025 to address Medicaid rates through HF1005 by doing so resolve our ongoing children's mental health crisis.

Medicaid is the primary funder for children's mental health care – and through your leadership over time Minnesota's Medicaid benefit for children's mental health has become the envy of the nation. Unfortunately we are unable to deliver the care that our Medicaid benefit envisions because reimbursements are insufficient to hire and retain the valuable staff needed to provide needed treatment and services to children and families.

What has been crushing for our mental health leaders is to observe the ongoing rates crisis that is shrinking and closing services and prompting children and families into greater acuity and higher levels of need – when we have the solutions to intervene, support families, build skills and the long-term health outcomes that create health in our communities. Positively, we know that when we fix our rate structure to meet the costs, be transparent and adjust for inflation over time – we can meet the needs of children and families. This is a crisis with a clear and viable solution within reach.

Your leadership to advance a solution in 2025 is critical. We remain grateful and hopeful that HF1005 will be the foundational solution to our children's mental health crisis and assure we can provide children and families the right service in the right time at the right setting – and build more healthy and beautiful futures.

Warm regards,

Kirsten Anderson
Executive Director

AspireMN improves the lives of children, youth and families served by member organizations through support for quality service delivery, leadership development and policy advocacy.



CATHOLIC CHARITIES
Twin Cities

Children's Day Treatment
Wilder Complex
932 East 34th Street, Door 8, Minneapolis, MN 55407
612-204-8252 | cctwincities.org

2/24/2025

Chair Wiklund

Members of the Senate Health and Human Services Committee

Dear Chair Wiklund and Members of the Senate Health and Human Services Committee,

I am writing to you today in regard to Medical Assistance Rates Reform HF1005/SF1402. I have worked in human services across the Twin Cities for the past 15 years and have seen a dramatic and concerning shift in our sector. Our services have dwindled across the board, while the need for services and the acuity of symptoms in our populations have greatly increased. There has been a devastating loss of programs supporting youth in our schools and in day treatment, as well as other Children's Therapeutic Supports and Services. I have seen my friends and colleagues become burnt out trying to find the sufficient support needed for their clients, while families and schools remain stuck in a pattern of crises. Children are being brought to the Emergency Department and either they're being sent back home without any additional support, or their caregivers refuse to come and pick them up due to an inability to keep them safe and a lack of support needed to manage their crisis.

The Mental Health Professionals in Minnesota know what these children need but are unable to coordinate the services due to a lack of accessible programming and an absence of support from the legislature. As the number of children needing mental health services increases, the workforce is decreasing. In addition to the physical and emotional toll placed on therapists who are being asked to serve unrealistic numbers of cases, they are also not being adequately compensated for their work. I know several fantastic therapists who have left the field for something that allows them to better manage their own well-being while making just as much, if not more than they were in community mental health.

Our program remains as one of very few day treatment programs left in the Twin Cities who are providing services to school-aged children, and our wait time for families is often several months long. We would not be able to continue supporting our state's youth in this way if it wasn't for our community partners who collaborate with us so that our doors can stay open. We continue to push forward to be able to serve our clients and families despite barriers at many levels because we know how important our work is. The support of our community partners is not guaranteed, however, which means the kids in Minnesota can NOT wait any longer for an increase in rates and access to the treatments they so desperately need.

Sincerely,

Jessica Dreischmeier, MA, LMFT

Program Director

Catholic Charities Children's Day Treatment

March 2, 2025

Minnesota House Human Services and Finance Committee
Rep. Joe Schomacker
Megan.rossbach@house.mn.gov

Dear Representative Schomacker and Members of the House Human Services and Finance Committee:

On behalf of the Minnesota chapter of the American College of Physicians, we respectfully encourage you to support and vote in favor of **HF1005**. This bill proposes rate adjustments for Minnesota's Medical Assistance program. The proposed increased rate adjustments are for physician services, residential services and behavioral health home services. The Minnesota chapter of the American College of Physicians (MN-ACP) represents nearly 2500 internal medicine physicians and internal medicine trainees that take care of adult patients in clinics/hospitals throughout the state.

Our rationale for supporting this legislation is to preserve access to needed primary care health and behavioral health services.

- Minnesota Medical Assistance (MA) rates for out-patient physician and other professional outpatient services have not been increased since 2011.
- Minnesota's current MA payment rates rank 30th in the nation.
- MA currently pays 60-70% of Medicare, and only about 30% of what commercial insurers pay.
- One in four Minnesotans rely on Medical Assistance (MA) for their healthcare and many rural communities have a significant proportion of their population covered by MA.
- A recent Minnesota DHS study concluded that outpatient MA payments are too low and must be increased. The study recommended increasing rates to 100% of Medicare.

Innovative and proven Medicaid financing solutions exist and should be adopted in Minnesota as proposed in HF1005. Medical Assistance is financed by a combination of state and federal funds. Minnesota can do more to obtain federal matching funds to preserve access to outpatient care. The revenue needed to increase outpatient payment rates can be generated through an assessment based on enrollment in managed care organizations (MCOs) without impact to the state's General Fund. This approach has been successfully adopted by other states, including West Virginia and California.

As physicians, we see first-hand the impact of what happens when MA payment rates have failed to keep up with the cost of delivering care, causing clinics to make difficult business decisions about services to cut or limit and the impact on our patients and their families. Thank you for your consideration. Please contact Minnesota.ACP@gmail.com if you have any additional questions.

Sincerely yours,



Tseganesh Selameab, MD, FACP
MN-ACP Governor



Sally Berryman, MD, FACP
MN-ACP Health Policy Committee Chair

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

As a therapist at Relate Counseling Center, 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 House File 1005.**

Relate Counseling Center is a nonprofit organization that has provided mental health care in Western Hennepin County for 55 years. Relate provides outpatient therapy services at two office locations and in 53 schools in the West Metro regardless of financial limitations.

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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace. The majority of Medicaid clients seen by Relate occur in school-based mental health sessions. The costs of providing these services continue to increase. In 2024 our cost per clinical hour was \$146. The school clinicians are paid at the reduced non-doctoral Medicaid reimbursement rate of \$78.26 per session. Medicaid accounted for 28% of our school-based payers.

Out of necessity, our community providers are closing programs or significantly decreasing the size of their services in efforts to keep some base level of access to services available to clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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. 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.* HF 1005 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. This includes:

- Ensuring reimbursement rates for mental health and physician 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 providers are reimbursed the same amount for delivering the same service as other clinicians; and 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

Maedelin Kelly, MA
School Services Therapist



March 4, 2025

Dear Chair Schomacker and Committee Members,

Thank you for the opportunity to express Lutheran Social Service of Minnesota's support of HF 1005. As a statewide community-based provider, we know all too well that maintaining access to mental health care for our neighbors requires critical investment in community-based mental health services. In 2024, LSS' Behavioral Health team supported 2,668 individuals in 76 counties through 19,320 in-person therapy visits, 7,043 telehealth visits, and 65 employer, school, and shelter-linked mental health partnerships.

We pride ourselves on working with anyone who contacts us and connecting them to a continuum of integrated services that reflect compassion, integrity, and respect. However, providers -- including LSS -- are experiencing multiple challenges to meet the mental health needs of Minnesotans. This includes operating for several years with reimbursement rates far below the true cost of service and a severe shortage of mental health providers. Demand for mental health services is also high and the needs of clients are highly complex. In 2025, we are facing the additional challenge of critical access rate reductions which is creating additional pressure while already operating within an unsustainable reimbursement model.

LSS remains steadfast in our commitment to serving as a safety net provider for individuals in need of mental health services throughout Minnesota. However, we cannot accomplish this alone. We rely on your recognition of the critical importance of mental health services and request you prioritize funding mental health this session.

To ensure that we can continue providing services to individuals and families who need it most, we respectfully urge your support of this bill. Please contact Erin Sutton, LSS' Senior Director of Advocacy, at erin.sutton@lssmn.org, if we may provide further information on this deeply important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Thueson", written over a horizontal line.

Patrick Thueson
President
Lutheran Social Service of Minnesota



Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2024

Dear Chair Schomacker and Committee Members

On behalf of Mental Health Resources, Inc., 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 House File 1005.**

Founded in 1976, Mental Health Resources (MHR) is a non-profit 501(c)(3) mental health agency providing community-based mental health services, outpatient co-occurring substance use disorder treatment, and supportive services to nearly 14,000 people with serious and persistent mental illness in 2024 primarily in Ramsey, Dakota, and Hennepin Counties. MHR directly provides recovery-oriented, community-based services that support people with serious and persistent mental illness to live successfully in the community. These services include: Targeted Case Management (TCM) services , Assertive Community Treatment (ACT) , Special Needs Basic Care Coordination (SNBC), Outpatient co-occurring substance use disorder treatment and peer support services, Intensive community based services, In-home therapy through our outreach clinic, Community Support Program (CSP) and drop-in center, and a Housing Voucher Program.

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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace. Medicaid reimbursements average 30% lower than our costs to provide those services.

Out of necessity, our community providers are closing programs or significantly decreasing size their services in efforts to keep some base level of access to services we can available to our clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.*

Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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. 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.* HF 1005 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. This includes:

- 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

Ann Henderson

Ann Henderson, MSW, LICSW CEO
Mental Health Resources, Inc.
Ahenderson@mhresources.com

Representative Joe Schomacker, Chair
Human Services Policy & Finance Committee
Minnesota House of Representatives
March 4, 2025

Dear Chair Schomacker and Committee Members,

On behalf of Relate Counseling Center, 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 House File 1005.**

Relate Counseling Center is a nonprofit organization that has provided mental health care in Western Hennepin County for 55 years. Relate provides outpatient therapy services at two office locations and in 53 schools in the West Metro regardless of financial limitations.

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 (Medical Assistance) reimbursements – the core source of funding for our MN system – are not keeping pace. The majority of Medicaid clients seen by Relate occur in school-based mental health sessions. The costs of providing these services continue to increase. In 2024 our cost per clinical hour was \$146. The school clinicians are paid at the reduced non-doctoral Medicaid reimbursement rate of \$78.26 per session. Medicaid accounted for 28% of our school-based payers.

Out of necessity, our community providers are closing programs or significantly decreasing the size of their services in efforts to keep some base level of access to services available to clients. This is resulting in increasingly long waiting lists and longer periods of time clients are kept waiting for care. *This has led to a crisis of children boarding in emergency rooms, detention facilities and with counties AND a staffing emergency in outpatient care across the state.* Community mental health programs are striving to keep up with the heightened need for mental health and SUD 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. 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.* HF 1005 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. This includes:

- Ensuring reimbursement rates for mental health and physician 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 providers are reimbursed the same amount for delivering the same service as other clinicians; and 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

Margaret Herbert

Margaret Herbert

Past Chair, Relate Counseling Center



March 4, 2025

Representative Joe Schomacker
658 Cedar Street
St. Paul, MN 55155

RE: HF1005 (Bierman) - Medical assistance rate adjustments establishment for physician and professional services

Chair Schomacker and members of the committee,

On behalf of Allina Health, I am writing to express support for HF1005 (Bierman) which would provide increased MA reimbursement rates for outpatient mental health and physician services.

Allina Health is a fully-integrated health system with 11 hospital campuses, 65 primary care clinics, and 14 urgent care centers across the Twin Cities, and central and southern Minnesota. We provide robust, patient-centered mental health services across the entire continuum and serve patients at every stage of life—from child and adolescent to geriatric. Each year, Allina Health's mental health and addiction program cares for over 100,000 patients statewide through inpatient programs, outpatient services in ambulatory care, adult day treatment, and adolescent partial-hospital treatment.

Minnesota's mental health care continuum is at a critical juncture. Current MA reimbursement rates are unsustainable for hospitals and health systems, as well as the community providers that are vital to a functioning continuum of care. As the need for mental health services continues to increase across the state, providers are being asked to do more with increasingly limited resources. Because of this, Minnesota and its patients have seen services across the state either close or cut services to stay afloat. Unfortunately, this decrease in access has delayed patients' ability to access the proper level of care when they need it; instead, they are forced to seek care in hospital emergency departments as they wait for a bed to become available.

The provisions and funding included in HF1005 will help Minnesota meet the needs of our communities by providing reliable and adequate funding to ensure the care that our patients need is available to them when and where they need it. Adequately funding the entire continuum of care will prevent the reliance on crisis care in hospitals or other emergency situations and will better position our patients for success in school, community, or wherever else they find themselves.

Thank you for the opportunity to comment on this crucial legislation.

Sincerely,

A handwritten signature in black ink that reads "Joe Clubb".

Joe Clubb
Vice President MHA
Allina Health

A handwritten signature in black ink that reads "Mary Beth Lardizabal".

Mary Beth Lardizabal, DO
Vice President MHA CSL
Allina Health