

Dear Members of the Committee,

I'm here today testifying on behalf of Meridian Behavioral Health, a Minnesota SUD provider with 19 locations and 629 residential beds. Our programs represent more than 1/6th of the state's total residential care capacity and we treat more than seven thousand Minnesotans per year.

To be candid, the current situation for providers is dire. The continued reimbursement rate stagnation and escalating operational costs are jeopardizing access to care at a time when the need is only growing. **We urge immediate legislative action to implement the rates outlined in the DHS Rates Study** to ensure the sustainability of the Minnesota SUD care system.

For residential providers, the 1115 rate demonstration was the **only modification to rates since 2009. This is despite the more than 45% increase in healthcare wages and salaries** during that 15-year period.⁴ Further, the growing prevalence of highly potent substances such as fentanyl have only increased the cost and complexity of care delivery.

DAANES data shows that **more than 3 in 4 individuals that receive treatment do so using PMAP or BHF funds** highlighting the importance of state-level government funding in the financial viability of programs like our own. **Since May 2022, nearly 50 SUD facilities in Minnesota have closed** (Appendix A).^{1,2} The closures of these facilities not only limits access to care but also indicates a broader crisis and doesn't account for providers limiting service levels as reported by numerous recent media reports. (Appendix B).

From 2010 to 2022, overdose deaths have risen by 338%, with a 135% increase from 2019 to 2022 alone.⁵ Effective treatment is a critical component in reducing the risk of overdose and supporting long-term recovery.

In Minnesota, around 1/3 of those admitted for SUD treatment do so as an alternative to incarceration which research has shown to reduce recidivism. A 2012 Minnesota drug court study, found that unemployment fell from 50% to less than 15% for graduates of the program.³ A Minnesota 2014 Drug Court Evaluation found that Drug Court participants spent fewer days incarcerated leading to an average savings of \$4,288 per participant.³ According to research done by The National Institute on Drug Abuse, **every \$1 invested in treatment can produce more than \$12 savings from reduced crime, criminal justice, and healthcare costs.**⁵

Minnesota's Medical Assistance reimbursement rates for residential SUD are significantly lower than those in border states. Iowa has recently increased SUD rates by 96%.⁷ For high intensity residential, **Minnesota's effective rates are 146% below those in North Dakota.**⁶ This disparity is unsustainable and contributes to the financial challenges faced by SUD facilities in our state (Appendix C). Our programs in rural Minnesota often struggle to compete since North Dakota based providers can pay staff a material premium to what we are able to offer.

The troubling facility closures and growing overdose fatalities clearly illustrate the urgent need for legislative action to address this SUD funding crisis. **We implore the Committee the immediate**



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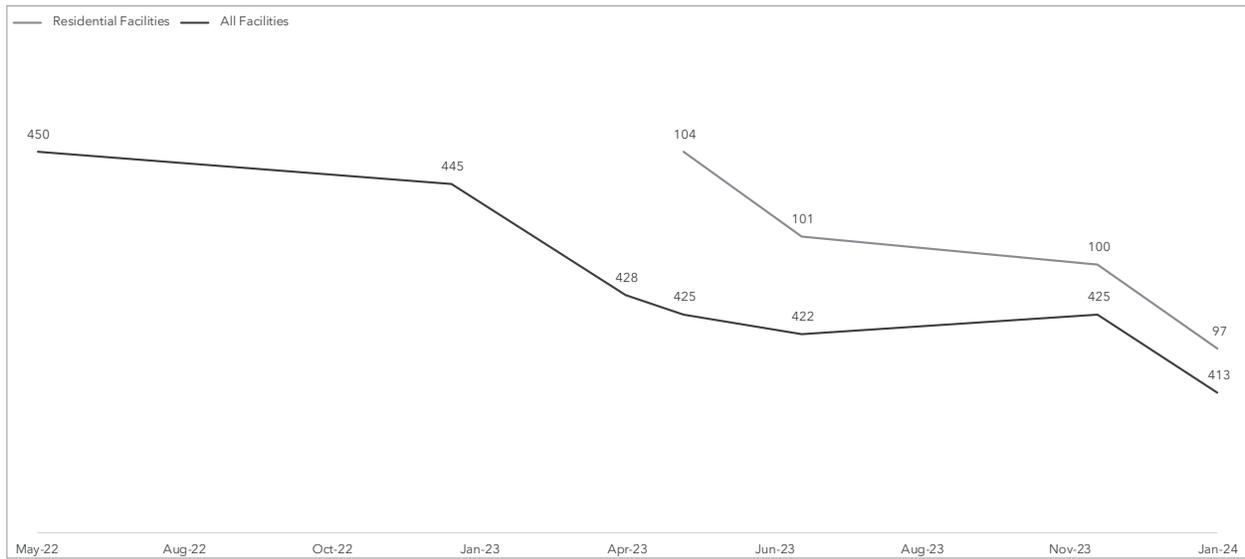
implementation of the rates proposed in the DHS Rates Study. Further, we propose the Committee consider inflationary rate escalators to avoid any irreparable damage to the SUD care system again in the future. **This is a matter of public health and safety for the people of Minnesota.** Research has shown that evidenced-based SUD care saves lives, restores families, reduces unemployment, and decreases drug-induced crime.

We appreciate your attention to this critical issue and look forward to your support in making the necessary changes to sustain SUD care in our state.

Sincerely,

Lew Zeidner, Ph.D.
Chief Executive Officer
Meridian Behavioral Health

Appendix A



Appendix B

KSTP (5 Eyewitness News) - Dead phone lines and empty offices: Mental health providers are closing and Minnesota doesn't know

"Low reimbursement rates, coupled with a workforce crisis brought on by the pandemic, are forcing providers to make difficult decisions... The wages we pay to our staff have gone up 30% in the last two years" - Nov. 15, 2023

Duluth News Tribune - Addiction medication clinic closes in Duluth

"The Ideal Option closure will impact 70 patients. Meanwhile, the city's opioid-related overdoses have reached an 11-year high." - Nov. 9, 2023

Dakota News Now - New Life Treatment Center seeking help to raise \$400,000.00 to pay off debt by year's end

"Heather Hedger inherited a tough situation in her new position as executive director. She said that over the past five years, insurance companies and the state have reduced the rate of reimbursement for treatment services." - Oct. 18, 2023

KEYC News Now - House of Hope men's drug addiction program closing after 50 years

"The House of Hope men's residential program in Mankato is closing its doors after 50 years. They say it's because of the impact of COVID-19, a shortage of employees, including alcohol and drug counselors." - Apr. 29, 2023

StarTribune - A Minnesota family's desperate search for care reveals state's mental health crisis

"Insurance reimbursement rates - coupled with constraints on staffing and hospital beds - limit options for psychiatric patients, including children" - Mar. 23, 2023

StarTribune - Ramsey County officials concerned about loss of inpatient mental health beds

"Sanford Bemidji Medical Center in Bemidji, Minn., is planning to close an acute rehabilitation unit, reducing post-hospital care options that are becoming increasingly scarce in the state." - Apr. 12, 2022

Appendix C

Description	Minnesota - Current			Minnesota - Rates Study			North Dakota		
	MN 1115 Base Rate	MN Room & Board	MN Total	MN 1115 Base Rate	MN Room & Board	MN Total	ND 1115 Base Rate	MN Room & Board	ND Total
ASAM 3.1 Level of Care (Low Intensity Residential)	\$79.84	\$55.72	\$135.56	\$216.90	\$55.72	\$272.62	\$420.66	\$95.00	\$515.66
ASAM 3.5 Level of Care (High Intensity Residential)	\$224.06	\$55.72	\$279.78	\$355.02	\$55.72	\$410.74	\$594.62	\$95.00	\$689.62
ASAM 3.7 Level of Care (Medically Monitored Detox)	\$515.00	\$75.00	\$590.00	\$576.18	\$75.00	\$651.18	\$743.27	\$95.00	\$838.27

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