



01/23/2024

Chair Fischer and Committee Members:

My name is Richard Wolleat, and I am the Public Policy Consultant at Northwood Children's Services in Duluth. I have 46 years of experience providing intensive mental health services to our state's children and families. Northwood has been serving our state for 141 years and offers a complete continuum of mental health services, including out-patient, in-home, day treatment, crisis stabilization, inpatient diagnostic, group home and residential treatment services. We serve about 300 children and their families each day. I served as the President and CEO of Northwood 15 years before retiring from that role in late 2022. I have also served in the capacity of board chair of Aspire MN, an association of mental health providers in the state, and the National Association of Children's Behavioral Health. I am a Licensed Independent Clinical Social Worker.

Our vision at Northwood is to operate a full array of mental health services so that kids and families can receive the right services at the right time, with a focus in integrated and continued care. Meaning, for kids needing intensive mental health services and their families, we can get them exactly what they need when they need it and stay engaged with them as they move up or down the level of intensity of our services. We can maintain a close therapeutic relationship with them, which is absolutely critical, as they continue their journey toward leading more successful and satisfying lives.

That vision has been severely impacted by our inability to fund our outpatient services. Simply put, we lose significant money on that level of care. The Medicaid rates make it impossible to pay competitive wages to retain staff members. About 75% of our clients are Medicare policy holders. For 15 years, we subsidized our outpatient department because it was so central to maintaining that ongoing connection with families. Sadly, we had to make a decision to downsize our outpatient department- we just couldn't afford to subsidize it any longer. We went from having up to seven therapists and skills workers several years ago to just two today.

Needless to say, this reduction has severely impacted our region's children and family's access to care. In a time when there is no question that the need for mental health care is exploding, services are contracting. Last year, Aspire MN did a survey of outpatient providers that demonstrated a 40% gap in costs and reimbursement. Simply not sustainable. Recently, I participated in a series of meetings with staff from MDH whose charge from the Legislature is to assess the adequacy of the mental health delivery system. Great idea, a needed step. I was really taken aback when I suggested to them that the primary cause of the shortage of service providers is inadequate reimbursement and they responded that evaluating rates isn't in their purview. We really need to get out of silos and connect some dots to address this crisis. And make no mistake, it is a crisis.

In a way, Northwood is fortunate, in that our diversity allows us the financial flexibility to carry programs for a period of time until they can, hopefully, pay their own way. My colleagues who provide only outpatient services do not have that same capacity. Unfortunately, many share our experience and have had to reduce services or close their doors.

Time to act. It really isn't that complicated. We must be able to pay the bills to continue to provide the service, let alone expand services to meet the need. For all the talk about a mental health crisis in our state, there has been precious little actually done to address it. It really is time for that to change.

I appreciate your service to our state and for your consideration of taking action to do something tangible to address the mental health crisis in Minnesota. I would be happy to provide whatever information or testimony that may be deemed helpful as you move forward.

Regards,

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