

BACKGROUND: RESIDENTIAL SUD RATE HISTORY

- 2010 – 4% decrease in residential substance use disorder reimbursement rates for Minnesota Substance Use Disorder Providers.
- Post 2010 – 3% increase in residential substance use disorder reimbursement rates for Minnesota Substance Use Providers.
 - 11 years later, still 1% shy of original 2010 rates.
- 2021 – costs incurred to Minnesota Substance Use Providers to operate residential programs have significantly increased and the offer outlined in the Governor's proposal and the House's position is **NOT SUSTAINABLE**.

CURRENT OFFERING: GOVERNOR'S PROPOSED BUDGET

- 10-15% rate increase, less co-occurring and medical enhancements would result in a \$1.3MM loss annually for Meridian Behavioral Health – thus forcing a closure of our smaller residential and rural outpatient programs throughout Minnesota.

CURRENT OFFERING: POSITION OF THE HOUSE OF REPRESENTATIVES

- 30% rate increase for residential programs participating in the waiver (seemingly healthy increase, yet misleading).

THE PROBLEM: **The elimination of the current rate enhancements for medical services and co-occurring disorder services eliminates the majority of the 30% rate increase. This is not sustainable for Minnesota Substance Use Providers to maintain current services, let alone meet the additional substance use disorder treatment requirements of the waiver.**

The table below is a breakdown of residential reimbursement today versus January 1st, 2022 – considering the House's current position and MARRCH's proposed solution:

	Today MA Active (50% of patients)	Today Not MA Active (50% of patients)	House Position 1/1/2022 MA Active (50% of patients) 30% increase	House Position 1/1/2022 Not MA Active (50% of patients)	MARRCH Solution 1/1/2022 MA Active (50% of patients) 35% increase	MARRCH Solution 1/1/2022 Not MA Active (50% of patients)
Base rate (\$):	179.25	179.25	233.03	179.25	241.99	179.25
Medical Enhancement (\$):	10.76	10.76	0	0	10.76	10.76
Co-occurring Enhancement (\$):	10.76	10.76	0	0	10.76	10.76
Daily Rate (\$):	200.77	200.77	233.03	179.25	263.51	200.77
Average Daily Rate (\$): (Combined Payor Mix that we have)	200.77		206.14 2.7% increase over what we receive today		232.14 15.6 % increase over what we receive today	

****It is critical to keep in mind that Minnesota residential SUD providers will only be able to collect the 30% rate increase on approximately half of their served patients due to needing to enroll patients in Medicaid health plans. This enrollment takes time, and Medicaid reimbursement does not usually become active until either the middle or end of a patient's residential treatment stay, or often, after they have discharged from residential treatment.**

CURRENT OFFERING: MARRCH'S SOLUTION

- 35% rate increase which is equivalent to a daily rate increase of \$31.37...resulting in an increase much closer to 16% due to only half of the patients served being eligible (as demonstrated above).

TO NOTE:

- Today, residential substance use disorder reimbursement is still down 1% from where rates were in 2010.
- Waiver includes increased resources, yet the 2% is not sustainable for current clinical practices let alone the addition of services. Keeping rate enhancements in addition to the increase is **critical to the sustainability** of program operation while still meeting the requirements of the demonstration project.
- Meridian Behavioral Health has 633 residential beds across Minnesota, representing approximately 18% of all Minnesota residential SUD beds; Meridian's payor mix is an accurate representation of other Minnesota Substance Use Providers.