



Representative Peter Fischer, Chair
Human Services Policy Committee
Minnesota House of Representatives
January 24, 2024

Dear Chair Fischer and Committee Members:

Thank you for taking the time to review the Minnesota Health Care Programs Services Rates Study and to understand how Medicaid (Medical Assistance) rates impact the well-being of children and families in our state.

Our team at Washburn Center for Children wanted to share space with you today and speak to the critical work that comes before you today. Unfortunately, we were unable to step away from the needs of the children and families we serve. However, we are sending an urgent message:

Now is the time to invest in our Minnesota's Medicaid (Medical Assistance) rates for mental health and substance use disorder services.

As you review the rate study, we urge you to consider where the children in our state are today. Public health leaders across the nation have declared a crisis for children's mental health. In our state, this is not a new crisis —and there's no indication that we've seen the peak. Children are experiencing more overlapping diagnosis and needing extended treatment plans as we emerge from the pandemic and its disruption to children's lives, connections and stability.

Their mental health is our mission: to nurture every child and family's well-being and full potential through transformative children's mental health care.

The mental health care kids receive at Washburn Center is a safety-net. Community-based mental health care is for all kids and families who need us, period. We offer services in community, schools, homes and clinics, regardless of the client's ability to pay, and as a result 50% of the kids and families we serve are covered through some form of medical assistance.

Every kid we serve — nearly 4,000 last year — is navigating mental health challenges that outpace what we imagined for this generation—any generation.

Even as I write this today, we have 820 kids waiting for services at Washburn Center, with more caregivers calling each day. It is not inconceivable that a family may be waiting for up to 9 months to start services.

The steep increase and ever-growing complex demand of this crisis threatened the future generation before the pandemic and has only intensified. The reality is there will be more kids and families than we can serve in the foreseeable future. It's not just at Washburn Center, there's not one area of the sector that is prepared to match the demand.



This stark reality is the system's inability to meet the needs of kids and families is rooted in a long-standing trend of underinvestment in children's mental health and the lack of **sustainable reimbursement funding** for our mental health and SUD care sector. Costs of delivering care and sustaining staff salaries, benefits, facilities infrastructure and meeting state regulations have increased exponentially.

Medicaid (Medical Assistance) reimbursements – the core source of funding for our MN mental health system – are not keeping pace. More than half of our fee-for-service revenue comes from reimbursement rates that cover only 60-70% of the cost of services. Meanwhile, the economy has delivered an inflation rate up to 8% over the last 10 years since this study was commissioned. And we acknowledge and appreciate your passage of three (3) percent increase with an annual inflation adjustor last year.

We are happy to learn the rates study is complete, and we support moving forward with investments in MN rates structures to sustain our clients' access to critical services.

The current rate structure is holding us back; it's keeping the sector from creating a viable and sustainable talent pool of therapists to serve the demand. In many cases, the pay structure is not living wage and is a detractor for attracting incoming talent. Choosing this career is a stretch for a master's graduate who has incurred substantial debt; yet we need them to work with children who've experienced life events that forever changed their vision of the world as a safe place.

Community mental health providers and 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, most recently in 2023.

Please move these recommended investments forward, the returns will be measurable for Minnesota's children and will be felt in every district. Schools. Community centers. Faith centers. Jobs.

Thank you for hosting this hearing to review the Rates Study and its recommendations. We are confident in your leadership to solve the mental health and SUD crisis in Minnesota.

Regards,

A handwritten signature in blue ink that reads "Craig F. Warren".

Craig F. Warren
Chief Executive Officer
Washburn Center for Children