



To: Chair Peter Fischer, MN House of Representatives—Human Services Policy Committee
From: Brian Zirbes, MARRCH Executive Director
Subject: Feedback regarding Minnesota Health Care Programs Fee for Service Outpatient Services Rates Study
Date: January 23, 2024

Chair Fischer and committee members--

Thank you for the opportunity to comment on the Outpatient Services Rate Study. As we all prepare for the 2024 Legislative Session, the slogan *Rates Fast—Change Slow—Help Now* must be considered.

Rates Fast:

MARRCH is advocating for expedited implementation of the Substance Use Disorder (SUD) recommendations from Burnes and Associates. In February and March 2023, SUD providers were encouraged to complete a survey for input on developing cost-based rates. Later in June, the initial findings based on the limited responses resulted in several concerning recommendations, one of which was a significant cut to outpatient group rates. The initial rates identified would have had a catastrophic impact on client access and care. MARRCH quickly surveyed SUD providers with a ‘quick survey’ and subsequently secured responses from more than 120 SUD providers. We were relieved to see that both Burnes and Associates as well as DHS took our feedback into consideration in the August 2023 provider update.

There were a couple concerning recommendations in the August presentation. They included a 6% cut to Withdrawal Management level 3.2 and the elimination of the rate enhancement for programs that serve clients with children. We ask that the Legislature withhold any cuts to Withdrawal Management programs and wait to remove the service enhancement until a cost-based rate can be implemented for programs that serve clients with children.

Change Slow:

The Substance Use Disorder (SUD) field has undergone substantial changes in a relatively short amount of time. Since 2017, SUD program standards were moved under a new statute called 245G; the 1115 Waiver was introduced as a demonstration and subsequently became a mandate, and the state has been moving towards meeting a national standard referred to as ASAM (American Society of Addiction Medicine). Additional pressures that have overlaid this timeframe have been the COVID pandemic, social justice efforts, and an unparalleled workforce crisis. The movement towards meeting ASAM standards through delivering evidence-based

practices is seen as good thing, however, the timing and cost of implementation must be taken into account.

Help Now!

Without financial relief, the path many programs are already on are to scale down services/staff/programs, which increases workload and decreases individual client attention, and then ultimately close. Many programs are on the ropes and need action NOW! The Legislature missed an opportunity in the 2023 session to increase SUD rates by 3% and to include an automatic inflation adjustment. SUD was carved out of this increase in the final hours.

Our understanding of the rationale given for carving SUD out of the 3% increase last session was due to higher rates associated with enrollment in the 1115 demonstration. The 1115 rate increases are not the financial cure-all as they came with more requirements, training, oversight, utilization review, and delays in being paid. When reviewing the draft rate recommendations from August 2023, the average increase for the ‘%change from 1115 rate’ was an average increase of 67.9%! This demonstrates that the rate increases provided for 1115 enrollment (25% for residential and 20% for non-residential), although significant, were nowhere near the true costs of delivering services at ASAM levels.

Any further delays in addressing SUD rates will result in more burnout, more program closures, and less access to services. With overdose deaths at an all-time high, we are at a critical breaking point and need immediate and long-term relief. The rate methodology recommendations developed by Burnes & Associates have diligently taken into consideration the costs of delivering comprehensive care at various ASAM levels. We have already seen closures of programs, including those involved in the 1115 demonstration and more will certainly continue. SUD programs provide a vital service to Minnesotans in need, and divert costs to other sectors like public safety, corrections, and healthcare.

We look forward to addressing and solving this problem together!