



Dear Members of the Human Services Policy Committee,

On behalf of Meridian Behavioral Health, I am writing to address the dire situation facing substance use disorder (SUD) care providers in Minnesota. Meridian Behavioral Health is a co-occurring treatment provider based in New Brighton with 11 residential and 8 outpatient locations including 635 inpatient beds in Minnesota (~17% of all capacity). The combination of stagnant reimbursement rates and escalating operational costs has led to a concerning decline in the viability of delivering SUD care. **We urge immediate legislative action to implement the rates outlined in the DHS Rates Study** to ensure the sustainability of essential SUD services for the highly vulnerable population on Medical Assistance.

State of SUD Care in Minnesota

Since May 2022, the total number of actively licensed SUD facilities in Minnesota has decreased by 37, and the number of residential treatment centers has decreased by 7 since April 2023. This represents **an 8% reduction in SUD facilities in the state** (Appendix A).^{1,2} The closures of these facilities not only diminish access to care but also indicate a broader crisis and doesn't account for providers limiting service levels. This crisis has been highlighted in various media reports, demonstrating the severity of the issue and its impact on communities across the state (Appendix B).

Societal Impact

According to 2021 DAANES data, ~34% of the individuals admitted to SUD treatment did so as a condition of parole or as an alternative to incarceration, likely due to its effectiveness in reducing recidivism. A Minnesota 2012 Drug Court Evaluation found that the unemployment rate fell from ~50% to <15% for graduates of the program and significantly reduced recidivism.³ The continued closure of SUD facilities could put strain on the Minnesota court system and jeopardize the Drug Court program. Further, DAANES data indicates **that ~76% of individuals that received treatment did so using county or state funded programs**, such as MHCP and BHF / CCDTF, highlighting the very important role of state-level government funding in the viability of the SUD care system.

Care Delivery and Rate Stagnation

According to the BLS Employment Cost Index, wages and salaries in the health care sector have risen by ~20% since 2019 and ~45% since 2009, intensifying the financial strain on SUD facilities.⁴ Despite these cost increases, the SUD fee schedule, established over 10 years ago based on 2009 provider averages, has yet to be adjusted to reflect these higher operational costs. It is also important to note that the rise in prevalence of fentanyl and other potent substances has increased the complexity in care delivery and puts further strain on staff and clinical programs.



Impact on Public Health

The closure of SUD facilities has a direct impact on public health and may be, in part, contributable to the alarming increase in overdose deaths in Minnesota. **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. 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 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

Comparison with Border States

Comparative data reveals that **Minnesota's Medical Assistance reimbursement rates for residential SUD are significantly lower than those in border states**, such as North Dakota. For instance, for ASAM 3.5 level care, **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). Iowa has also recently increased SUD rates by 96%.⁷

Urgent Need for Action

In conclusion, the data and trends outlined above clearly illustrate the urgent need for legislative action to address the funding crisis in SUD care. **We implore the Committee to consider the immediate implementation of the rates proposed in the DHS Rates Study.** This action is not just a matter of financial necessity for SUD facilities. **It is a matter of public health and safety for the people of Minnesota.**

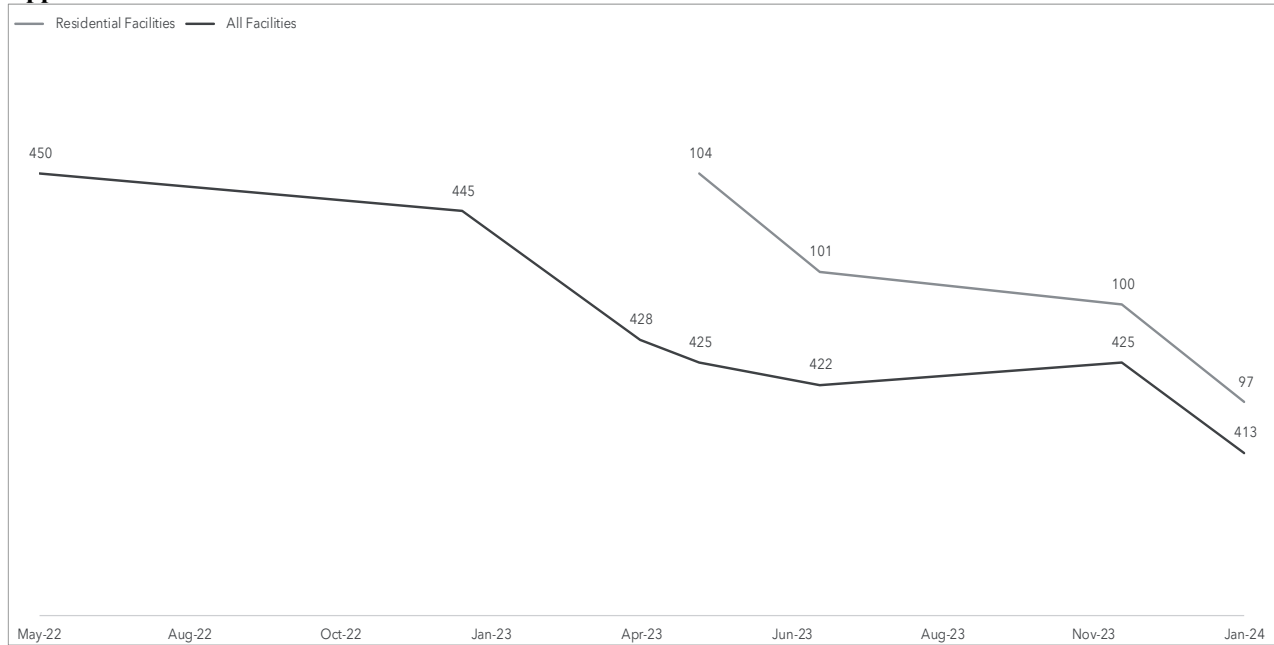
We appreciate your attention to this critical issue and look forward to your support in making the necessary changes to sustain SUD care in our state.

Sincerely,

Lewis P. 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



References

- ¹ Licensing Lookup - Substance Use Disorder Treatment Facilities in Minnesota, retrieved from Minnesota Department of Human Services Licensing Lookup; <http://tinyurl.com/MN-Res-SUD>; Retrieved January 15, 2024
- ² Licensing Lookup - Substance Use Disorder Treatment Facilities in Minnesota, retrieved from Minnesota Department of Human Services Licensing Lookup; <http://tinyurl.com/MN-Total-SUD>, Retrieved January 15, 2024.
- ³ Treatment Courts, retrieved from Minnesota Judicial Branch; <https://www.mncourts.gov/Help-Topics/Treatment-Courts.aspx>, Retrieved January 15, 2024.
- ⁴ U.S. Bureau of Labor Statistics, Employment Cost Index: Wages and salaries for All Civilian workers in Health care and social assistance [CIS1026200000000I], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CIS1026200000000I>, January 20, 2024.⁵ National Institute on Drug Abuse. (2014). Principles of Drug Abuse Treatment for Criminal Justice Populations - A Research-Based Guide (Third Edition). Page 11. Retrieved from National Institutes of Health, U.S. Department of Health and Human Services; <https://archives.nida.nih.gov/sites/default/files/podat-3rdEd-508.pdf>, January 20, 2024.
- ⁵ Minnesota Opioid Dashboard. Retrieved from Minnesota Department of Health; <https://www.health.state.mn.us/communities/opioids/opioid-dashboard/index.html>, January 20, 2024.
- ⁶ ND Medicaid Substance Use Disorder Treatment Services Fee Schedule as of 7/1/2023. Retrieved from North Dakota Health & Human Services; <https://www.hhs.nd.gov/sites/www/files/documents/2023-substance-use-disorder-fee-schedule.pdf>, January 20, 2024.
- ⁷ Iowa Department of Health and Human Services. (2023, July 20). Informational Letter No. 2484-MC-FFS: Medicaid Payment Rates for Substance Use Providers. Retrieved from Iowa Medicaid; <https://secureapp.dhs.state.ia.us/IMPA/Information/ViewDocument.aspx?viewdocument=607ef671-7c2e-4aca-9f69-40f97ceabede>, January 20, 2024.