

Study proposes reimbursement rate fix for Minnesota's broken mental health system

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Minnesotans in mental health crises are stuck in hospital emergency rooms with nowhere else to turn. Treatment centers are bleeding staff who complain of being underpaid and burnt out. Children linger on months-long waitlists for therapy.

The state's system is failing to meet increasingly crushing demands. Those who work in mental and behavioral health and addiction services repeatedly point to a common theme at the center of the problem: Reimbursement rates from the state are not sufficient to cover their cost of doing the work.

A long-awaited state study released Wednesday illuminates just how far off the rates have gotten and proposes a plan to better align the figures with reality.

"If we can't pay for the cost of care we doom our system—and more importantly our children and families—to access care at the height of crisis, risking and prompting some of the greatest harm," said Kirsten Anderson, executive director of AspireMN, which advocates for treatment services for kids.

But there's not yet a price tag for the sweeping changes the Department of Human Services outlined Wednesday, though staff said they are working on estimates. With a potential state budget deficit it remains to be seen just how much state leaders will be willing and able to shell out.

"We will do everything in our ability and power to increase rates," said Rep. Mohamud Noor, DFL-Minneapolis, who leads the House Human Services Finance Committee. But, he warned, "I don't want to disappoint anybody—we don't have any budget capacity to do the rate increases that were reflected in this study, but we'll keep working together."

The state's mental and behavioral health [reimbursement rates](#) have been

set arbitrarily, said Kristy Graume with the Minnesota Department of Human Services. They aren't based on justified costs and have not kept pace with the expense of providing services, she said.

"That's obviously a big problem for the sustainability of the [behavioral health](#) system," Graume said, noting that the rates for some services "are almost wholly unsustainable."

Medicare, meanwhile, uses a complex equation to set its rates for different types of services. That equation takes into account factors like a provider's education level, their location and the type of equipment they need to provide the given care.

The state should adopt that Medicare system and follow their approach to annual rate updates, said Diogo Reis with DHS. Minnesota's system paid roughly 74% of what Medicaid would have paid for services last year, Reis said.

But for some services, that Medicare rate-setting method doesn't apply and for those, [state officials](#) recommended an approach to establish market-based rates and suggested that those be indexed to inflation.

The rates for residential substance use disorder treatment providers are particularly low, and Graume suggested they should be a starting point as lawmakers look at available state dollars and where to spend them.

A provider that offers residential services for people with addiction and provides low-intensity services—which means at least five hours of skilled treatment services per week—gets \$79.84 per diem. The study recommends that be nearly tripled to \$216.90.

Other states have also been boosting rates, said Brandon George, the vice president at Ascension Recovery Services. While the cost is going to be

high, he warned lawmakers that inaction on rates will lead to bigger bills down the road when people don't get the treatment services they need early and end up in emergency rooms and jails.

The number of visits to the [emergency department](#) for mental health concerns has climbed at Children's Minnesota, from roughly 1,700 in 2018 to around 3,300 last year, according to Jessica Brisbois, the acute mental health manager at Children's Minnesota. In the first 10 months of last year, she said about 200 kids collectively spent 1,500 days stuck in their hospital because there wasn't an available treatment center.

"Children are waiting for months to access care, too often utilizing the emergency department as the last resort," Brisbois said. "I know that if these kids had access to outpatient mental health services, many of these crises could be avoided."

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