Reform funding, build behavioral health care continuum

Issues:

- Differences in the financing of mental health and substance use disorder services in Minnesota keeps these services separate from the broader health care system.
- Medical Assistance, Minnesota’s Medicaid program, covers both mental health and substance use disorder services. But fee-for-service payments for substance use disorder services come from the Consolidated Chemical Dependency Treatment Fund (CCDTF). This fund covers substance use disorder services, whether or not the client is served by Medical Assistance. Counties are responsible for a share of the treatment costs.
- In most counties, fewer than half the substance use disorder services are billed to Medical Assistance. However, many other clients may be eligible for Medical Assistance.
- This inefficient funding model costs Minnesota federal funding and burdens state and county budgets. People whose care is paid by the CCDTF don’t have coverage for mental health care or other health care services.
- To get residential mental health services, a person must enroll in the Housing Support Program (formerly Group Residential Housing). They may have to pay a share of room and board.
- Many people cycle in and out of residential treatment and homelessness. In fiscal year 2018, more than 10,000 people left residential mental health or substance use disorder treatment. Nearly 1 in 8 became homeless. Of those who became homeless, nearly 1 in 4 re-entered residential treatment within a year.

Proposal:

Governor Tim Walz proposes to address these funding issues and help create a behavioral health care continuum:

- Reform the payment system for substance use disorder. Eliminate the county share for all substance use disorder services covered by Medical Assistance, encouraging counties to help people enroll in Medical Assistance. This will help ensure that people have health coverage and maximize federal funding for the state.
- Pay mental health residential treatment providers for room and board using the same rates and method for residential substance use disorder treatment. Remove the county share for room and board and remove the requirement for some clients to pay part of their room and board.
- Provide 90 days of Housing Support for people leaving residential mental health or substance use disorder treatment programs.
Move Department of Human Services administration funds from the CCDTF to the general fund, helping the state capture more federal matching funds and increasing transparency into the use of these funds.

**Benefits:**

- More people receiving substance use disorder services will have health care coverage.
- Fewer people will be readmitted into residential treatment.
- More people leaving residential treatment will have Housing Support.

**Fiscal impact:**

- $14.9 million in savings for FY 2020-21
- $1.1 million in FY 2022-2023

**Related information:**

- Adult mental health webpage: [mn.gov/dhs/adult-mental-health](http://mn.gov/dhs/adult-mental-health)
- Housing support webpage: [https://mn.gov/dhs/people-we-serve/adults/economic-assistance/housing/programs-and-services/housing-support.jsp](https://mn.gov/dhs/people-we-serve/adults/economic-assistance/housing/programs-and-services/housing-support.jsp)