MINUTES

MN BHA IRTS/RCS Service Providers: Virtual Stakeholder Convening
June 26, 2026 - 3:00 to 4:00 PM CST
Virtual Option: Teams
Facilitators: Alyssa Lord, Principal, HMA and Leslie Ramirez, Consultant, HMA
Materials: Slide Deck

Meeting Minutes

Meeting Purpose:

Gather provider feedback regarding current payment methodologies, cost reporting processes, regulatory requirements, workforce challenges, and opportunities for system improvement related to IRTS, RCS, and ACT services.

Opening Remarks

Facilitators welcomed participants and explained that the discussion would inform the broader review of IRTS, RCS, and related behavioral health service payment policies. The Health Management Associates project team provided an overview of ongoing work, including a peer-state review, examination of statutory and regulatory requirements, analysis of cost reporting methodologies, and stakeholder engagement activities. Participants were encouraged to provide candid feedback to help inform future findings and recommendations.

Summary of Provider Feedback

1. Current Financial and Regulatory Environment

Providers expressed significant concern regarding the current operating environment and described substantial uncertainty facing the behavioral health system.
Key themes included:

- Concerns that providers are operating with limited financial margins and may not be able to absorb additional reimbursement reductions.
- Frustration regarding recent Medicaid provider revalidation and enrollment actions, which several participants indicated have created administrative burden and uncertainty.
- Concern that the timing of this review coincides with significant operational challenges, workforce shortages, and ongoing regulatory activity.
- Perception that providers are being asked to navigate increasing scrutiny while continuing to meet rising service demands.

2. Cost Reporting and Rate Methodology

Several providers indicated that the current cost-based reimbursement structure is generally preferable to many fixed-rate behavioral health reimbursement models.
Feedback included:

- Appreciation that the methodology allows providers to recover actual program costs over time.
- Recognition that some year-to-year financial fluctuations are expected under a retrospective cost-based system.
- Concerns regarding volatility associated with utilization changes and delayed rate adjustments.
- Suggestions to examine potential mechanisms for reducing rate variability caused by short-term fluctuations in occupancy or utilization levels.
- Interest in exploring ways to incorporate more prospective elements into the rate-setting process to better account for current and emerging costs.

3. Reimbursement and Operating Costs

Providers consistently reported that operating expenses continue to rise substantially.
Specific cost pressures identified included:

- Employee compensation and benefits.
- Health insurance premiums.
- Professional liability insurance.
- Facility maintenance and commercial property expenses.
- Food and other room-and-board-related operating costs.
- Costs associated with serving individuals with increasingly complex clinical needs.

Providers emphasized the importance of ensuring reimbursement methodologies remain responsive to evolving operating costs and workforce market conditions.

4. Room and Board Funding Challenges

A significant concern raised by providers was the adequacy of room and board funding.
Providers reported:

- Room and board rates have remained largely unchanged despite substantial increases in housing and food-related expenses.
- Existing room and board reimbursement does not reflect actual program costs.
- Programs may be forced to absorb growing financial losses associated with residential operations.
- Consideration should be given to developing a methodology that more accurately reflects actual room and board expenses.

5. Workforce Recruitment, Retention, and Support

Workforce challenges remained a prominent topic throughout the discussion.
Providers identified:

- Ongoing recruitment and retention challenges.
- Escalating salary expectations and benefit costs.
- Health insurance affordability concerns.
- The need for additional workforce supports, training opportunities, and professional development resources.

- Interest in exploring group purchasing opportunities or state-supported solutions that could help control benefit-related expenses.

Providers also noted that historical grant opportunities had supported innovation, workforce development, facility improvements, and specialized programming, and several participants expressed interest in similar supports moving forward.

6. Licensing, Oversight, and Technical Assistance

Providers discussed the importance of strong oversight paired with practical technical assistance. Feedback included:

- Support for increased site visits and proactive technical assistance, particularly for new providers.
- Suggestions that earlier engagement and monitoring could help identify issues before they become significant compliance concerns.
- Interest in greater consistency between regulatory requirements and operational implementation.
- A desire for more collaborative approaches to quality oversight and provider support.

7. Managed Care and Payment Administration

While providers generally described Minnesota Medicaid as a reliable payer, several noted challenges involving managed care organizations (PMAPs).

Examples included:

- Authorization requirements that vary by organization.
- Inconsistent interpretation of program requirements.
- Delays associated with appeals and claim reviews.
- Administrative burden related to repeated requests for documentation already provided.

Providers indicated these challenges can delay payments and require significant staff resources to resolve.

8. Future Access and Sustainability Concerns

Providers voiced concern about broader system sustainability.

Key concerns included:

- Growing client acuity and service complexity.
- Rising uncompensated care and potential increases in uninsured individuals.
- Financial strain created by inflationary pressures and insurance market changes.
- The need to maintain access to high-quality residential behavioral health services while navigating increasing operational and regulatory demands

Closing and Next Steps

Facilitators informed participants that:

- A follow-up survey will be distributed to gather additional feedback on issues not fully explored during the convening.
- Survey findings will be analyzed alongside stakeholder feedback and ongoing research activities.
- Additional provider engagement sessions will be conducted to review findings and gather further input.

- Participant feedback will be incorporated into the development of findings and potential recommendations related to policy, reimbursement, cost reporting, and program administration.