MINUTES

MN BHA IRTS/RCS Service Providers: Virtual Stakeholder Convening
June 26, 2026 - 12:00 to 1:00 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. Cost Reporting and Rate Setting Challenges

Providers expressed concerns regarding the complexity and usability of the current cost reporting and rate-setting process.

Key themes included:

- Difficulty navigating the rate-setting spreadsheet and understanding specific calculations, particularly occupancy percentages.
- Challenges allocating staff costs when employees perform multiple functions (e.g., leadership, scheduling, billing, and direct service provision).
- Requests for greater transparency regarding how submitted cost reports are reviewed and translated into reimbursement rates.
- Desire for clearer guidance on allowable versus non-allowable costs and more detailed documentation requirements.
- Interest in more accessible training opportunities, including multiple delivery formats and schedules. 1

2. Reimbursement Rates Not Keeping Pace with Costs

Providers consistently reported that reimbursement rates do not adequately reflect current operating expenses.

Specific concerns included:

- Rising costs associated with transportation, fuel, food, utilities, licensing, facility maintenance, and other operational expenses.
- Delays in rate adjustments that result in reimbursement levels being based on historical costs that no longer reflect current market conditions.
- Interest in exploring mechanisms such as mid-year rate reviews or more responsive rate-setting methodologies.
- Concerns that room-and-board reimbursement rates are insufficient to cover actual program expenses.

3. Clarification of Direct Service and Program Costs

Providers identified several areas where additional guidance is needed regarding cost categorization and reimbursement.

Examples included:

- Whether therapeutic materials, treatment manuals, educational resources, and client-facing curriculum can be treated as direct program costs.
- How interpreter services should be reported and incorporated into rates.
- Recognition of staff training expenses, including costs associated with learning management systems and training platforms.
- Clarification regarding transportation-related expenses and other program-specific costs.

4. Facility Space Allocation Concerns

Multiple providers raised concerns about how treatment space is defined and accounted for within the rate-setting methodology.

Feedback included:

- Many spaces serve multiple purposes and function as both common areas and treatment areas.
- Current methodologies may not adequately recognize shared or flexible-use spaces.
- Existing formulas may unintentionally discourage facility designs that maximize treatment and group programming space.
- Providers requested reconsideration of how treatment space is defined and measured within reimbursement calculations.

5. Workforce Recruitment and Retention Challenges

Workforce concerns were a recurring theme throughout the discussion.

Providers reported:

- Significant difficulty recruiting and retaining qualified staff.
- Competition from remote work opportunities and private practice settings.
- Increasing compensation expectations that are difficult to accommodate under current reimbursement structures.
- Internal pay disparities between service lines due to differences in reimbursement models.
- Challenges maintaining staffing levels required by program regulations while simultaneously managing rising labor costs.

Providers emphasized the need for reimbursement methodologies that better support competitive compensation and workforce sustainability.

6. Program Oversight, Fidelity, and Quality Assurance

Several providers discussed the need for stronger oversight mechanisms and greater consistency in program implementation.

Feedback included:

- Concerns that program requirements may be applied inconsistently across providers.
- Interest in additional certification, fidelity review, or quality assurance processes to ensure programs are operating according to established standards.
- Questions regarding how compliance with staffing and operational requirements is monitored and enforced.
- Desire for greater alignment between policy requirements and operational realities.

7. Regulatory and Administrative Burden

Providers highlighted significant administrative burden associated with operating licensed services.

Key concerns included:

- Duplication of documentation and reporting requirements.
- Complex licensing, billing, and reporting processes.
- Lack of integration across state systems, requiring providers to repeatedly submit information already available elsewhere.
- Requests for greater automation and better coordination among state agencies and systems.
- Interest in reducing unnecessary administrative requirements while maintaining program integrity.

8. Staffing Requirements and Regulatory Flexibility

Providers reported challenges complying with statutory staffing requirements during workforce shortages.

Discussion points included:

- Limited flexibility when vacancies occur.
- Difficulty maintaining required staffing ratios in residential settings.
- Concerns that current statutes provide little ability to adapt to workforce shortages or operational disruptions.

- Recognition that staffing requirements are important for safety and quality but may be difficult to sustain under current workforce conditions.

9. System Fragmentation and Data Sharing

Providers emphasized the need for greater coordination across systems.

Feedback included:

- State agencies often possess relevant data but do not consistently share information across programs or departments.
- Providers are frequently required to submit information that may already exist within state systems.
- Better integration of systems could reduce administrative burden and improve oversight.
- Providers expressed support for using existing data more effectively to identify compliance concerns rather than relying heavily on provider reporting.

10. Service Demand, Acuity, and Access Challenges

Providers reported changes in service demand and client needs over recent years.

Themes included:

- Increasing client acuity and complexity.
- Greater staffing intensity required to safely support individuals being served.
- Increased competition among providers as the number of service sites has grown.
- Challenges associated with timely assessment, placement, and discharge planning.
- Concerns that existing reimbursement structures do not adequately account for the increasing intensity of care required.

11. Transitions of Care and Community Resource Limitations

Providers discussed difficulties coordinating care transitions and securing appropriate community supports.

Key issues included:

- Limited availability of community-based resources and housing options.
- Delays caused by workforce shortages across behavioral health systems.
- Difficulty arranging successful discharges within required timeframes.
- Challenges serving individuals with high acuity needs when downstream services and supports are limited.
- Additional barriers faced by providers operating in rural communities with fewer available resources.

12. Financial Sustainability

Providers expressed concerns regarding the long-term financial sustainability of programs.

Specific observations included:

- Significant year-to-year fluctuations between operating deficits and surpluses due to rate-setting methodologies.
- Concerns that reimbursement rates lag actual costs.
- Ongoing challenges balancing service quality, workforce investment, regulatory compliance, and financial viability.
- Desire for more predictable and sustainable funding mechanisms.

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.