



Minnesota Hospital Association

2012 Legislative Session Preview

**Health Law Section
Annual Legislative Preview CLE**



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Political Environment

- Uncertainty regarding federal health care reform. What's in, what's out, what changes?
 - Example: Is there willingness by Republican majorities to pass legislation creating a Minnesota Health Insurance Exchange?
- February 2012, redistricting maps released from the courts. Affects all 201 legislative seats. Capitol bedlam!
- Session scheduled to adjourn sine die April 30.
 - Limited number of HHS policy committee meetings.
 - Questionable whether there will be supplemental budget bills.
- Possible constitutional amendment regarding “right to work.”

2012 Legislative Session Overview

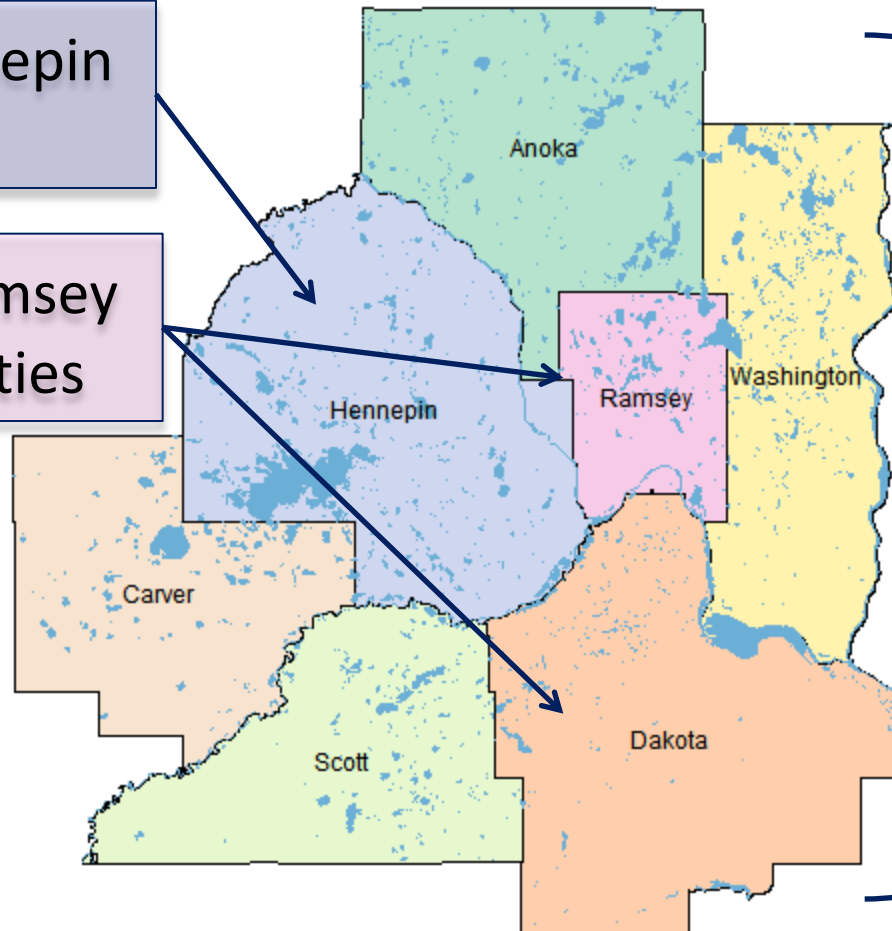
1. Health care reform/payment reform issues
2. State budget issues
3. Regulatory issues
4. Workforce issues

What's happening now: Competitive bid process being implemented

- Results of PMAP competitive bid process
 - \$170-180 million in projected savings in 2012

Medica: Hennepin
County

BluePlus: Ramsey
& Dakota Counties



HealthPartners:
All 7 counties

UCare:
All 7 counties

Managed care competitive bidding

- A two-year competitive bidding pilot for the Twin Cities metropolitan area.
- Populations in the pilot will be families and children and non-disabled adults under age 65.
- The pilot starts January 2012.
- Approximately 78,000 enrollees will need to change health plans for January 2012.

Question: Is competitive bidding bringing about cost savings through increased health plan efficiencies or is it just another way to implement provider payment cuts?

What's happening now: HCDS demo proposals

Health Care Delivery System (HCDS) Demonstration Projects

- 9 responses submitted to DHS under their revised RFP:
CentraCare Children's Hospitals Essentia
Fairview FQHC Urban Health Network
Mayo Clinic North Memorial Park Nicollet
Northwest Metro Alliance (Allina/HealthPartners)

Hennepin County has a similar project outside of RFP

- The demo will test innovative health care delivery systems. Allows different levels and types of financial risks.

Health care reform/payment reform

■ Big Picture 2012 Issues

1. Creation of a Minnesota Health Insurance Exchange?
 - Determining an Essential Benefit Set
 - Governance
 - Financing
2. Provider Peer Grouping
 - Part of 2008 health reform law. Collect and report data showing a combined score for hospitals and medical groups for cost and quality.
 - Numerous measurement and scoring problems necessitated reporting delay. Now what: project improvement, statute revisions, statute repeal?
 - Will/should the PPG reports be used on Minnesota's future health insurance exchange?

Health care reform/payment reform (cont'd.)

■ MHA Priorities

1. Public program enrollee assignment/attribution.
2. The need for additional data, particularly around patient utilization. (*Data sources: Medicare, DHS, All-Encounter Database.*)
 - Quality improvement efforts
 - Care coordination/disease management
 - The new 10% reduction in inpatient Medical Assistance FFS rates allows hospitals to earn back a portion of the cut if readmission targets are met.

State budget priorities

- **November 2011 budget forecast**
 - \$876 million state budget surplus forecasted for the rest of fiscal years (FY) 2012-2013.
 - \$255 million is to be transferred to the state's cash flow account, bringing that account to the required \$350 million.
 - The remaining \$621 million is to be transferred to the state's budget reserve, bringing that account to \$648 million.
 - \$308 million is lower-than-projected HHS spending.
- **Is there an opportunity for possible restoration of any of the HHS budget cuts?**
 - Alternatives/implementation of Emergency Medical Assistance cuts. Litigation by some groups under discussion.
 - MHA's initial priority would be restoration of MERC funding.

Cuts to Medical Education and Research Costs (MERC)

- \$51.2 million cut to PMAP/MERC in 2012-13.
(A 45% funding reduction.)
 - Final MERC cuts were less than the 90% funding reduction that was included in the vetoed HHS bill.
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Of the 200 medical students to graduate from the U of M last year, only half of them completed residency in MN.



Of those, 72% stayed in MN – the 15th highest retention in the country. “We need to grow our own.”

Regulatory issues

1. Hospital community benefit: Repeal/replace new intrusive statute language “giving” MDH oversight of hospital community benefit activities.
 - In response to loss of SHIP funding.
 - Potential for conflict with new IRS requirements for charitable hospitals to conduct community needs assessments and show how they plan to meet identified needs.
2. No-fault auto insurance: Protect current statute language providing \$20,000 of medical coverage. Important to trauma system.

Regulatory issues (cont'd.)

3. Workers' comp insurance: If legislation is advanced, dealing with a perceived problem of payment for implants, then hospital community wants broader system reforms.
4. Adverse health events: Updating Minnesota's Adverse Health Event law to include the new "never" events from the National Quality Forum (working with MDH.)
5. Felony neglect legislation: Narrowly define the issue of intent, if there is a new felony-level crime for neglect of a vulnerable adult resulting in serious bodily harm or death.

Workforce

1. Continue support for MN's participation in the multi-state Nurse Licensure Compact.
2. Determine MHA's position on Advanced Practice Registered Nurse (APRN) scope of practice legislation – eliminating need for physician collaboration agreement. (Could be 2013 issue.)
3. Continue to oppose any mandated staffing ratio legislation.
4. Support restoration of MERC funding.