Health Care Reform Task Force

Minnesota Department of Health
Minnesota Department of Human Services
Minnesota Department of Commerce

December 2010

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Introduction

The 2010 Minnesota Legislature directed the Departments of Health, Human Services, and Commerce to convene a health care reform task force to advise and assist the Governor and the Legislature regarding state implementation of the federal Patient Protection and Affordable Care Act.[1] The task force consisted of legislators from the Minnesota House of Representatives and Minnesota Senate, State Agencies, and members appointed by the Governor representing health care organizations, health plan companies, health care trade and professional associations, employers and group purchasers, labor organizations, and health care market experts with expertise in financing, access, and quality. A list of the task force participants is provided in Appendix B of this report.

Members of the Health Care Reform Task Force met on July 15, 2010. During this meeting, staff from the Minnesota Departments of Health, Human Services, and Commerce provided an overview of the Patient Protection and Affordable Care Act (PPACA), including implementation timelines, state requirements and options, and the availability of federal guidance regarding state implementation of various provisions. After this overview of PPACA, task force members were asked to provide comments and discuss two questions:

1. What are the areas of most concern to you that should be examined in the comparison of state law and federal law?

2. What are your suggestions or recommendations for criteria for evaluating opportunities for participation in demonstrations, pilots and other grant programs contained in the federal legislation?

The task force provided general comments regarding state implementation of federal health reforms related to fiscal impact and cost containment, risk sharing, market incentives, innovation, the use of insurance Exchanges, and workforce issues.

[1] 2010 Minnesota Special Session Law, Chapter 1, Article 22, Section 4. (See Appendix A for text of the law.)

Summary of Discussion

The discussion of the task force centered on a few key themes including: fiscal impact and cost containment, risk sharing, market incentives, innovation, the use of insurance Exchanges, and workforce issues.

Fiscal Impact and Cost Containment

While some members praised expanded coverage under the federal law as a mechanism for better health outcomes, others expressed concern regarding the potential long-term costs of the federal law, not only for the state budget in covering public program enrollees but also for private employers. For example, members discussed what the impact will be of adding 32 million covered lives to the system without commensurate cost containment measures. Many members also expressed concern about the impact of 32 million covered lives on health care delivery systems without an expanded workforce.

Members expressed concern about the lack of cost containment measures in the federal health reform law, but also discussed the potential for Minnesota to leverage new dollars and opportunities for expanded payment reform efforts through the pilot and demonstration programs implemented through the Centers for Medicare and Medicaid Services (CMS) Innovation Center created under PPACA. Members specifically discussed the inclusion of language on Accountable Care Organizations (ACOs) in PPACA and encouraged the state to consider whether this opportunity could help with cost containment efforts and how these types of organizations could work in rural areas. Given that the Innovation Center had yet to be created, members felt that it was premature to make specific recommendations related to potential state payment reform opportunities under the federal law.

Risk Sharing

Some members expressed concern about how insurance companies will share risk in a guarantee issue environment and that there is a significant need for future state-level discussion around risk adjustment and reinsurance provisions created under PPACA. In addition, members also expressed that these provisions should be created in ways that provide health plans with prospective incentives to create health insurance products and compete to enroll and effectively manage sicker populations. When federal guidance becomes available on the risk sharing provisions in the law, members suggested that the state should convene discussions with stakeholders on how these mechanisms could be implemented effectively in Minnesota.

Market Incentives

Some members highlighted how the law allowed for healthy behavior discounts in 2014 and encouraged the state to consider creating additional and/or better aligned incentives that promote healthy behaviors and value-based services. Members encouraged Minnesota to consider payment based on patient adherence, not just quality outcomes. Members also commented on the need for more health care system transparency to help consumers make informed decisions to improve their health. Members suggested that Minnesota evaluate the potential advantages and disadvantages of participating in the

ten-state wellness discount demonstration project for the individual market that was created under PPACA when guidance for this demonstration project becomes available.

Innovation

Minnesota is viewed as an innovative leader in its health care delivery system and health reform initiatives. Members expressed concern about whether the federal law could potentially threaten our ability to develop new and innovative payment models and quality measures. However, members also discussed how the federal law could help states accomplish innovative efforts to streamline and simplify government programs Task force members also commented on how Minnesota is a leader in the use of electronic health records and in the development of a health information exchange. Members spoke of the wealth of expertise, organizational quality and innovation in the state and how Minnesota should serve as an example for the rest of the nation. Members also discussed how to effectively communicate information about Minnesota's innovative efforts to the federal government.

Use of Insurance Exchanges

Members discussed whether it would be in the state's interest to establish an Exchange or have the federal government establish an Exchange for Minnesota. Members expressed that Minnesota would be well positioned to establish its own Exchange and that the control of the state's Exchange should not be given to the federal government. Some members expressed that the approach taken by Utah where consumers instead of employers are able to decide which health insurer and health benefit plan best suits their needs could be used as a potential model for Minnesota to create a more competitive market. Members also expressed that the availability of real-time, transparent data will be key to the success of an Exchange.

Workforce Issues

Members highlighted workforce development issues and the grant and loan programs created and expanded under PPACA for the health care workforce. Members specifically discussed the need for additional primary care providers to address the influx of newly covered lives into the health care system as a result of expanded access to health care coverage under PPACA.

Conclusion

In response to the provision of information on PPACA and the discussion that followed, the task force determined that the development of specific recommendations regarding state implementation of PPACA was premature. Given the limited availability of federal guidance and regulations on PPACA, the task force provided general comments regarding state implementation of federal health reforms related to fiscal impact and cost containment, risk sharing, market incentives, innovation, the use of insurance Exchanges, and workforce issues.

Appendix A

2010 Minnesota Special Session Law, Chapter 1, Article 22, Section 4

Sec. 4. **HEALTH CARE REFORM TASK FORCE.**

Subdivision 1. **Task force.** (a) The governor shall convene a Health Care Reform Task Force to advise and assist the governor and the legislature regarding state implementation of federal health care reform legislation. For purposes of this section, "federal health care reform legislation" means the Patient Protection and Affordable Care Act, Public Law 111-148, and the health care reform provisions in the Health Care and Education Reconciliation Act of 2010, Public Law 111-152. The task force shall consist of:

(1) two legislators from the house of representatives appointed by the speaker and two legislators from the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration;

(2) two representatives appointed by the governor to represent the governor and state agencies;

(3) three persons appointed by the governor who have demonstrated leadership in health care organizations, health plan companies, or health care trade or professional associations;

(4) three persons appointed by the governor who have demonstrated leadership in employer and group purchaser activities related to health system improvement of whom two must be from a labor organization and one from the business community; and

(5) five persons appointed by the governor who have demonstrated expertise in the areas of health care financing, access, and quality.

The governor is exempt from the requirements of the open appointments process for purposes of appointing task force members. Members shall be appointed for one-year terms and may be reappointed.

(b) The Department of Health, Department of Human Services, and Department of Commerce shall provide staff support to the task force. The task force may accept outside resources to help support its efforts.

(c) Task force members must be appointed by July 1, 2010. The task force must hold its first meeting by July 15, 2010.

Subd. 2. **Duties.** (a) By December 15, 2010, the task force shall develop and present to the legislature and the governor a preliminary report and recommendations on state implementation of federal health care reform legislation. The report must include recommendations for state law and program changes necessary to comply with the federal health care reform legislation, and also recommendations for implementing provisions of the federal legislation that are optional for states. In developing recommendations, the task force shall consider the extent to which an approach maximizes federal funding to the state.

(b) The task force, in consultation with the governor and the legislature, shall also establish timelines and criteria for future reports on state implementation of the federal health care reform legislation.

Appendix B

Task Force Membership

Senator Linda Berglin

Fran Bradley, former chairman, Health and Human Services Finance Committee, Minnesota House of Representatives

Commissioner Tom Hanson, Minnesota Management and Budget

Representative Tom Huntley

Carolyn Jones, Express Scripts

Commissioner Cal Ludeman, Minnesota Department of Human Services (Chair)

Senator Ann Lynch

Commissioner Dr. Sanne Magnan, Minnesota Department of Health (Ex-officio member)

Harry Melander, MN State Building and Construction Trades Council

Charles Montreuil, Best Buy Co., Inc.

Peter Nelson, Center of the American Experiment

Stephen Parente, Medical Industry Leadership Institute, Carlson School of Management

Elisabeth Quam, CDI Quality Institute, Center for Diagnostic Imaging

Chris Schneeman, SevenHills Benefit Partners

Representative Paul Thissen

Henry T. VanDellen, Aon Consulting

Scott Walker, United Brotherhood of Carpenters

William H. Wenmark, former chairman and founder, NOW Medical Centers