MINNESOTA CHAMBER OF COMMERCE

GROWING MINNESOTA

# 2018 POLICIES
# Public Health Care Programs

Employers across Minnesota annually rank reducing government spending as a top legislative concern, with many consistently reporting that state taxes used to fund state public programs have become increasingly burdensome.

These concerns are highlighted when placed against the backdrop of Minnesota's public health care programs, because Minnesota's public program health care benefits are more expensive and expansive than other peer states'. As an example, while Minnesota has the 19th largest Medicaid population in the country, we rank 7th in the country for highest Medicaid spending per enrollee – largely driven by our per-enrollee spending on disabled individuals (2nd highest nationally) and low-income children (7th highest nationally). Minnesota's business community has an interest in ensuring that the public health care programs funded by state taxpayers provide access to quality, affordable health care coverage to eligible Minnesotans. However, employers want to ensure these programs provide this coverage in a financially sustainable way, balancing costs for providing care with accessibility for populations in need, and preparing enrollees for eventual private-sector coverage.

## OUR GOALS

Ensure health care public programs: are sustainable in size and scope; promote choice and empower enrollees as consumers; utilize market-driven programs when and where possible; are accessible to those populations in need of them; are supported by sustainable and equitable financing mechanisms; reward outcomes through delivery and value-based payment reform; and leverage federal dollars to the greatest extent possible.

### OUR KEY PRIORITIES FOR THE 2018 SESSION INCLUDE:

- Establish an independent Health Policy Commission.
- Increase state efforts to combat Opioid abuse.
- Enact MinnesotaCare and Health Care Access Fund reforms.

## ESTABLISH AN INDEPENDENT HEALTH POLICY COMMISSION

Rising health care costs in Minnesota pose significant budget challenges for employers, individuals, and the state. According to some analyses, Minnesota nears the top of the list when ranked for its commercial health care costs[1] – with year over year increases in the cost of care consistently outstripping general inflation. As noted above, we also have some of the highest per enrollee Medicaid spending in the country. Ever-increasing commercial health care costs continue to strain employers' budgets and their ability to keep their employees insured, healthy, and productive at work. Similarly, the state's Health and Human Services (HHS) budget, roughly one-third of total state spending, is expected to grow by 15.4% in the current biennium – far outstripping growth in other areas of the state budget. Minnesota cannot sustain these types of health care cost increases forever – whether in the commercial market or in state public programs. This is especially true when considering the costly demographic challenges we'll soon face and the positions we *already* hold atop national rankings of costs and spending. Escalating costs will eventually erode Minnesotans' access to care and the quality of the care they receive – regardless of whether they have public or private coverage.

To provide input and recommendations about how we as a state can better achieve improved care and health outcomes at lower costs through our commercial market

and public programs, Minnesota should establish an independent Health Policy Commission. This independent commission should work to understand why Minnesota ranks so high in health care costs and spending, identify what the drivers are of escalating health care costs and spending in Minnesota, and offer recommendations about policy, legislative, and market reforms that could be undertaken to bend the cost curve and improve care and access for all Minnesotans. It should provide regular reports and input to the Legislature and should be supported by permanent, professional staff with the expertise and skill set necessary to help the commission fulfill its mission. The commission should be populated with independent experts with demonstrated expertise in health finance, health economics, actuarial science, and health plan and health system management. It should also include representation from employers and purchasers of health insurance as well as physicians and other health care providers and those who provide services through MA. To ensure the commission's independence, appointments could be made through a selection process overseen by the Legislative Coordinating Commission.

## INCREASE STATE EFFORTS TO COMBAT OPIOID ABUSE

Minnesota employers are increasingly concerned about the growing prevalence of opioid abuse and its negative impact on communities, the workforce, and workplaces. The Minnesota Chamber supports policy changes to enforce the state's e-prescribing requirement; mandate prescribers' use of the state's Prescription Monitoring Program; mandate training for physicians and other prescribers to increase adherence to the Minnesota Opioid Prescribing Work Group's recommended opioid prescribing guidelines; encourage the use of industry best practices from payers and providers to curb the use of opioids; and ensure employers are able to proactively engage and support their employees and maintain the safety of their workplaces through education, treatment, and testing programs. We also support efforts to fund prevention, treatment, and other support programs at the state level. To fund these initiatives, the state should first maximize the use of federal grants and other federal funding, including new opportunities that have recently emerged through Medicaid. In keeping with our established policies concerning product stewardship, we do not support state-mandated stewardship fees and regulations (see 2018 Product Management and Regulation Policy). Legal processes and litigation are under way both in Minnesota and nationwide to determine what liability, if any, manufacturers, distributors, prescribers, and dispensers of opioids may have in the abuse that is taking place. The Chamber supports the use of state general fund resources to support prevention, treatment, and other support programs at the state level while the ongoing legal processes and litigation determine liability.

## MINNESOTACARE & HEALTH CARE ACCESS FUND REFORMS

Lower-income Minnesotans are eligible for two different publicly subsidized health care programs: Medicaid, which covers about 1.1 million individuals who are disabled or who have incomes below 138% of the federal poverty level (FPL), and MinnesotaCare, which covers about 115,000 individuals with incomes between 138% and 200% of FPL. Only one other state offers health care coverage similar to MinnesotaCare (New York). MinnesotaCare is funded through the Health Care Access Fund (HCAF), which is paid for with a 2% provider tax or "sick tax" levied on virtually all health care services and a 1% premium tax on certain fully insured health insurance products sold in Minnesota. As part of the Affordable Care Act, Minnesota was able to draw down federal funding for Minnesota Care – funds which are projected to cover nearly 90% of the program's cost in FY18. However, the elimination of the ACA's cost sharing subsidies and federal approval of Minnesota's reinsurance program for the individual insurance market have prompted a sizable cut in federal funding for MinnesotaCare. This loss in federal funding is compounded by the scheduled sunset of Minnesota's provider tax in December 2019. The shifting landscape around the financing of MinnesotaCare and the Health Care Access Fund will require legislative action in the near future. Options include: (1) removing the provider tax's scheduled sunset; (2) allowing the tax to sunset in favor of using General Fund resources instead; (3) reforming MinnesotaCare to reduce its costs and reforming the flow of funds into and out of the HCAF to better align its revenues and expenditures; and (4) ending MinnesotaCare altogether.

If the Legislature chooses to continue MinnesotaCare, the Chamber supports reforms to the program because its very generous benefits increase the program's costs and present enrollees with a disincentive to pursue upward economic mobility. We also support a rightsizing of HCAF expenditures. In recent years, hundreds of millions of HCAF dollars have been diverted to non-MinnesotaCare purposes, including reinsurance for the state's individual market and paying for a share of the state's Medicaid program. These diversions from the HCAF highlight the fact that the state has been significantly over collecting the provider and premium taxes paid into the HCAF. While the Chamber has long supported the sunset of the provider tax, if the Legislature chooses not to transition funding for MinnesotaCare to the General Fund, any collection of the premium and provider taxes in the future must be significantly lowered to match the actual needs of the MinnesotaCare program and must be rebalanced to address the reality that the current tax structure disproportionately impacts small and medium-sized fully insured employers.