MINNESOTA CHAMBER OF COMMERCE

GROWING MINNESOTA

2019 POLICIES
Public Health 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 KEY PRIORITIES FOR THE 2019 SESSION INCLUDE:

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

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.

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, – 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 13.1% in the next 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. As an example, policymakers should look to the success of the Minnesota Workers' Compensation Advisory Council. 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. The Minnesota Chamber supports the use of state general fund resources to match and leverage industry resources for prevention, treatment, and other support programs at the state level.

MINNESOTACARE AND 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 was previously funded through the Health Care Access Fund (HCAF), which is paid for with a 2% provider 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 FY19. The provider tax is currently scheduled to sunset on December 31, 2019. However, in recent years, surplus funds from the HCAF have been used to fund spending for other health and human services needs, including for a share of the state's Medicaid program and for a reinsurance program for the state's individual market. When the provider tax sunsets, it will require the Legislature to find other resources to fund these initiatives.

The shifting landscape around the financing of MinnesotaCare and the Health Care Access Fund will require legislative action in the near future. At a minimum, the Minnesota Chamber supports reforms to the MinnesotaCare 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 right-sizing of HCAF expenditures. The diversions from the

HCAF to non-MinnesotaCare uses highlight the fact that the state has been significantly over collecting the provider and premium taxes paid into the HCAF. While the Minnesota Chamber has long supported the sunset of the provider tax, if the Legislature chooses not to transition funding for HCAF-supported funding priorities to the General Fund, any collection of the premium and provider taxes in the future must be significantly lowered to match actual needs and must be rebalanced to address the reality that the current tax structure disproportionately impacts small and medium sized fully insured employers.

Government healthcare programs like Medicare, Medicaid, and MinnesotaCare pay doctors and hospitals much less than commercial health insurance plans do for medical services and procedures. As a result, costs are shifted to those with private insurance who must pay more. Changing programs like MinnesotaCare, which pays health care providers about half of the commercial rate, into a government-sponsored health insurance option that's available to any Minnesotan, regardless of income, will lead to significant financial concerns for doctors and hospitals – especially those in Greater Minnesota. It will also lead to increased costs for those with private coverage – whether fully-insured or self-funded – because health care providers will be forced to shift even more costs to these Minnesotans. These changes will only lead to increased instability in the commercial health insurance market in the state and would threaten the continued viability of the individual and small group markets in particular.