

State Policy Update

Many Faces of Community Health
October 22, 2009

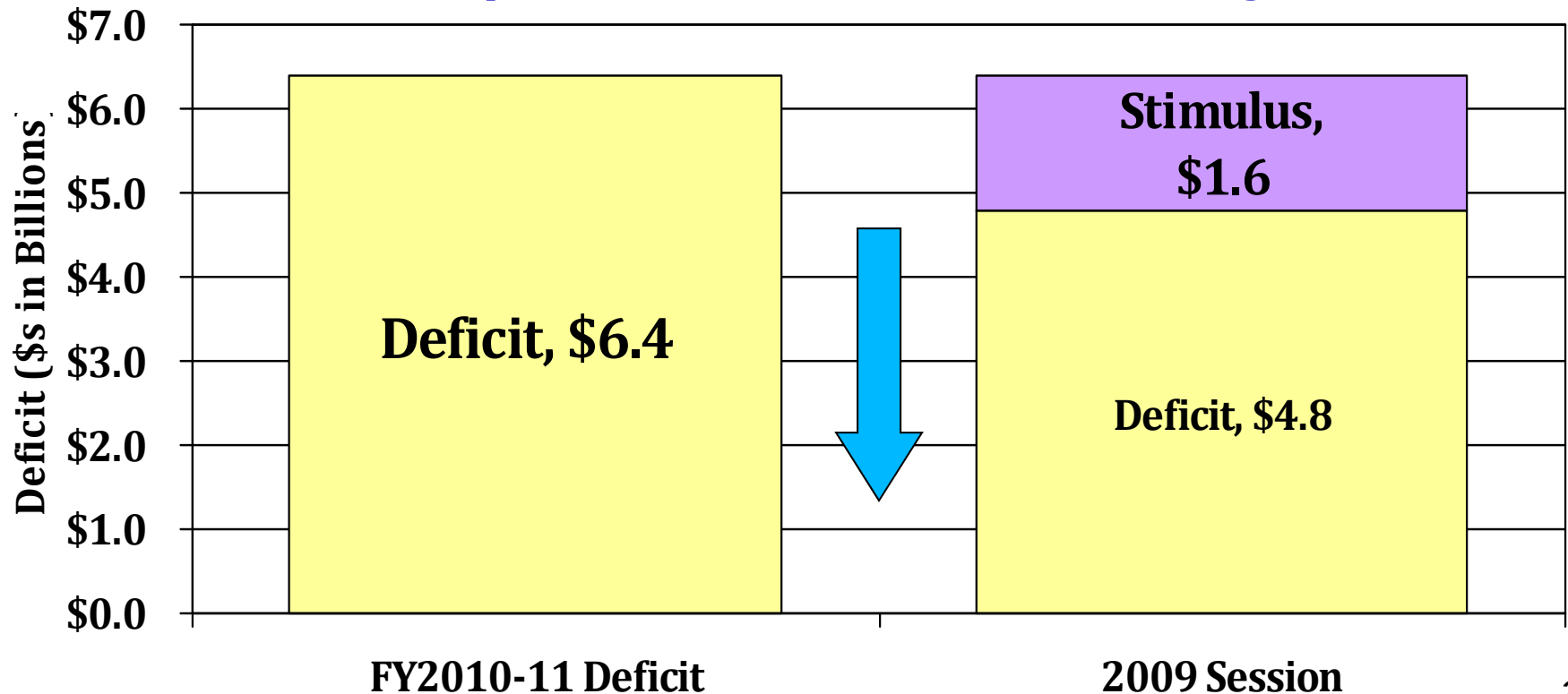
Outline & Objectives

- Review the 2009 MN Legislative Session
 - *Policy changes that impact safety-net providers.*
 - *Jonathan Watson, MNACHC*
- Update on MN Health Care Reform Efforts
 - *“Real-time” changes based on MN health care reform.*
 - *Scott Leitz, Asst. Comm. MDH*
- Preview the 2010 MN Legislative Session
 - *The budget, the policy and the politics – what to expect?*
 - *Phil Griffin, Griffin Government Consulting*
- General Assistance Medical Care (GAMC) in the 2010 Session
 - *How will we respond to this major change?*
 - *Michael Scandrett, Safety Net Coalition*

2009 Session in Review

- Budget, budget, budget
 - Massive budget deficit of \$6.4 billion (17% of state budget)
 - How does the state adjust revenue and spending to eliminate this deficit?

Chart 1: Impact of “Stimulus” Funds on FY10-11 Budget Deficit



- **American Recovery and Reinvestment Act (ARRA)**
 - Funds to provide relief to Medicaid program
 - Usually 50% state/50% federal split
 - Now 40% state/60% federal split
 - Cannot cut eligibility to CURRENT ENROLLEES on public health care programs....
 - *...at least until 12.31.10*
 - ARRA funds end 12.31.10 (assuming there isn't another federal stimulus package)
 - States can cut payments to providers and modify benefits.

State Spending and Growth

Chart 2: State General Funds Spending, FY08-09

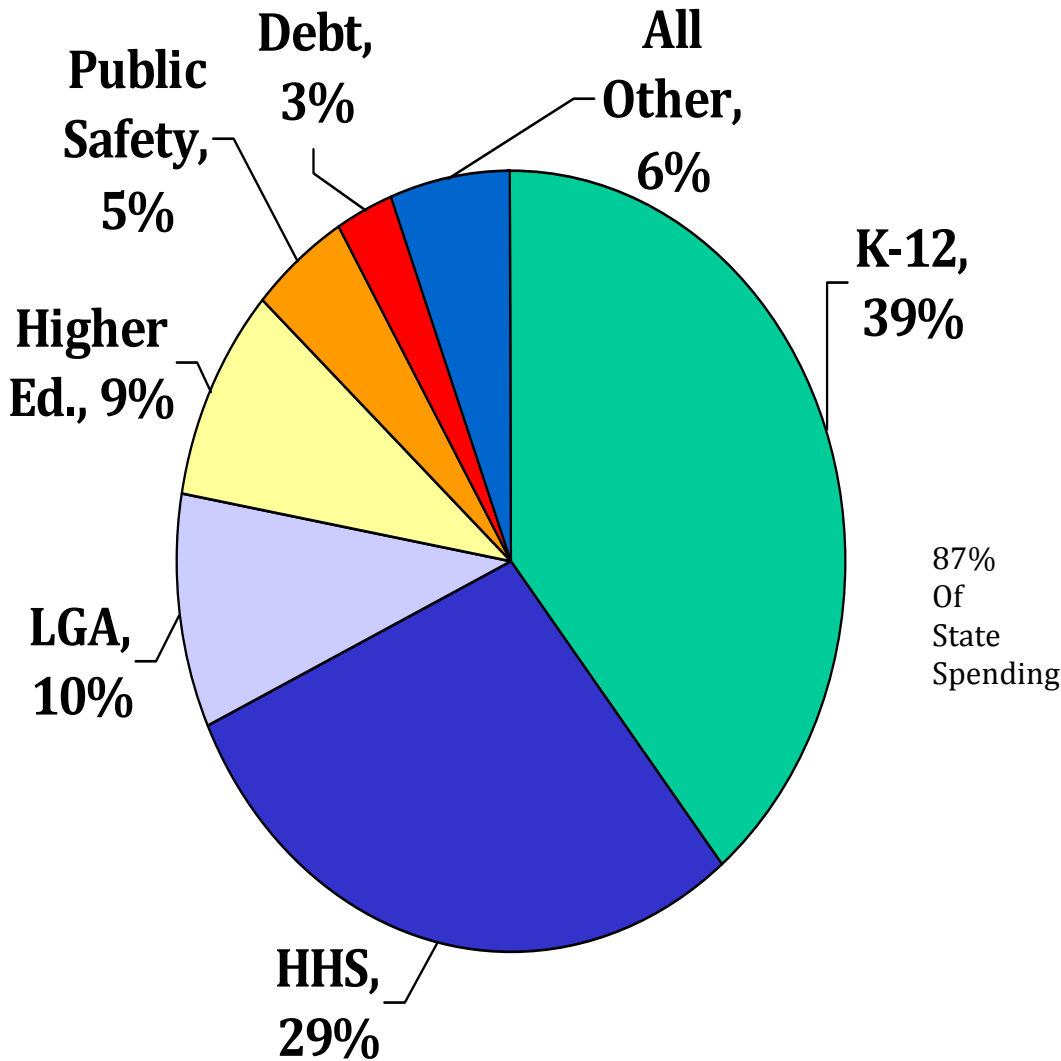
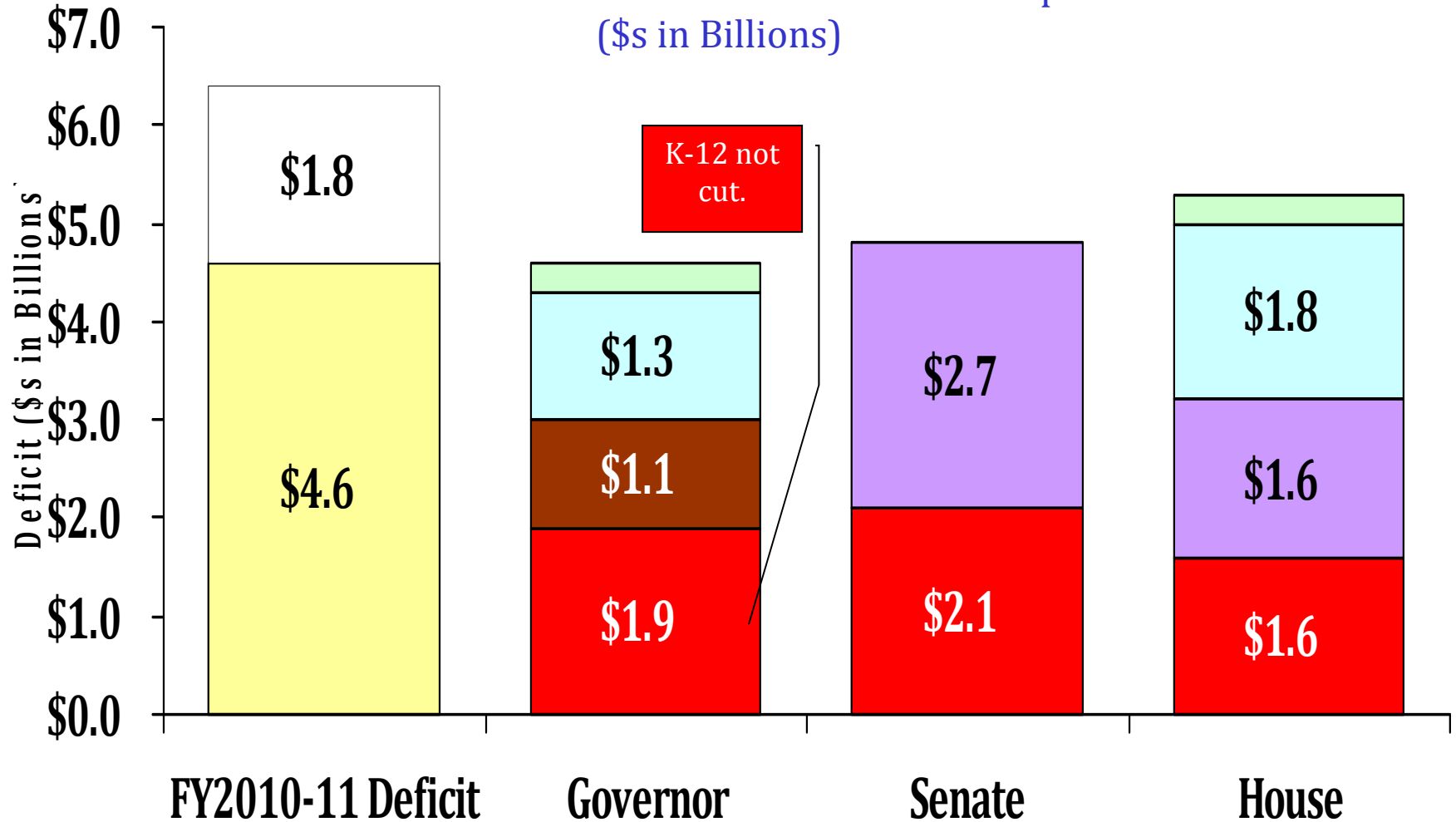


Table 1: Projected GF Spending Growth, By Area

Budget	% Growth FY08-09 to FY10-11
K-12	+0.8%
HHS	+12.8%
LGA	+12.1%
Higher Ed.	+1.2%
Public Safety	+0.6%
Debt	+23.7%

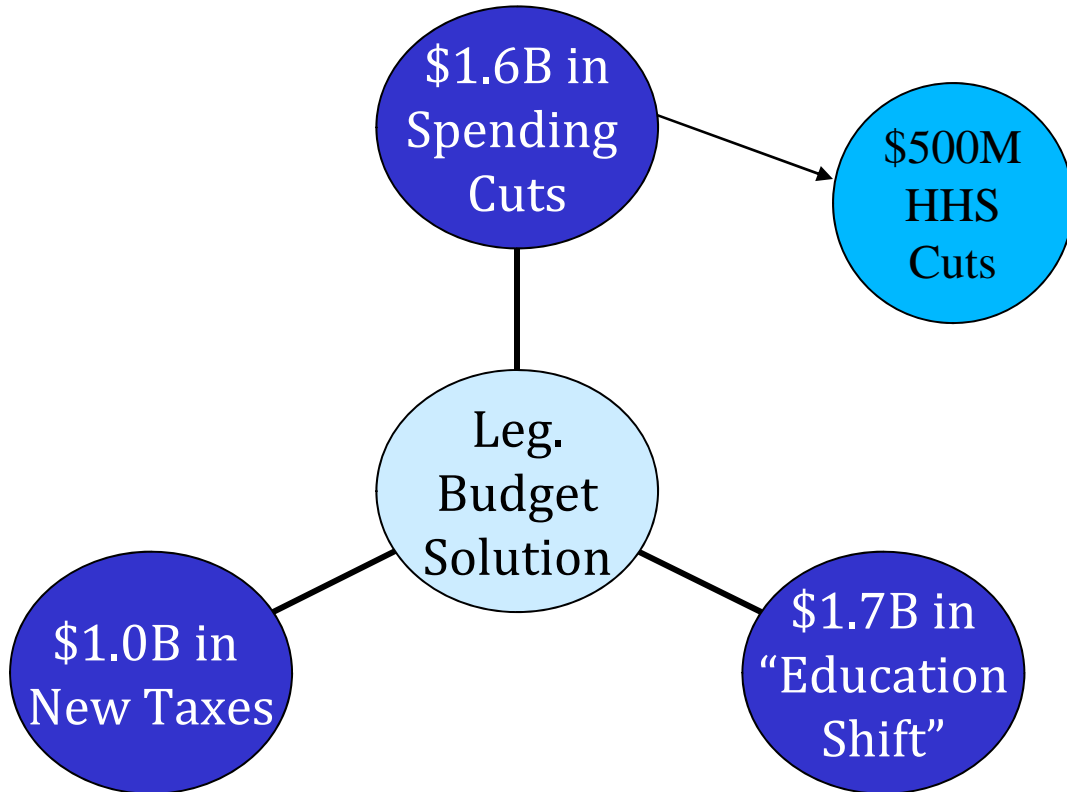
2009 Session in Review

Chart 3 : Overview of "Deficit Solutions" Proposed
(\$s in Billions)



Deficit
 ARRA
 Spending Cuts
 Tobacco Bonds
 New Tax Revenue
 E-12 "Shift"
 Reserves

The Last Days (and Nights) of the 2009 Session



Governor's Response to Legislature	\$4.6 Billion
Sign spending bills (with cuts) into law	(\$1.6 Billion)
Line-Item Veto GAMC Program	(\$381 Million)
Veto \$1.0B in New Taxes	👎
Remaining Deficit to Solve	\$2.7 Billion

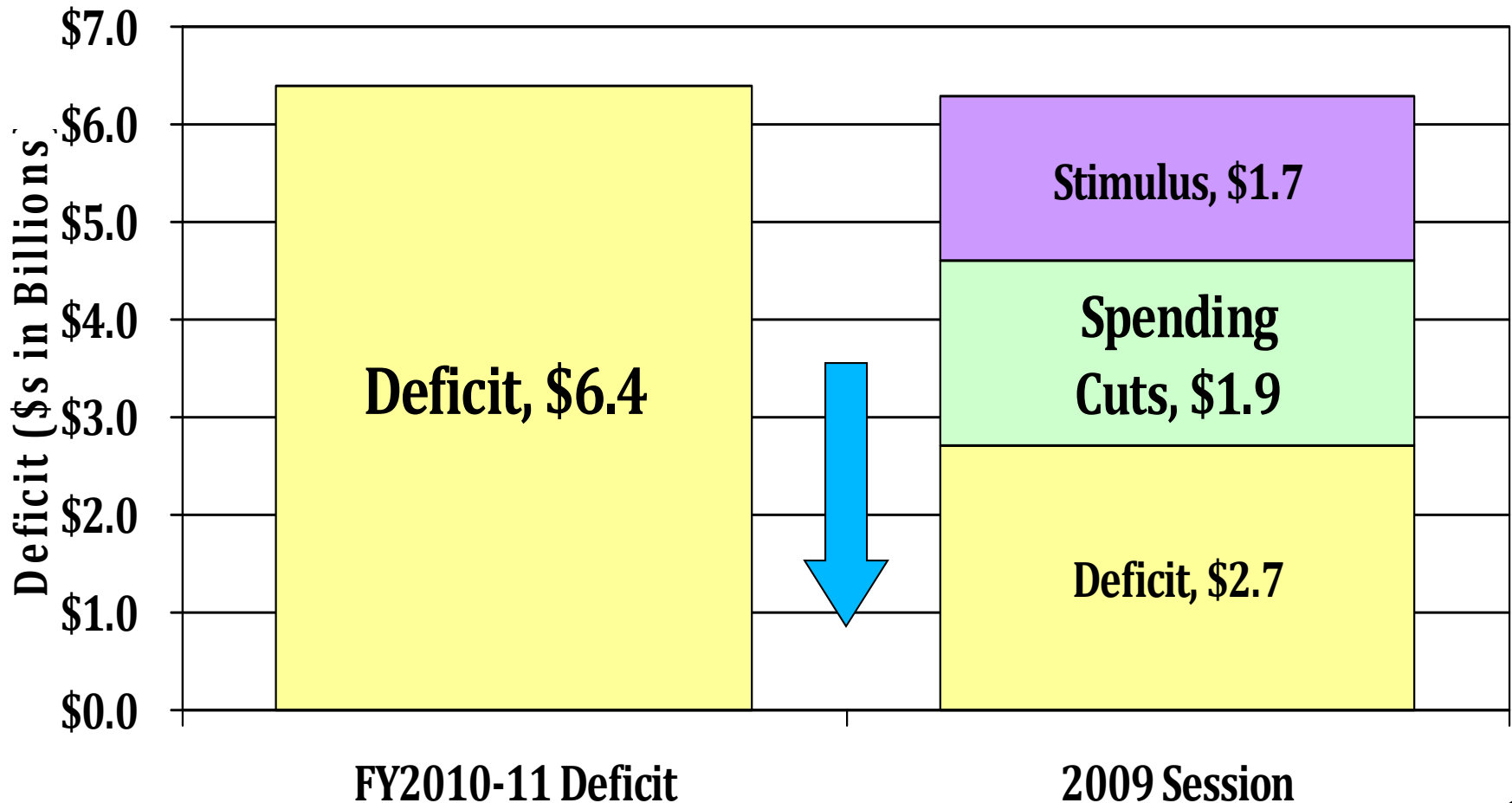
GAMC Line-Item Vetoed (Funding Eliminated)

- **What is GAMC?**
 - State funded only
 - Two parts – 1] full medical benefits (75% FPG); and 2] hospital only coverage (75%-150% FPG)
 - Not eligible for Medical Assistance
 - 35,000 enrollees (MNACHC estimate of 6,000 CHC patients)
 - Childless adults (avg. 42 years old, male)
 - Homeless, mental health issues, substance abuse, chronic health conditions.
- **“Line-Itemed” Vetoed**
 - Theory – 50% of affected enrollees will enroll in MNCare.
 - Premium barriers
 - MAJOR financial impact on hospitals (HCMC, Regions, Duluth)

State Update

- Stimulus funds + Spending Cuts + Line-Item Vetoes

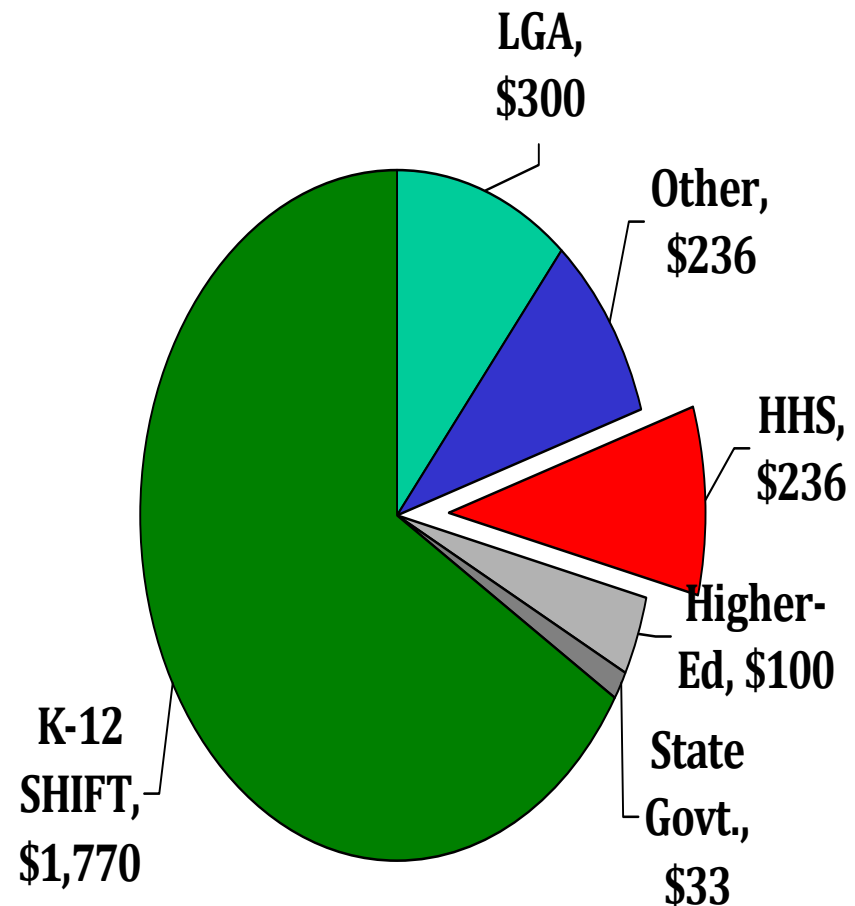
Chart 4: Impact of Stimulus + Spending Cuts on FY10-11 Budget Deficit



Governor's Unallotment (with some 'shifting')

- *“Power to cancel or reduce appropriations to balance the budget”*
 - Must exhaust reserves first (\$250M)
 - Cannot raise revenue or transfer funds (e.g., Health Care Access Fund)
 - Only used 4 times in state history, never at the beginning of a budget cycle
- Governor “unallots” \$2.7 Billion in spending.

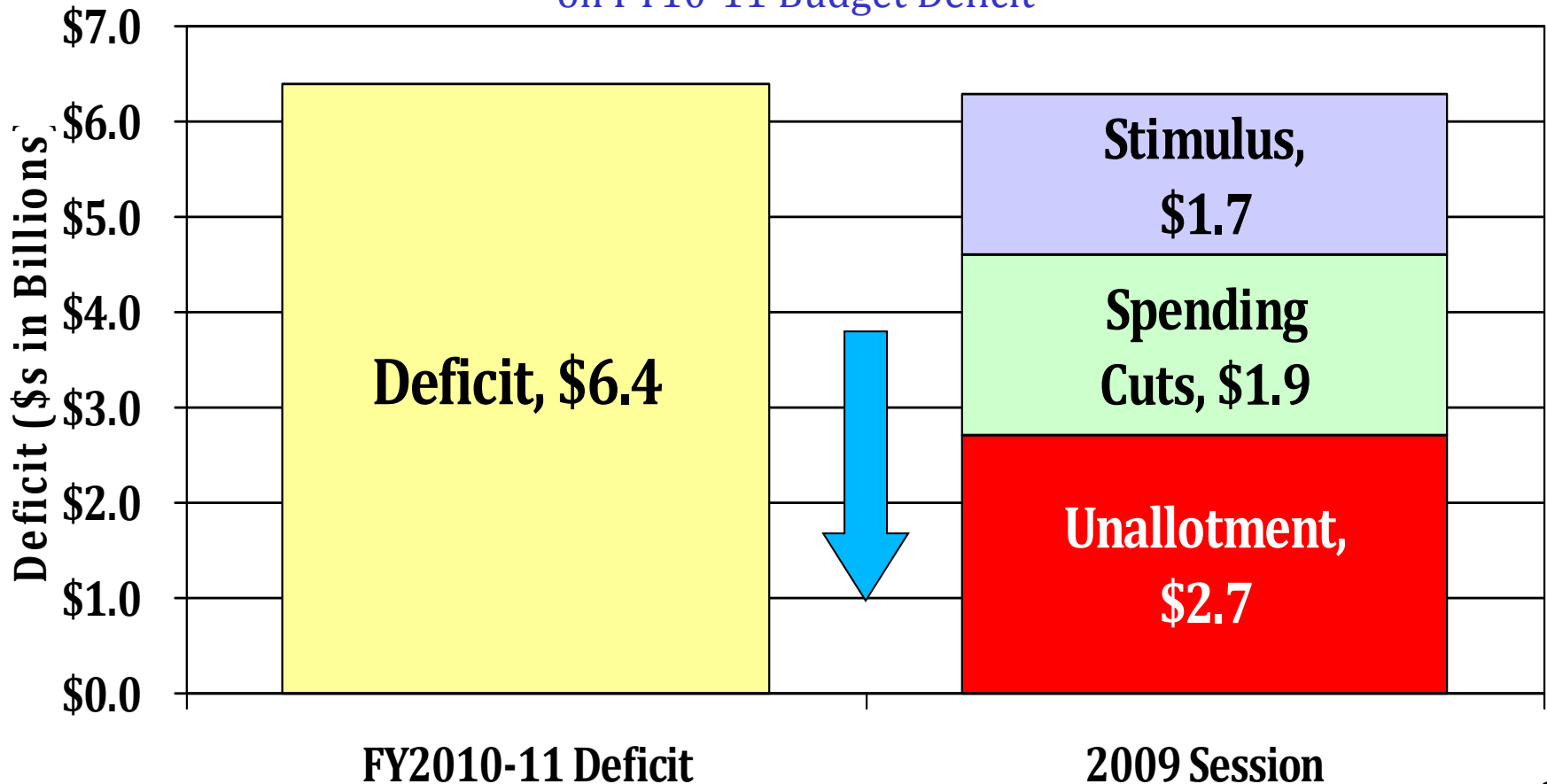
Chart 5: Governor's Unallotment, By Area
(\$s in Millions)



State Update

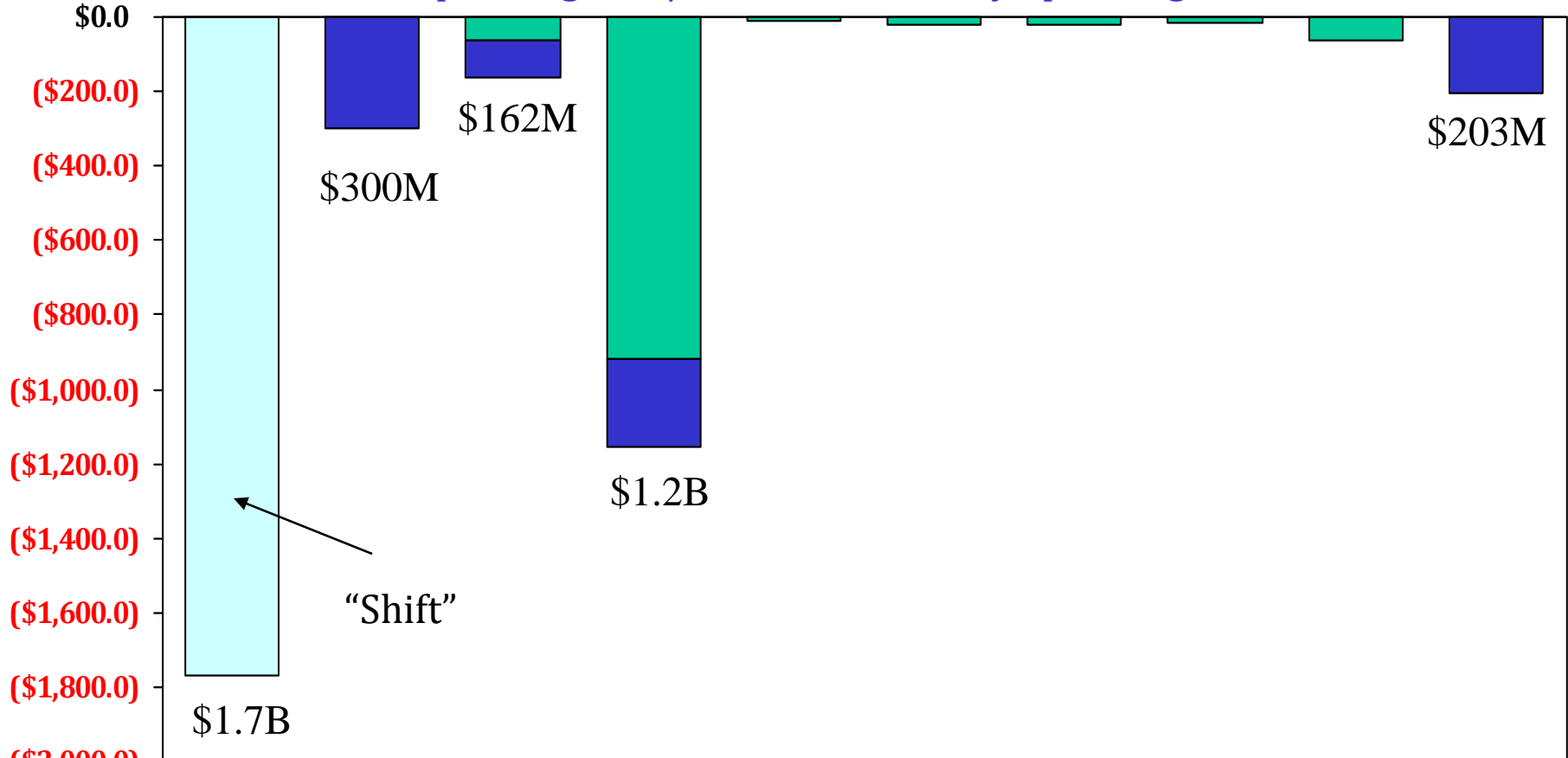
- Stimulus funds + Spending Cuts + Line-Item Vetoes + UNALLOTMENT

Chart 6: Impact of Stimulus + Spending Cuts + Unallotment
on FY10-11 Budget Deficit



Summary of Omnibus Bills & Unallotment

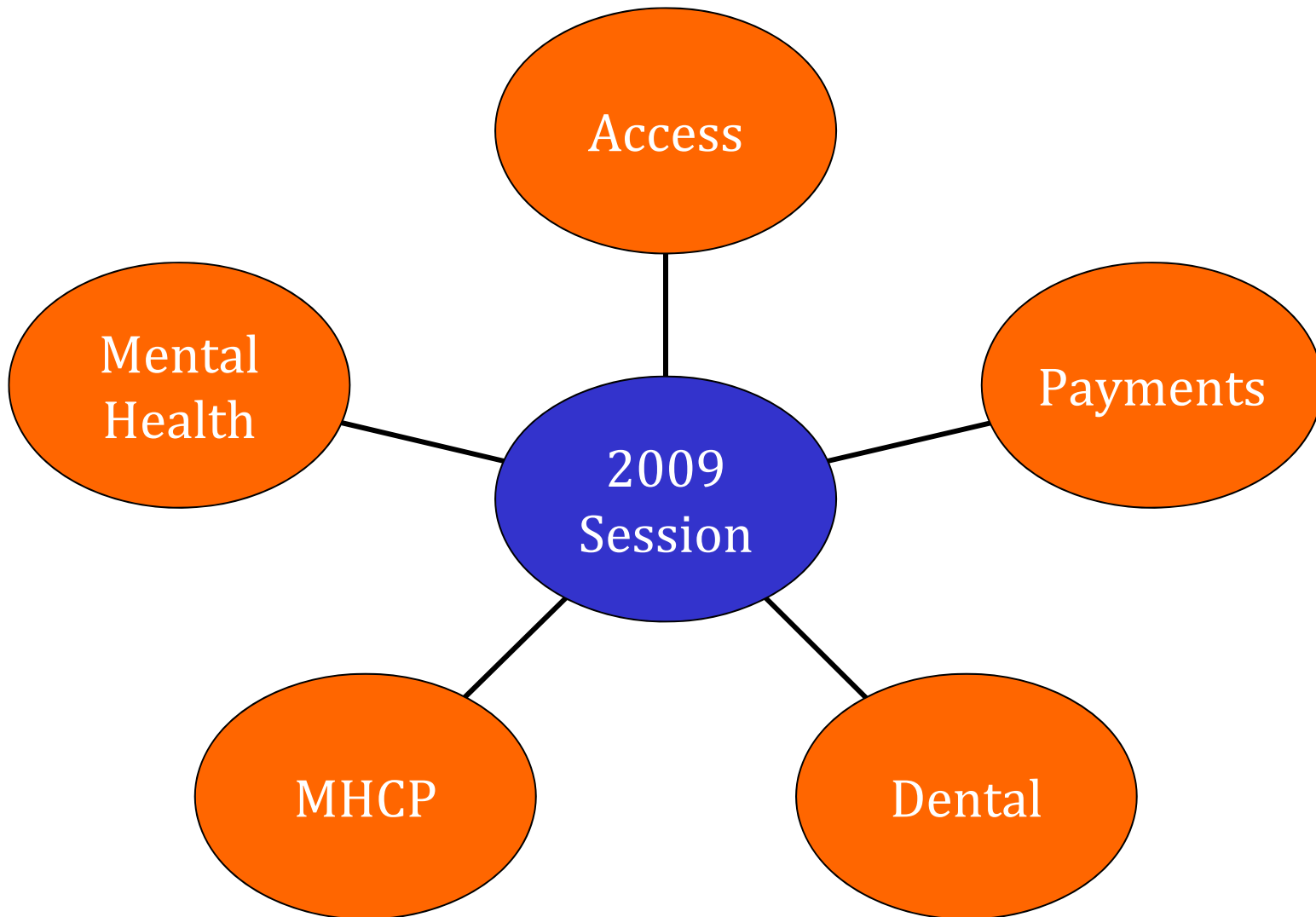
Chart 7: Total Spending Cuts/Shifts FY10-11, By Spending Area



	E-12	LGA	Higher Ed	HHS	Ag/Vet	Env/Energy	Econ.	Transp.	Public Safety	State Govt.
■ Unallot/Shift	(\$1,771.0)	(\$300.0)	(\$100.0)	(\$236.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$202.0)
■ Omnibus Bills	\$0.0	0	(\$62.6)	(\$918.5)	(\$8.8)	(\$22.6)	(\$23.0)	(\$17.3)	(\$61.3)	(\$1.3)

Includes "fiscal stabilization funds" and Governor's line-item vetoes.

Policy Changes in 2009 Session



Access Issues

1. State subsidy for COBRA payments
2. Colorectal cancer screening and treatment for uninsured
 - 18 month pilot, two MN counties.
3. Streamline MNCare application and enrollment process and partner with public education system
 - 4 page application by Jan 15, 2010.
4. Increased state support (\$300K) for State Medical Review Team (SMRT)
5. \$4.0M in state matching funds to ARRA for Electronic Health Record Loan Program (MDH).
6. Changes Physician Assistants from a registered to licensed occupation and changes the number of PA supervised by a physician from 2 to 5.

Payment Issues

1. Reduces payments to non-primary care physicians and providers by 6.5% for MA /GAMC and 5% for MNCare.**
2. Reduces payments for MA/GAMC basic care by 4.5% (excludes mental health, dental, pharmacy, special transp. and family planning) and by 3% for MNCare.**
3. Increases state withhold from managed care health plans to 9.5% (+1.5%).**
4. Health care provider and inpatient payment delay
5. Prohibits providers from participating in MHCP if below 10% threshold on state's "peer grouping" of provider cost and quality measurements.

Mental Health

1. Adult county mental health grants reduced by \$8.7 million.**
 - ARRA funds supplant state funds?
2. Children and Community Services Act (CCSA) Block grant reduced \$17M (25%) in FY10 and \$23M (33%) in FY11.**
3. Eliminates \$800K for prenatal and fetal alcohol syndrome intervention
4. Eliminate Emergency General Assistance
 - Mitigated by ARRA?
5. Allows licensed mental health professionals (including psychologists and licensed independent clinical social workers) to supervise CHWs.

MN Health Care Programs

1. Funding eliminated for GAMC program (effective March/April 2010). **
2. Permits children in families with incomes >275% to remain on MNCare
3. Provides MA/MNCare coverage for families and children prior to proof of citizenship.
 - Reasonable time and 50% federal funding for costs associated with documentation.
4. Exempts children with family income <200% of poverty:
 - from ESI barrier;
 - 4-month uninsured barrier;
 - MNCare sliding fee scale premiums

Dental Issues

1. DHS pilot projects to reduce (divert) ER visits for preventable and non-emergency dental services for MHCP enrollees.
2. Dental subcommittee established re: CADP, coverage, benefits, services.
3. Limits dental benefits for non-pregnant adults (Jan. 2010).
4. Critical Access Dental Program Modified : MA +30% suspended, MNCare +50% remains.
5. Advanced Dental Therapist and Dental Therapist approved
 - Oral Health Practitioner

Proposed, but Not Passed

1. Eliminate entire Critical Access Dental Program.
2. Eliminate dental coverage for adults.
3. Eliminate MNCare eligibility for adults with and without children.
4. Temporary MNCare for recently unemployed.
5. Transfer of Health Care Access Fund to General Fund.
6. Single Payer bill in Minnesota.

“Takeaways” from 2009 Session

1. Stimulus funds, spending cuts and “unallotment” needed to balance the budget
2. HHS spending cut \$1.2B.
3. GAMC funding eliminated.
4. Proposals to trim MHCP by 100,000+ and eliminate adult dental coverage were not successful.
5. Some “good” policy survived (e.g., COBRA, barriers to MNCare, \$4M for EHR loan, etc.)
6. LGA cuts have a “ripple” effect on safety-net providers.