

# 2017 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, Minnesota ranks ninth in the country for highest Medicaid spending per enrollee, largely driven by its per-enrollee spending on individuals with disabilities (4th highest nationally), low-income children (6th highest nationally), and the aged (12th highest nationally).<sup>1</sup> 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.

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**#9** in the country for highest Medicaid spending per enrollee

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### 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.

### PROVIDE SUSTAINABLE HEALTH CARE COVERAGE TO THE MINNESOTACARE POPULATION

Minnesota offers subsidized health coverage to individuals between 138% and 200% of the federal poverty level (FPL) through MinnesotaCare. We're one of only two states to provide this coverage. The program's largest funding source, the 2% provider tax or "sick tax" that's levied on virtually all health care services, will sunset in 2019. The program also offers very generous benefits, which has a financial impact as well and presents

### OUR KEY PRIORITIES FOR THE 2017 SESSION INCLUDE:

- Provide sustainable health care coverage to the MinnesotaCare population.
- Establish an advisory commission for the state's Medicaid program.
- Pursue a health insurance exchange model that meets the state's needs.
- Increase access to the federal health insurance tax credits and subsidies.

enrollees with a disincentive to pursue upward economic mobility, because any increase in their income above 200% FPL would make them ineligible for the program and its rich benefit set.

To ensure the long-term viability of coverage for the MinnesotaCare population, the state should pursue all available federal funding, smooth the benefits “cliff” that provides a disincentive for enrollees to increase their income above 200% FPL, and prepare for the financial implications of the expiring provider tax.

### **ESTABLISH AN ADVISORY COMMISSION FOR MEDICAID**

The state’s Health and Human Services (HHS) budget, roughly one-third of total state spending, is expected to grow by 12.7% in the next biennium – far outstripping growth in other areas of the state budget.<sup>2</sup> Medical Assistance (MA), the state’s Medicaid program, is the largest program in the HHS budget, with spending on benefits for the disabled, low-income children, and the aged accounting for more than 80% of the MA budget.<sup>3</sup> Through MA, the state serves very vulnerable populations, which is why more must be done to ensure the program remains financially sustainable and viable over the long term. To provide input and recommendations about reform and other opportunities to strengthen the MA program, Minnesota should establish an independent advisory commission for Medicaid similar to the federal Medicaid and CHIP Payment and Access Commission (MACPAC). Like MACPAC, whose commissioners are selected by the U.S. Government Accountability Office’s Comptroller General, appointments to Minnesota’s Medicaid commission should be made by the state’s Legislative Auditor, whose own work to bring transparency, accountability and reform to the state’s public health care programs will provide Minnesotans assurances about the independence of the new commission and the soundness of its recommendations.

### **PREPARE PUBLIC PROGRAM ENROLLEES TO TRANSITION TO PRIVATE COVERAGE**

Beyond providing care for populations in need, our public programs should seek to prepare enrollees for eventual private-sector coverage. To do this, and to increase consumer choice and portability, Minnesota should utilize market-driven solutions (e.g. defined contribution arrangements) within our public health care programs when and where possible.

### **PURSUE A HEALTH INSURANCE EXCHANGE MODEL THAT MEETS THE STATE’S NEEDS**

Minnesota’s experience with its state-based health insurance exchange, MNsure, has been disappointing at best. The Minnesota Chamber supports a health insurance exchange that efficiently qualifies eligible consumers for federal subsidies and state public programs, enhances consumers’ ability to competitively shop for health insurance based upon quality and cost, reduces cost and streamlines administration, and preserves state flexibility to the greatest extent possible. To do this, the state should actively explore the use of products and services available in the private market through a partially privatized exchange model and should aggressively move to this model if it can efficiently deliver on these goals.

### **INCREASE ACCESS TO THE FEDERAL HEALTH INSURANCE TAX CREDITS AND SUBSIDIES**

The Affordable Care Act requires eligible individuals or small businesses to receive their health insurance through the state or federally sanctioned health insurance exchange to access the federal tax credits and subsidies that are available to help offset the cost of health insurance. To maximize consumer choice in shopping for health insurance, in 2015 the Legislature directed the relevant state agencies to pursue federal waivers to allow eligible individuals and small businesses in Minnesota to receive federal health insurance tax credits and subsidies outside of MNsure. The Legislature should push the agencies to complete work on these waivers as soon as possible to ensure that Minnesotans can access these important financial supports whether or not they choose to use the state’s health insurance exchange.

<sup>2</sup>“Budget & Economic Forecast, February 2016,” Minnesota Management & Budget, [mn.gov/mmb](http://mn.gov/mmb)

<sup>3</sup>“Minnesota Health Care Programs,” Minnesota Department of Human Services, [mn.gov/dhs](http://mn.gov/dhs)