

Overview of 2008 Minnesota Health Reform Law

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Overview

- ★ Background/context for reform
- ★ Commission and Task Force work in 2007-2008
- ★ Health reform legislation
- ★ Next steps

Minnesota starts from a reasonably good place

- ★ Among the nation's lowest uninsurance rates
 - Strong employer base
- ★ Ranked as one of the top 2 or 3 healthiest states
- ★ History of collaboration and innovation in the health care delivery system
 - Largely non-profit environment
 - High concentration of large, integrated, multi-specialty group medical practices
 - Institute for Clinical Systems Improvement
 - Minnesota Community Measurement
 - Active large purchasers

Minnesota starts from a good place: MinnesotaCare

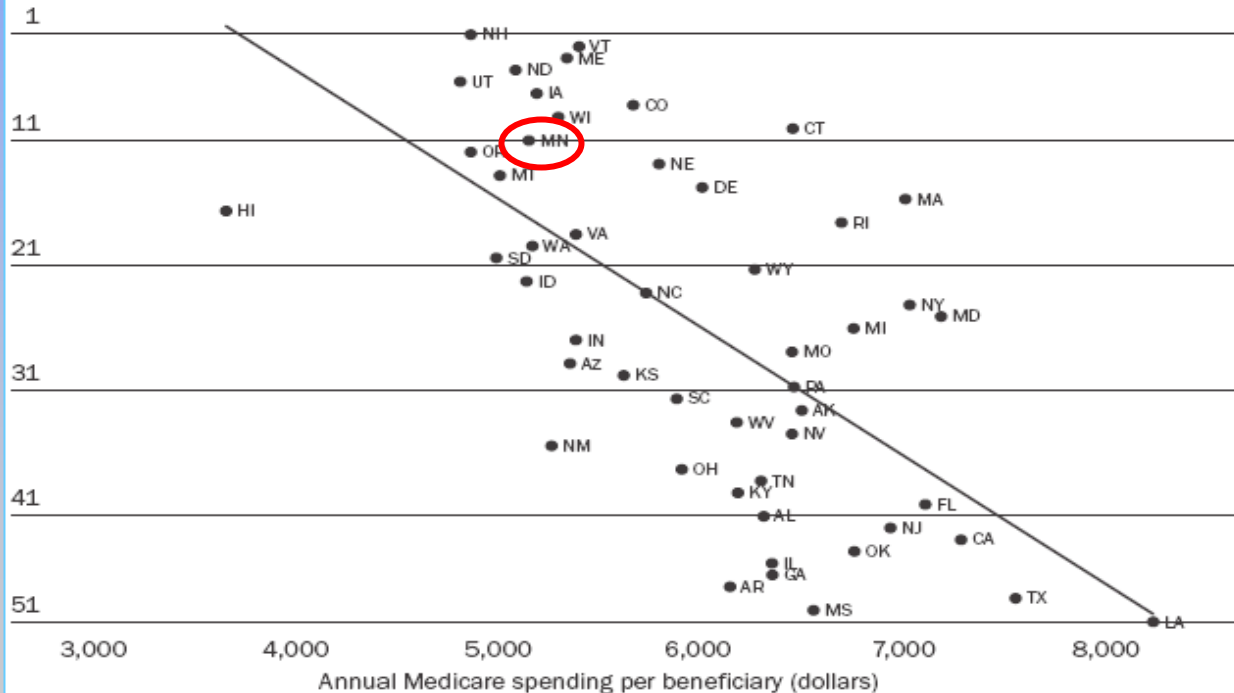
- ★ MinnesotaCare subsidized insurance program (since 1992, pre-SCHIP)
 - Subsidized coverage for parents and kids to 275% FPG
 - Single adults and childless couples to 250% FPG

Relationship between Quality and Medicare Spending

EXHIBIT 1

Relationship Between Quality And Medicare Spending, As Expressed By Overall Quality Ranking, 2000-2001

Overall quality ranking



SOURCES: Medicare claims data; and S.F. Jencks et al., "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998-1999 to 2000-2001," *Journal of the American Medical Association* 289, no. 3 (2003): 305-312.

NOTE: For quality ranking, smaller values equal higher quality.

The Context for the Health Reform Discussions in Minnesota

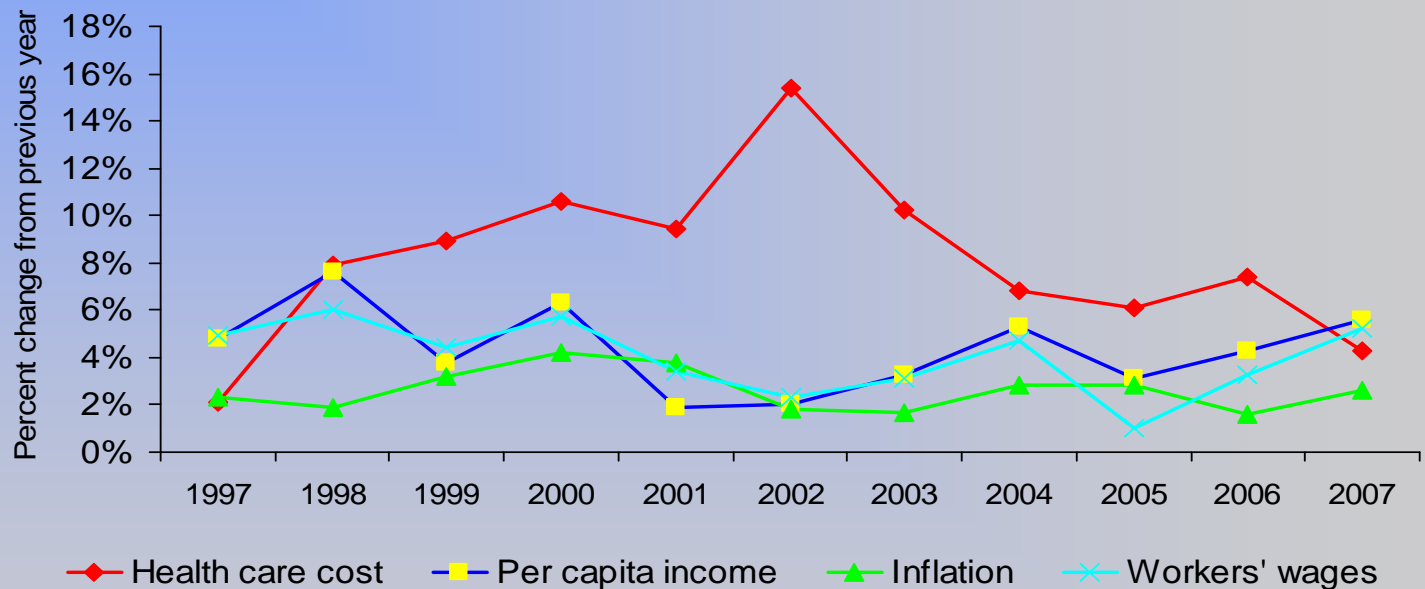
- ★ In spite of our relatively good starting point:
 - Rising health care costs in the state are unsustainable
 - Our health care system creates poor value and has misaligned incentives
 - Private insurance continues to erode, and the number of uninsured is rising
 - Health care quality is low relative to the amount spent, and unevenly distributed across the population
 - The way we pay for health care services leads to distortions in the types of health care that gets delivered

Total health care spending in Minnesota up nearly 60% since 2000



Source: Minnesota Department of Health, Health Economics Program

Health care cost growth in Minnesota has exceeded growth in incomes and wages

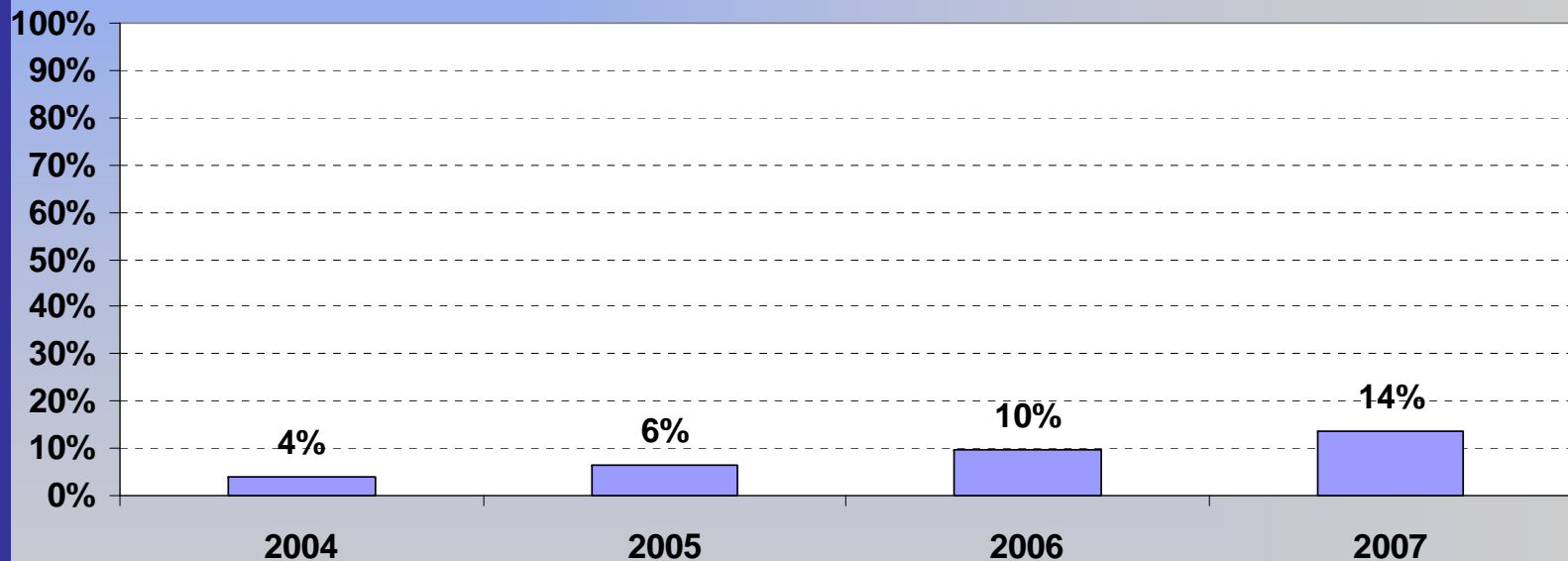


Notes: health care cost is MN privately insured spending on health care services per person, and does not include enrollee out of pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance..

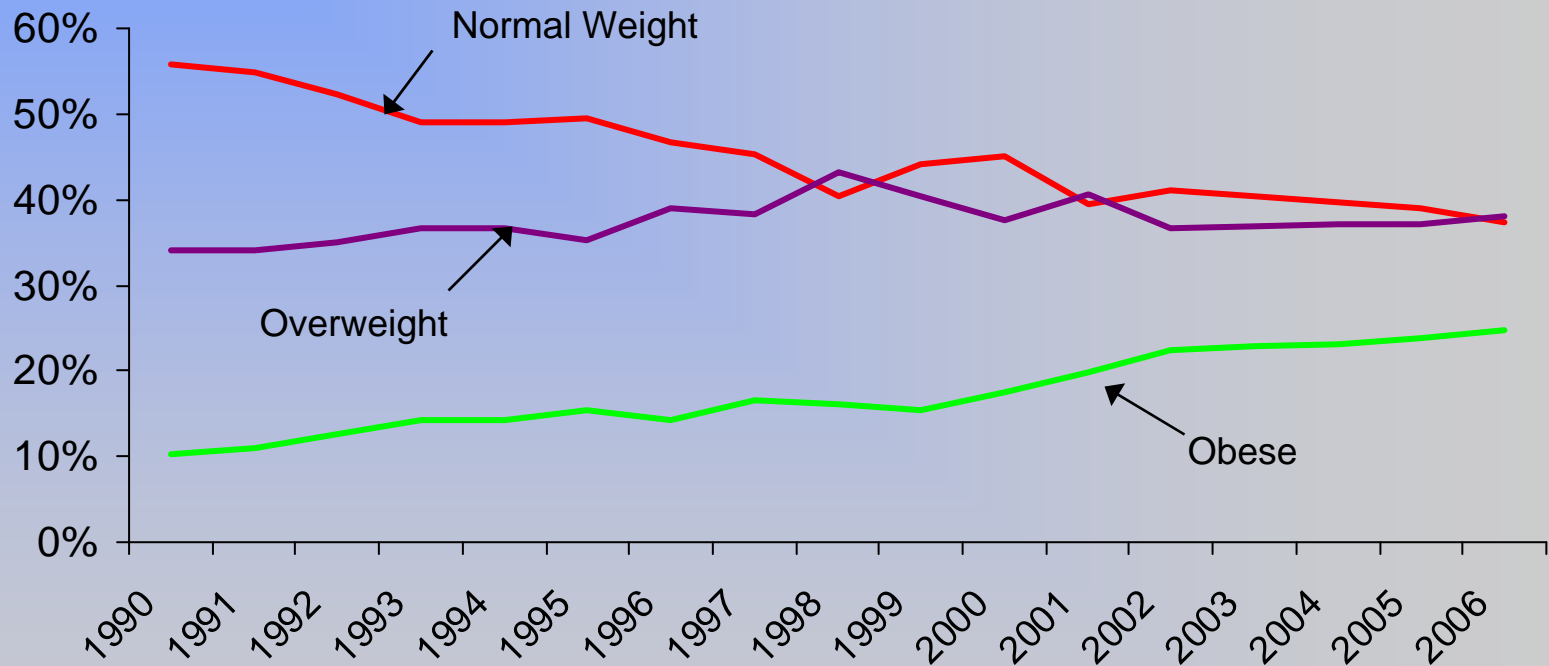
Sources: Health care cost data from Minnesota Department of Health, Health Economics Program; per capita personal income from U.S. Department of Commerce, Bureau of Economic Analysis; inflation data from U.S. Bureau of Labor Statistics (consumer price index); workers' wages from MN Department of Employment and Economic Development

Minnesota Diabetes Care: Improving but only 1 in 7 receive optimal care

Percent of diabetics receiving optimal diabetes care

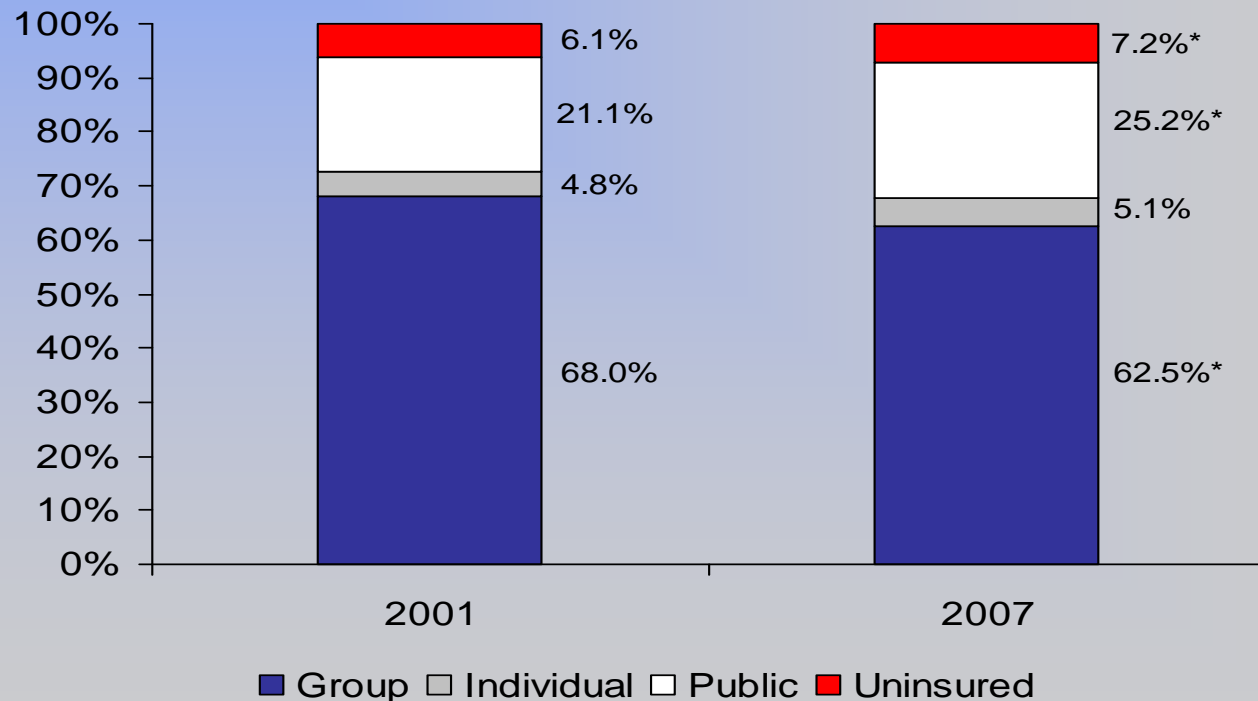


Trends in Overweight/Obesity in Minnesota



Source: Behavioral Risk Factor Surveillance Survey

Sources of Insurance Coverage in Minnesota, 2001 and 2007



Health Reform Activity

- ★ Groundwork laid during 2007 legislative session
- ★ Reform task force work
- ★ 2008 Health Reforms

2007 Legislative Groundwork

- ★ Expanded MinnesotaCare coverage for single adults and childless couples from 175% of FPG to 215%
- ★ Funded a biennial health insurance survey of Minnesotans
- ★ Mandated that all health providers have an interoperable EHR by 2015, and funded EHR grants to rural and safety net providers

2007 Legislative Groundwork

- ★ Required that all payers and providers use electronic methods for all claims and eligibility transactions; no paper after 1/15/2009
- ★ Required standardized hospital community benefit reporting
- ★ Established the Governor's Health Care Transformation Task Force

2007 Task Force and Commission Work

- ★ Legislative
- ★ Governor-appointed
- ★ Both reports included recommendations to:
 - Improve population health
 - Better coordinate care for those with chronic and complex health conditions
 - Make advances in coverage
 - Improve transparency
 - Lower administrative cost
 - Better involve the patient and individual
 - Reform how we pay for health care

Overview of Health Reform Bill

Key Elements

- ★ A comprehensive package making significant advances for Minnesotans:
 - Public health improvement
 - Health care coverage/affordability
 - Chronic care management
 - Payment reform and price/quality transparency
 - Administrative efficiency
 - Health care cost measurement

Public Health Improvement

- ★ Invests \$47 million in community-based efforts to reduce rates of obesity and tobacco use
- ★ Builds on current CDC-funded pilots
- ★ Competitive grants to local community health boards; require 10% local match

Health Care Coverage and Affordability

- ★ Expands eligibility for MinnesotaCare for adults without children to 250% FPG
 - Increases outreach and streamlines enroll.
- ★ Tax credits (20% of premium) for uninsured to purchase coverage (using 125 plan)
- ★ Requires employers 11 or larger to establish section 125 plans to enable their employees to use pre-tax dollars to pay for health insurance premiums
 - Provides grants to employers to cover cost of 125 plan establishment

Chronic Care Management

- ★ Promotes use of “health care homes” to coordinate care for people with complex/chronic conditions
- ★ MN Departments of Health and Human Services to develop standards of certification for health care homes, in consultation with private sector
- ★ Care coordination payments to health care homes

Payment Reform and Price/Quality Transparency

- ★ Common quality measures and single statewide
- ★ Transparent ranking of providers on relative cost, quality, and resource use
- ★ Promotes transparency and accountability by establishing commonly defined “baskets of care”

Administrative Simplification

- ★ Expands on existing 2015 EHR mandate by requiring that EHRs be CCHIT certified
- ★ Requires that all prescriptions be ordered electronically by 2011
- ★ Study of reducing claims adjudication costs by moving to a uniform claim interpretation and single prices

Summary

- ★ Health reform law is a package of reforms intended to:
 - Improve access to health care for Minnesotans
 - Make health care more affordable
 - Improve the quality and safety of health care in Minnesota
 - Help improve the health of all Minnesotans