



Minnesota Hospital Association

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Representative Tina Liebling
Chair, House Health Finance and Policy Committee

April 1, 2022

Subject: HF 4430 Health Care Affordability Board and Advisory Council

Chair Liebling and members of Health Finance and Policy Committee,

The Minnesota Hospital Association (MHA) is writing to express concerns with HF 4430 (Schultz), a bill to establish a Health Care Affordability Board and Health Care Affordability Advisory Council.

The entire country, including Minnesota, is currently seeing growth in health care spending due to a myriad of complex factors, including the known and unknown ongoing effects of the COVID-19 pandemic. Over the past two years many people delayed care, which is now resulting in more demand for health care services and higher patient acuity. In addition, a growing number of Minnesotans are developing chronic health care conditions that require additional care and increased spending relative to their peers. Health care needs are often unpredictable, and MHA is concerned with any effort to establish arbitrary health care spending growth targets that will likely fall short of accounting for the entirety of market pressures and demands.

This bill establishes a politically appointed board and advisory council to develop technical recommendations on large scale health care transformation. In addition to unilaterally establishing health care spending growth targets, the political appointees would also be tasked with ruling on the broad concepts of payment reform, innovating delivery models, and Minnesota's response to market trends. These broad responsibilities and any directive from the Board would be subject to limited legislative oversight and approval and offers few opportunities for partnership with the significant work already being done by state agencies and private health care organizations. Rather than creating an entire new entity, existing efforts at the Minnesota Department of Health could be leveraged to accomplish similar goals within existing and transparent partnerships between the state and provider organizations. If expertise outside of the Minnesota Department Health's current capacity is needed, this should be accomplished with legislative direction and appropriations to the Health Economics Department.

If health care entities exceeded the arbitrary spending growth target under this bill, they would be subject to submitting a performance improvement plan to the Health Care Affordability Board. This would be an additional administrative requirement on our health care system that would shift focus from patient care. Hospitals and health systems are already subject to significant reporting requirements for Medicare, Medicaid, and other state programs. Existing data could be used for additional research and analysis of health care cost drivers to assess the need for additional

investments. This bill also imposes civil penalties to health care entities for non-compliance, which represents overreach and could be detrimental to many hospitals across the state already under financial pressure. Creating a new body to analyze health care spending in Minnesota does not require establishing regulatory power and severe civil penalties.

MHA appreciates its strong partnership with MDH and other state agencies and hopes the committee would support strengthening current efforts to maintain Minnesota's excellence in patient care.

Sincerely,



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