Minnesota Hospital Association

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Testimony of Mary Krinkie, Vice President, Government Relations, Minnesota Hospital Association
House Health Finance & Policy Committee
Regarding the DE amendment to HF 2128, April 7, 2021

Madame Chair and members of the Committee. My name is Mary Krinkie and I am the Vice President of Government Relations with the Minnesota Hospital Association (MHA). There are many provisions in the DE amendment to HF 2128 that would impact hospitals and health systems and the patients and communities they serve. Given the time constraints for the Committee, MHA will provide oral comments on three priority issues.

1. **Article 1, DHS Health Care Programs**

   Section 24: MHA opposes the creation of a new reporting mandate on entities that are eligible to participate in the federal government's 340B drug discount program. These entities include all Critical Access Hospitals and safety net hospitals. They would have to report what they pay for all drugs as well as what they get reimbursed for all drugs, both in and outside of the 340B program. This will be a burdensome task and seems particularly intrusive to demand this information outside of our public programs.

   Section 42: MHA is opposed to carving out the outpatient prescription drug benefit from the Prepaid Medical Assistance Program (PMAP) and moving this benefit to the Fee-For-Service program. This will result in a significant loss in payments to 340B hospitals. The federal government intended for 340B hospitals and the other 340B covered entities to receive this financial relief to better serve their low-income patients and their communities. If enacted, DHS will also be sharing any savings with the federal government.

2. **Article 7, Telehealth**

   Section 29: MHA is appreciative that the telehealth provisions found in HF 1412 are included in the Omnibus bill. Unfortunately, Section 29 contains a sunset on July 1, 2023, on all the public program waivers, except for the provision allowing the home to be an originating site for telehealth services. We would urge that this sunset be deleted from the bill, to give health care providers and Medical Assistance enrollees the assurances that these expanded telehealth services will not be pulled away. The sunset puts the onus on providers and our patients to pass legislation to restore telehealth services; our preference would be to complete the study as called for in the bill and see if there are recommendations for changes to public program telehealth services.

Additional written comments:

Article 3, Health Department

Section 45: Provides a permanent exception to the hospital moratorium law if it is for adding mental health beds. Unfortunately, the bill adds language that the hospital must have an

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emergency room and it must not be a facility that only provides mental health services or substance abuse services in order to get the moratorium exception. These two additional requirements add costs associated with emergency rooms and potentially thwarts innovation of alternative models of mental health care.

Section 47: Requires a minimum nine-month notice before closing a hospital or dropping certain service lines. This timeframe is too long, and a hospital may not be able to comply if there are not the health care personnel available to provide the service. In recent years, we have had a few hospitals that have made the difficult decision to drop labor and delivery services. There is currently a nationwide discussion about best practices for when a hospital should discontinue OB services for planned deliveries because of low volume. Hospitals and health systems consider how the staff mix, skill levels and numbers of procedures impact levels of perinatal and neonatal care provided and how these capabilities inform the patient populations that are best served by a facility. A hospital may not know about staff changes or unplanned retirements nine months in advance. Many hospitals and health systems in Minnesota continuously adjust their service lines depending on the needs in the community, which services are better provided at a larger nearby hospital, and the skills and experience of their health care professional workforce. These considerations improve quality of care for patients.

Section 48: Requires a hospital with a planned closure to offer for sale the hospital facility to the local unit of government. Selling a hospital property to the city or county for them to try and run a hospital seems very unlikely that this would be successful. Also, the community may best be served by an alternative care model, such as providing clinic services instead of hospital services at that location. Albany, Minnesota use to have a hospital that was financially struggling. They now have a very nice clinic operated by CentraCare. It was a difficult change at first. But the clinic has a lower cost structure and the people of Albany are happy to have a local clinic with health services close by and know that great hospital care is not too far away.