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Sent via email to Anne Burke at anna.burke@senate.mn

Minnesota State Legislature
Conference Committee on SF2995
Senator Melissa Wiklund
Senator Liz Bolden
Senator Robert Kupec
Senator Kelly Morrison
Senator Jim Abeler
Representative Tina Liebling
Representative Dave Pinto
Representative Robert Bierman
Representative Heather Keeler
Representative Joe Schomacker

Re: Health Care Affordability Board

Honorable Conference Committee Members:

I'm writing you on behalf of Health Care for All Minnesota (HCA-MN) to urge you to consider a different approach in relation to the proposed Health Care Affordability Board as outlined in SF2995/HF2930. HCA-MN has serious concerns about the proposed board, the vagueness of its duties and the addition of another layer of system complexity and unnecessary bureaucracy.

First and foremost, the bill, as currently written, assumes that the board can accurately measure cost and quality, not only at the state level, but at the level of "health care entities" with more than 15,000 patients. This assumption, that the board can accurately measure cost and quality, has to be true for multiple other provisions of the bill to work, including the requirement that patient health be taken into account, the setting of targets for "health care entities," determining why targets were exceeded, assessing whether "performance improvement" reports address the causes of target overruns and to identify health disparities and determine how to deal with them.

Further, the bill authorizes the board to require "entities" that do not measure up to the board's standards to file "performance improvement reports," and to fine "entities" up to $500,000 for not filing such reports or not implementing them to the board's satisfaction. Financial and other penalties placed upon medical professionals will be deeply unpopular and will only add to the restrictions and requirements that health insurance corporations already impose on these professionals. As you know, there is a primary care provider shortage in our state and

nation. Many primary care providers have left or are seriously considering leaving the profession. Additional requirements and penalties will only exacerbate the problem.

Per the bill, health care "entities" are to be held accountable for "health spending targets" set by this new board. If these targets are imposed and the health care entities have difficulty in meeting them, they will look for ways to cut costs that will inevitably reduce services to patients. HCA-MN is deeply concerned that putting pressure on health care providers to meet spending targets will likely result in hospitals and clinics cutting their spending by cutting staff, reducing provider visit times, putting pressure on providers to improve "throughput", create more documentation requirements, and any other of a myriad of cost-cutting tactics. Patient satisfaction will go down, physician/provider burnout will go up, and quality of care will suffer resulting in the health care "entities" hiring million-dollar consultants to figure out what went wrong. We know that additional administrative burdens, both on the state of Minnesota in creating another bureaucracy to monitor and manage the cost of health care as well as the administrative burden on the health care delivery system, actually increases, not decreases, costs.

This proposal for a Health Care Affordability Board and a Health Care Advisory Council is not only a repeat of numerous other similar attempts over the last two to three decades to address the rising cost of health care and/or issues around cost, quality, and access to health care, but it offers no authorities or mechanisms for the health care delivery system to contain the costs of administering our multi-payer system nor to bring down the cost of prescription drugs, devices, diagnostics, fees, or hospitalization.

And finally, the bill once again seeks to insert more managed care, value-based payment and purchasing strategies onto providers that experience and evidence have demonstrated do next to nothing to control costs, improve quality or decrease health disparities. In fact, racial health disparities have been known to increase under a number of these failed business, not health care, strategies. Research indicates the providers who suffer the most penalties under value-based purchasing schemes are those who treat sicker and poorer patients. The reason for that is the inability of anyone to measure the components of value or efficiency -- cost and quality -- accurately. Crude measurement of cost and quality inevitably makes providers who treat sicker and poorer patients look worse than those who those who treat healthier and wealthier patients. Please see Value-based payment has produced little value. It needs a time-out - STAT (statnews.com) for specific information on why value-based payments simply do not work.

HCA-MN believes there is a step to be taken before implementing a Health Care Affordability Board, and that step is to first authorize and direct the Department of Health to report to the legislature next year on the accuracy of **current methods** of adjusting cost and quality measures to reflect factors outside provider control (a process known as "risk adjustment") and the role that inaccurate risk adjustment plays in causing or worsening disparities.

The legislature should also require the Department of Health to include in its report the role the insurance and pharmaceutical industries play in driving up Minnesota health care costs and programs undertaken by other states that address wasteful spending by insurance companies and excessive drug prices. The current proposal for the affordability board seems to let important

entities within our system, who absolutely impact health care costs, off the hook - it's high time the shroud of secrecy surrounding the flow of precious health care dollars to the medical industrial complex be revealed and scrutinized. Without such transparency, we will never be able to determine how to truly contain health care costs.

The report must also include research on the role that consolidation has played in driving Minnesota's per capita health care costs above the national average and the role that Minnesota and federal health policy has played in encouraging mergers.

HCA-MN very much appreciates the incredible health care reform work being done this session particularly around de-privatization of our public health programs, granting more provider choice to Medical Assistance enrollees by allowing them to opt-out of managed care, protecting public health by extending MinnesotaCare to cover undocumented non-citizens and to authorize a comprehensive study comparing our current system to a truly universal system, the Minnesota Health Plan. We simply believe the Health Care Affordability Board is unworkable as currently proposed and the legislature would be better served by directing the Department of Health to do the necessary work of quantifying current "cost and quality" methods, risk adjustment methodologies and the impact of said risk adjustment on health disparities and the role that Big Pharma, insurance companies and mega-health systems play in driving health care costs including market consolidation.

Please do not hesitate to contact me with any questions you may have regarding our concerns and proposal.

Respectfully,

Rose Roach

Rose Roach
Chair, Health Care for All Minnesota