

May 3, 2023

Senator Melissa Wiklund
Senator Jim Abeler
Senator Liz Boldon
Senator Rob Kupec
Senator Kelly Morrison

Representative Tina Liebling
Representative Robert Bierman
Representative Heather Keeler
Representative Dave Pinto
Representative Joe Schomacker

Delivered via email

Re: SF 2995/HF 2930 – the Omnibus Senate and House of Representatives Health and Human Services Budget Bills

Dear Chair Wiklund, Chair Liebling, and members of the Health and Human Services Finance and Policy Conference Committee:

On behalf of Essentia Health, I am writing to underscore the serious concerns we have raised regarding numerous provisions contained in SF 2995/HF 2930, the Omnibus Senate and House Health and Human Services budget bills. Each of these provisions seriously complicate Essentia Health's ability to provide timely, high-quality, affordable health care services. As all healthcare systems experience major financial challenges, taken together, these policies are simply insurmountable, will result in further significant negative financial impact to Essentia Health, and will drastically limit access to health care services in the rural and underserved communities we are privileged to serve across Greater Minnesota. We urge the conference committee to remove or amend harmful provisions in the final stages of deliberation.

The following are provisions that will be the most negatively impactful to our patient's ability to access high-quality, affordable health care services in their local communities:

- Keeping Nurses at the Bedside Act
- Managed Care Outpatient Prescription Drug Benefit Carve Out
- MinnesotaCare Public Option

1. Keeping Nurses at the Bedside Act (the "Act") (House 2nd Unofficial Engrossment, Art. 3, Sec. 72, 80, 85-93, 184-185, and 189; Senate 3rd Engrossment, Art. 3, Sec. 6, 8-25).

While Essentia Health supports certain provisions that address workplace violence, mental health, and loan forgiveness, the Act as currently written will place artificial caps on hospital capacity and drastically limit patients' access to care. In practical terms, this means there will be times when patients will be denied access to our hospitals, and instead, directed to our Emergency

Department to wait for hospital capacity due to these artificial caps. This bill will create real and unavoidable gaps in care throughout all of the rural communities we serve.

The Act also ignores the time-sensitive and patient-specific demands for safe staffing, and instead, forces hospitals to set staffing plans by a complex committee structure or by an expensive and inefficient arbitration process. Arbitration is not the answer to meeting acute patient care needs and is an unnecessary bureaucratic exercise that will drastically impact our ability to serve the needs of our patients and support all members of our care teams.

Like the rest of the country, Minnesota is navigating a historic health care workforce shortage. This shortage is not expected to be solved soon, and due to demographics is predicted to get only worse. For these reasons, we urge you to amend the Act to remove the following provisions:

- Artificial caps on care capacity
- Mandatory arbitration requirements, and
- Other barriers that prevent staffing decisions from being made on a day-to-day basis and according to the needs of our patients and care teams.

2. Managed Care Outpatient Prescription Drug Benefit Carve Out (House 2nd Unofficial Engrossment Art. 2, Sec. 11, 16, 20; Senate 3rd Engrossment, Art. 1, Sec. 5, 27, 33)

The Senate and House HHS Finance budget bills contain a narrow provision that would convert the current Medicaid managed care arrangements into fee-for-service. As a result, this would deprive the state's safety net providers, including Essentia Health, of significant savings from the federally regulated 340B Drug Program. The elimination of these 340B savings, which are expressly provided to hospitals under federal law, will interfere with Essentia Health's ability to continue to care for the state's most underserved and uninsured patients, which is what the 340B Drug Program is designed to protect. Simply put: The 340B savings hospitals receive are critical to addressing health disparities, improving population health, and lowering overall health care costs.

As currently drafted, these provisions will deprive Essentia Health approximately \$9 million per year to our hospitals and seriously impact our ability to continue to serve rural and underserved communities across Minnesota. We ask that the Legislature consider ways to improve transparency and understanding around how 340B savings are utilized and forgo the blunt and harmful cuts that have been proposed.

3. Creation of the MinnesotaCare Public Option (House 2nd Unofficial Engrossment, Art. 2, Sec. 9, 21-22, 24-28; Senate 3rd Engrossment, Art. 16, Sec. 18-28)

Both the House and Senate included a provision to create the MinnesotaCare Public Option, which will allow individuals with family incomes of more than 200% of the federal poverty guidelines to enroll in MinnesotaCare. Unfortunately, MinnesotaCare reimburses hospitals at rates that fail to cover the cost of care for the state's most vulnerable patients. While Essentia

Health serves all patients regardless of their ability to pay, the proposed expansion of MinnesotaCare eligibility at current reimbursement rates is unsustainable and will further drive disparities in care. While the actual fiscal impact is difficult to predict due to unknown enrollment and uptake, our analysis shows that if just 5% of Essentia Health's patients enroll in MinnesotaCare instead of plans offered by MNSure or their employer, the net revenue reduction will exceed \$20 million. This is not a workable solution with other options exist through the Affordable Care Act enacted by President Obama.

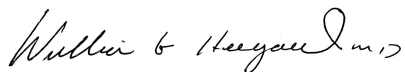
If the Legislature moves forward with the creation of the MinnesotaCare Public Option, we ask that you impose an income threshold for eligibility and make the investment necessary to increase reimbursement rates for the state's safety net providers to a sustainable level that is comparable to commercial health plans offered by MNSure.

Conclusion

We cannot underscore the seriousness of our concerns regarding these provisions and their impact to our ability to continue to provide the care our patients deserve. We ask that you thoughtfully modify language in the omnibus bills to ensure that workable and sound solutions are provided during this historically challenging climate for health care. Knowing that these are complex and difficult issues, we welcome the opportunity to answer any questions you have and to help craft the language we are requesting.

Thank you for your time and consideration.

Sincerely,



William Heegaard, MD, MBA
President
Essentia Health – East Market
william.heegaard@essentiahealth.org

cc: Governor Tim Walz
Senate Majority Leader Kari Dziedzic
Speaker of the House Melissa Hortman