

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Quality Incentive and Risk Adjustment for Health Disparities

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### Overview

This bill provides funding to the commissioner of health to develop a quality incentive payment system and a risk adjustment system based on race, ethnicity, preferred language, country of origin, and other sociodemographic factors. The bill also provides funding to the commissioner of human services and requires the commissioner to develop a methodology to pay a higher payment rate for providers and services that take the cost and complexity of providing to communities experiencing health disparities into consideration.

#### Section

- 1 Development.** Amends § 62U.02, subdivision 1. Requires the measures used for the quality incentive payment system be stratified by race, ethnicity, preferred language, and country of origin effective January 1, 2016. Allows the commissioner, on or after January 1, 2017, to require measures to be stratified by other sociodemographic factors related to health disparities.
- 2 Quality incentive payments.** Amends § 62U.02, subdivision 2. Adds risk factors related to race, ethnicity, language, and sociodemographic factors to the list of high-risk patients or populations that the payment system must adjust for in order to reduce incentives to health care providers to avoid these patients.
- 3 Quality transparency.** Amends § 62U.02, subdivision 3 by adding a new paragraph (b). Requires the risk adjustment system to adjust for patient characteristics identified in section 1 of this bill that are correlated with health disparities and have an impact on performance on cost and quality measure. This requirement is effective January 1, 2017.

## Section

- 4 Contracting.** Amends § 62U.02, subdivision 4. Adds consumers who represent groups who experience health disparities to the list of stakeholders that a contracted with nonprofit entity must have within its governance.
- 5 Performance reporting and quality improvement system.** Amends § 256B.072 by adding paragraph (e). Requires performance measures to be stratified by race, ethnicity, preferred language, and country of origin, effective January 1, 2016. Requires that performance measures be stratified by other sociodemographic factors by January 1, 2017, and requires the measure be risk adjusted based on those factors pursuant to section 3 of this bill.
- 6 Health disparities payment enhancements.** Requires the commissioner of human services to develop a methodology to pay a higher payment rate for health care providers and services that take into consideration the higher cost and other factors needed to serve populations with health disparities in order to achieve the same outcomes as other populations. Requires the commissioner to submit a report to the legislature by December 15, 2015, which includes the proposed methodology for providing a health disparities payment adjustment.
- 7 Appropriations.**
- Subd. 1.** Appropriates an unspecified amount of money to the commissioner of health from the general fund for the biennium ending June 30, 2017, to develop the quality incentive payment system, the risk adjustment system, and community engagement with communities impacted by health disparities.
- Subd. 2.** Appropriates an unspecified amount to the commissioner of human services from the general fund for the biennium ending June 30, 2017, to modify the provider performance measure to implement stratification and risk adjustment methods.