MN HOUSE RESEARCH

Bill Summary

H.F. 4430

As introduced

Subject	Health Care Affordability Board
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Overview

This bill requires the Legislative Coordinating Commission to establish a Health Care Affordability Board to protect consumers, the government, and other entities from unaffordable health care costs. The bill also directs the governor to appoint a Health Care Affordability Advisory Council to advise the board. The bill assigns various duties to the board, which include setting annual health care spending growth targets for calendar years 2024 through 2028 and requiring entities that exceed these limits to file and implement performance improvement plans.

Summary

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1	**Definitions.** Adds § 62J.86. Defines "advisory council" and "board."
2	**Health Care Affordability Board.** Adds § 62J.87.

Subd. 1. Establishment. Requires the Legislative Coordinating Commission (LCC) to establish the Health Care Affordability Board, to protect consumers, the government, health plan companies, providers, and other health care system stakeholders from unaffordable health care costs. Requires the board to be operational by January 1, 2023.

Subd. 2. Membership. (a) Provides that the board consists of 13 members, appointed as specified by the governor and the legislature.

(b) Requires board members to have knowledge and demonstrated expertise in one or more specified areas of health care.

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(c) Prohibits board members from participating in board proceedings in which the member has a direct or indirect financial interest, other than as an individual consumer of health care services.

(d) Requires the LCC to coordinate appointments to ensure that board members are appointed by August 1, 2022, and the requirements related to knowledge and expertise are met.

Subd. 3. Terms. Specifies term lengths and related requirements.

Subd. 4. Chair; other officers. Requires the governor to designate an acting chair from among the governor's appointments, with the board to elect a chair at the first meeting. Specifies related requirements.

Subd. 5. Staff; technical assistance; contracting. (a) Requires the board to hire an executive director and staff.

(b) Requires the attorney general to provide legal services to the board.

(c) Requires the Health Economics Division within MDH to provide technical assistance to the board in analyzing health care trends and costs and setting health care spending growth targets.

(d) Allows the board to employ or contract for professional and technical assistance, including actuarial assistance.

Subd. 6. Access to information. (a) Allows the board to request and receive publicly available information from state agencies, at no cost.

(b) Allows the board to request and receive from state agencies unique or custom data sets, and be charged the rate that applies to any public or private entity.

(c) Requires information provided to the board by a state agency to be de-identified.

(d) States that any data provided to the board retains their original classification under the Data Practices Act.

Subd. 7. Compensation. Provides that board members do not receive compensation but may be reimbursed for expenses.

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Subd. 8. Meetings. States the board meetings are subject to the Open Meeting Law. Requires the board to meet publicly at least quarterly and specifies related criteria.

3 **Health Care Affordability Advisory Council.**

Adds § 62J.88. Requires the governor to appoint a Health Care Affordability Advisory Council to advise the board on health care cost and access issues and represent the views of patients and other stakeholders. Specifies requirements for board members and for advisory council duties, terms, compensation, and meetings. Provides that the council does not expire.

4 **Duties of the board.**

Adds § 62J.89.

Subd. 1. General. (a) Directs the board to monitor the administration and reform of health care delivery and payments systems in the state. Requires the board to:

1) set health care spending and growth targets for the state;
2) enhance provider organization transparency;
3) monitor the adoption and effectiveness of alternative payment methodologies;
4) foster innovative health care delivery and payment models;
5) monitor and review the impact of health care marketplace changes; and
6) monitor patient access to necessary health care services.

(b) Requires the board to establish goals to reduce health care disparities and ensure access to quality care for persons with disabilities or chronic or complex health conditions.

Subd. 2. Market trends. Requires the board to monitor efforts to reform the health care delivery and payment system in the state to understand emerging trends in the commercial and large self-insured markets, and state public health care programs, in order to identify opportunities for the state to achieve:

1) improved patient experience of care, including quality and satisfaction;
2) improved health of all populations, including a reduction in health disparities; and
3) a reduction in the growth of health care costs.

Subd. 3. Recommendations for reform. Requires the board to make recommendations for legislative policy, market, or other reforms to:

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1) lower the rate of growth in commercial health care costs and public health care program spending;
2) positively impact the state rankings in the areas listed in this subdivision and subdivision 2; and
3) improve the quality and value of care for all Minnesotans, and for specific populations adversely affected by health inequities.

Subd. 4. Office of Patient Protection. Requires the board to establish an Office of Patient Protection, to be operational by January 1, 2024. Requires the office to assist consumers with issues related to access and quality of care, and advise the legislature on ways to reduce consumer health care spending and improve consumer experience by reducing complexity for consumers.

5 **Health care spending growth targets.**

Adds § 62J.90.

Subd. 1. Establishment and administration. Requires the board to establish and administer the health care spending growth target program to limit health care spending in the state, and requires the board to report regularly to the legislature and public on progress toward these targets.

Subd. 2. Methodology. (a) Requires the board to develop a methodology to establish annual health care spending growth targets and the economic indicators to be used in establishing the initial and subsequent target levels.

(b) Requires the health care spending growth target to:

1) use a clear and operational definition of total state health care spending;
2) promote a predictable and sustainable rate of growth for total health care spending, measured by an established economic indicator such as the rate of increase of the state's economy or personal income, or a combination;
3) defines the health care markets and the entities to which the targets apply;
4) take into consideration the potential for variability in targets across public and private payers;
5) account for patient health status; and
6) incorporate health equity benchmarks.

(c) Requires the board, in developing, implementing, and evaluating the growth target program, to:

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1) consider the incorporation of quality of care and primary health care spending goals;
2) ensure the program does not place a disproportionate burden on communities most impacted by health disparities, the providers serving these communities, and individuals who reside in rural areas or have high health care needs;
3) consider payment models that ensure financial sustainability of rural health care delivery systems and the ability to provide population health;
4) allow for setting growth targets that encourage health care entities to serve populations with greater health care risks, by incorporating risk adjustment and equity adjustment;
5) ensure that growth targets do not constrain the Minnesota workforce, do not limit the use of collective bargaining or set a floor or ceiling on compensation, and promote workforce stability and the maintenance of high-quality jobs; and
6) consult with the advisory council and other stakeholders.

Subd. 3. Data. Requires the board to identify necessary data and methods of data collection, and specifies criteria.

Subd. 4. Setting growth targets; related duties. (a) Requires the board, by June 15, 2023, and by June 15 of each succeeding calendar year through June 15, 2027, to establish annual health care spending growth targets for the next calendar year. Requires annual targets to be set for the five-year period from January 1, 2024, through December 31, 2028.

(b) Requires the board to periodically review growth target program methodology, and allows the board to revise annual growth targets after a public hearing. If the board revises a growth target, requires the board to provide public notice at least 60 days before the start of the calendar year to which the revised target will apply.

(c) Requires the board, based on an analysis of drivers of health care spending, to evaluate strategies and new policies that can contribute toward meeting health care growth targets and limiting spending growth, without increasing disparities in access.

Subd. 5. Hearings. Requires the board to hold hearings, at least annually, to present findings from growth target monitoring. Requires the board to hold regular public hearings as needed to perform its duties, and to take stakeholder testimony on health care spending growth, setting and revising growth targets,

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and the impact of spending growth and growth targets on health care access and quality.

6 **Notice to health care entities.**

Adds § 62J.91.

Subd. 1. Notice. (a) Requires the board to notify all health care entities that have been identified by the board as exceeding the spending growth target for any given year.

(b) States that "health care entity" shall be defined by the board. Provides a definition of this term that the board must consider.

Subd. 2. Performance improvement plans. (a) States that the board must require some or all entities provided notice that they have exceeded the growth target to file and implement a performance improvement plan. Requires the board to provide the entities with written notice of this requirement.

(b) Requires the entity, within 45 days of receiving notice, to either file a performance improvement plan, or file an application to waive the requirement or extend the timeline for filing the plan.

(c) Specifies the process and requirements for filing an application to waive or extend the timeline for filing a performance improvement plan.

(d) Specifies the timeline for filing a performance improvement plan and requirements for the plan. These plan requirements include specific identifiable and measurable expected outcomes and a timetable for implementation that must not exceed 18 months.

(e) Specifies the process the board must follow in approving a performance improvement plan or determining the plan is unacceptable or incomplete.

(f) Requires health care entities to work to implement the performance improvement plan in good faith, and allows entities to file amendments to the plan for board approval. If the entity does not successfully complete the plan, directs the board to: (1) extend the implementation timetable of the existing plan; (2) approve amendments to the plan; (3) require a new performance plan; or (4) waive or delay the requirement to file any additional plans. If the entity successfully completes the performance plan, requires the board to remove the identity of the entity from the board's website. Allows the board to assist entities in implementing performance plans or otherwise ensure compliance with this subdivision.

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	(g) Allows the board to assess to a health care entity a civil penalty of not more than $500,000 as a last resort, if the board determines the entity has: (1) willfully neglected to file a performance plan within the timeline; (2) failed to file an acceptable plan in good faith; (3) failed to implement the performance plan in good faith; or (4) knowingly filed to provide required information, or knowingly provided false information.
7	**Reporting requirements.** Adds § 62J.92. **Subd. 1. General requirement.** Requires the board to present the reports required by this section to specified legislative committees, and to make these reports available to the public. Allows the board to contract with a third-party vendor for technical assistance in preparing the reports. **Subd. 2. Progress reports.** Requires the board to submit progress reports on the development and implementation of the health care spending growth target program by February 15, 2024, and February 15, 2025. Specifies requirements for these reports. **Subd. 3. Health care spending trends.** Requires the board to report, by December 15, 2024, and every December 15 thereafter, a report on health care spending trends and the health care spending growth target program. Specifies information that must be included in the reports.
8	**Restricted uses of the all-payer claims data.** Amends § 62U.04, subd. 11. Allows the commissioner of health or the commissioner's designee to use the all-payer claims database to provide technical assistance to the Health Care Affordability Board.
9	**Recommendations; Office of Patient Protection.** (a) Requires the commissioners of human services, health, and commerce, and the MNsure board, to present a report to the legislature by January 15, 2023, on the organization and duties of the Office of Patient Protection. Specifies the scope of recommendations. (b) Requires the commissioners and board to consult with specified stakeholders as they develop recommendations. (c) Allows the commissioners and board to contract with a third party to develop the report and recommendations.

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10	**Transfer of funds.**

Subd. 1. Health Care Affordability Board. In fiscal years 2023 and 2024, transfers money from the appropriation to extend the Minnesota premium security plan to the Health Care Affordability Board, to implement the act.

Subd. 2. Commissioner of health. In fiscal years 2023 and 2024, transfers money from the appropriation to extend the Minnesota premium security plan to the commissioner of health, to fund activities of the Health Economics Division necessary to implement the act.