

HF1517 - 1A - "Health Care Srvc Quality Assessment Modify"

Chief Author: **Matt Dean**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/15/2017**
 Lead Agency: **Health Dept**
 Other Agencies:
 Human Services Dept Minn Management and Budget

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | X | |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-----------------------------------|----------------------|-----------|-----------|----------|--------|--------|
| | Dollars in Thousands | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| Human Services Dept | | | | | | |
| General Fund | - | 33 | 16 | - | - | - |
| Minn Management and Budget | | | | | | |
| General Fund | - | - | - | - | - | - |
| All Other Funds | - | - | - | - | - | - |
| State Total | | | | | | |
| General Fund | - | 33 | 16 | - | - | - |
| All Other Funds | - | - | - | - | - | - |
| Total | - | 33 | 16 | - | - | - |
| Biennial Total | | | 49 | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|-----------|------------|----------|--------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| Human Services Dept | | | | | |
| General Fund | - | .5 | .25 | - | - |
| Minn Management and Budget | | | | | |
| General Fund | - | - | - | - | - |
| All Other Funds | - | - | - | - | - |
| Total | - | .5 | .25 | - | - |

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore Date: 03/15/2017
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|--|-----------------|---------------|---------------|-----------------|---------------|
| Dollars in Thousands | | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| Human Services Dept | | | | | | |
| General Fund | | - | 33 | 16 | - | - |
| Minn Management and Budget | | | | | | |
| General Fund | | - | - | - | - | - |
| All Other Funds | | - | - | - | - | - |
| Total | | - | 33 | 16 | - | - |
| Biennial Total | | | | 49 | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| Human Services Dept | | | | | | |
| General Fund | | - | 33 | 16 | - | - |
| Minn Management and Budget | | | | | | |
| General Fund | | - | - | - | - | - |
| All Other Funds | | - | - | - | - | - |
| Total | | - | 33 | 16 | - | - |
| Biennial Total | | | | 49 | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| Human Services Dept | | | | | | |
| General Fund | | - | - | - | - | - |
| Minn Management and Budget | | | | | | |
| General Fund | | - | - | - | - | - |
| All Other Funds | | - | - | - | - | - |
| Total | | - | - | - | - | - |
| Biennial Total | | | | - | | - |

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 Agency: **Health Dept**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-----------------------|----------------------|--------|--------|----------|--------|--------|
| | Dollars in Thousands | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | | |
|--------------------------------------|----------|--------|--------|----------|--------|--------|
| | | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| Total | - | - | - | - | - | - |

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore Date: 3/15/2017 11:02:08 AM
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State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|-----------------------|----------|--------|--------|----------|--------|
| Dollars in Thousands | | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| | Total | - | - | - | - | - |
| | Biennial Total | | | - | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| | Total | - | - | - | - | - |
| | Biennial Total | | | - | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| | Total | - | - | - | - | - |
| | Biennial Total | | | - | | - |

Bill Description

Section 1 amends M.S. section 62U.02 to require MDH to align the measures in the Statewide Quality Reporting and Measurement System (SQRMS) with those used in the federal Medicare Access and CHIP Reauthorization Act (MACRA) Merit-based Incentive Payment System (MIPS) program, unless a particular diagnosis condition, service, or procedure is not reflected in the available MIPS measures.

It requires MDH to develop a measurement framework with stakeholders by June 30, 2018, and update the SQRMS measure set in accordance with the framework by December 15, 2018. The changes also cap the number of required measures at six for single-specialty physician practices and ten for multi-specialty practices, with an ability to add additional measures if the measures are derived from administrative claims data. Care infrastructure measures collected pursuant to Minnesota Statutes, Section 62J.495 are exempt from the cap.

It allows MDH to stratify quality measures using composite indices of multiple socio-demographic factors on or after January 1, 2018, and directs MDH to produce periodic public reports on provider quality at statewide, regional, and community levels.

It removes a requirement to report data electronically and instructs MDH to provide alternative formats for clinics or hospitals experiencing technological or economic barriers to electronic submission. It instructs MDH to align data reporting requirements for physician clinic quality measures with specifications and timelines for MIPS measures. Furthermore, it allows MDH to develop additional race, ethnicity, preferred language, country of origin, and other socio-demographic factors for stratification or risk adjustment.

Assumptions

Section 1

Subdivision 1

To develop a measurement framework with stakeholders, MDH assumes it will contract with an external facilitator. The facilitator will obtain input from stakeholders using a variety of engagement approaches to develop the measurement framework, use this framework with stakeholders to identify measure options, and submit a proposed measurement framework and measure options to MDH in writing by June 30, 2018. Specifically, this contractor will:

- conduct two rounds of small group discussions with at least nine stakeholder groups representing consumer, community, advocacy, health plan, provider, purchaser, community health board, quality improvement, and quality measurement organizations;
- subcontract for authentic community engagement services;

- convene at least two public meetings in the course of the effort to initiate and present the framework project and elicit feedback on the proposed framework and measure options
- prepare one written report with proposed framework; and
- prepare one written report with measurement options. In the process of the project, MDH will work with a contractor with deep content expertise and experience in facilitation to identify other forms of soliciting feedback and structuring discussions to develop the measure framework. MDH estimates the cost for this contract to be \$125,000 in total. The contract estimate is derived from rates posted by the Minnesota Department of Administration for facilitation services and an estimated effort of 380 hours, for a total of \$95,000, plus cost estimates from similar community engagement projects conducted in the past of \$30,000, for a total of \$125,000.

MDH currently contracts with a private vendor for data collection and aggregation for SQRMS. Although there has been uncertainty over time with regard to the cost to MDH for supporting the collection and provision of quality measures, and we have not entered into a contractual agreement for work covering effort in FY 2018 and beyond, MDH estimates that it will incur contract costs of approximately \$56,000 per measure in FY 2018. MDH assumes the provision of the bill that caps the number of measures in SQRMS will lead to a reduction in the number of measures we currently support by two in FY 2018. MDH assumes by reducing the cost of data collection and aggregation by \$112,000 (\$56,000 per measure x 2) and reducing the cost of certain supplementary data purchases by approximately \$13,000, MDH will be able to redirect those funds to cover the \$125,000 cost for the development of the measurement framework and procurement of contracted facilitation services.

Once the measurement framework is developed, implementing the new framework and measures will require MDH staff time to promulgate rules, process variances, oversee data collection, analyze data, and produce reports. Current funding for SQRMS already supports various administrative functions by MDH staff, including annual promulgation of rules, issuing variances, and analysis and reporting of information. Depending on the degree and the direction in which the new measurement framework is different from the existing framework, existing MDH staff costs and funding may or may not be sufficient to implement the new framework. Since the outcome of the measurement framework development process is unknown at this time, for the purpose of this fiscal note we assume that the existing staffing combined with the cost reduction from fewer measures will be sufficient to implement the new framework.

MDH assumes we can undertake research and testing of the composite indices of multiple factors required in subd. 1(c) with current staff and resource levels, as it represents a minor extension of work MDH is already conducting to pursue use of individual sociodemographic factors for risk adjusting quality measures that could be rolled up into composite measures.

Currently, the bill contains no provisions concerning what happens if federal implementation timelines for MIPS change. For example, if there were significant delay in federal implementation timelines for MIPS, or significant changes to the measures included in MIPS, MDH could not implement a measurement set that aligns with MIPS on the timeline set forth in this bill. We assume that if there are significant changes at the federal level, MDH will administer SQRMS consistent with past practices and can propose technical fixes in future legislative sessions.

Subdivision 3

MDH already conducts periodic reporting of trends in provider quality with current staff and resource levels. The change in reporting requirements in subd. 3 (a) does not meaningfully affect the cost of existing reporting.

MDH already assists clinics and hospitals with data submission in the manner described in subd. 3 (c) and offers reporting entities the ability to request a variance to submit data using alternative formats. As such, the added language does not add new requirements or new costs to our ongoing activities under this section. Consistent with current practices, we assume we would not audit or validate quality measure data that providers would submit directly to MDH. We assume this provision allows MDH to continue to collect socio-demographic factors from providers, consistent with current practice. Therefore, we expect to carry out this provision within existing staff and resource levels.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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HF1517 - 1A - "Health Care Srvc Quality Assessment Modify"

Chief Author: **Matt Dean**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/15/2017**
 Agency: **Human Services Dept**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | X | |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) Dollars in Thousands | Biennium | | | Biennium | |
|--|----------|-----------|-----------|----------|----------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| General Fund | - | 33 | 16 | - | - |
| Total | - | 33 | 16 | - | - |
| Biennial Total | | | 49 | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|-----------|------------|----------|----------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| General Fund | - | .5 | .25 | - | - |
| Total | - | .5 | .25 | - | - |

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge Date: 3/15/2017 10:31:23 AM
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State Cost (Savings) Calculation Details

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| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|---|-----------|-----------|--------|----------|--------|
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| Total | - | 33 | 16 | - | - | - |
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| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| General Fund | - | 33 | 16 | - | - | - |
| Total | - | 33 | 16 | - | - | - |
| Biennial Total | | | 49 | | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| General Fund | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

Bill Description

This bill modifies provisions governing measures to assess the quality of health care services.

The Statewide Quality Reporting and Measurement System (SQRMS) is a standardized set of quality metrics developed by the Minnesota Department of Health to measure the quality of health care services offered by health care providers. State law defines the metrics that health plans may require providers to report under the system. This bill limits the measures that can be included within SQRMS to those measures used by CMS in their Merit-based Incentive Payment System (MIPS), and sets a cap on the number of measures directly reported by the providers to six for primary care to ten for multi-specialty care. It allows for an unlimited number of measures calculated through claims data.

Assumptions

The Integrated Health Partnership (IHP) program, a DHS initiative whose goal is to lower the cost and improve the quality of health care for Medicaid beneficiaries, uses SQRMS measures for the quality component of the program.

This bill requires modification of the Integrated Health Partnership (IHP) programs quality metrics system depending on the measure set identified for SQRMS. IHP core measures currently are a subset of SQRMS clinical and patient experience measures and the majority of measures that IHP uses would not be included in the modified measure set. Modification of the measures and developing a way to compare the current quality measures under IHP to new metrics will require additional analysis to ensure proper evaluation of the current IHPs under contract with DHS. This work requires additional staff resources (0.5 FTE) for 18 months to ensure proper implementation.

Expenditure and/or Revenue Formula

| Fiscal Tracking Summary (\$000's) | | | | | | |
|-----------------------------------|------|--------------------------------|-----------|-----------|----------|----------|
| Fund | BACT | Description | FY2018 | FY2019 | FY2020 | FY2021 |
| GF | 13 | HCA Admin | 51 | 24 | 0 | 0 |
| GF | REV1 | Admin FFP @ 35% | (18) | (8) | 0 | 0 |
| | | Total Net Fiscal Impact | 33 | 16 | 0 | 0 |
| GF | 13 | Full Time Equivalentents | .5 | .25 | 0 | 0 |

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

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HF1517 - 1A - "Health Care Srvc Quality Assessment Modify"

Chief Author: **Matt Dean**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/15/2017**
 Agency: **Minn Management and Budget**

| State Fiscal Impact | Yes | No |
|----------------------------|-----|----|
| Expenditures | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | |
| | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

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|-----------------------|----------------------|--------|--------|----------|--------|--------|
| | Dollars in Thousands | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| General Fund | - | - | - | - | - | - |
| All Other Funds | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| General Fund | - | - | - | - | - |
| All Other Funds | - | - | - | - | - |
| Total | - | - | - | - | - |

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Laura Logsdon Date: 3/14/2017 2:52:36 PM
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State Cost (Savings) Calculation Details

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| State Cost (Savings) = 1-2 Dollars in Thousands | Biennium | | | Biennium | |
|--|----------|--------|--------|----------|--------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| General Fund | - | - | - | - | - |
| All Other Funds | - | - | - | - | - |
| Total | - | - | - | - | - |
| Biennial Total | | | - | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | |
| General Fund | - | - | - | - | - |
| All Other Funds | - | - | - | - | - |
| Total | - | - | - | - | - |
| Biennial Total | | | - | | - |
| 2 - Revenues, Transfers In* | | | | | |
| General Fund | - | - | - | - | - |
| All Other Funds | - | - | - | - | - |
| Total | - | - | - | - | - |
| Biennial Total | | | - | | - |

Bill Description

HF 1517 1-A modifies requirements for the Statewide Quality Reporting and Measurement System (SQRMS) administered by the Minnesota Department of Health.

Assumptions

MMB administers the State Employee Group Insurance Program (SEGIP) which provides health, dental, life and other benefits to eligible State employees and their dependents, and other groups such as quasi-state agencies under the legislative authority provided in Minnesota Statutes 43A. Health benefits are provided through the self-funded Minnesota Advantage Health Plan.

Beginning with Minnesota Bridges to Excellence (MNBTE) in 2006, then the addition of the Quality Incentive Payment System (QIPS) in 2011, SEGIP has been participating in a purchaser led pay for performance program. The MNBTE/QIPS programs are administered together, and reward clinics for meeting or exceeding a set of care standards for patients with diabetes, depression, and vascular disease, or for meeting improvement targets. SEGIP has contributed annually with reward payments which go to clinics achieving the set of standards. SEGIP also pays a fee to the Minnesota Health Action Group to administer the program. SEGIP is required by statute 62U.02 subd. 5 to participate in the QIPS program. MMB does not expect a financial impact from this legislation, since it modifies quality measurement requirements but does not modify the statutory requirement for SEGIP to make payments using QIPS.

Expenditure and/or Revenue Formula

Not applicable.

Long-Term Fiscal Considerations

Not applicable.

Local Fiscal Impact

Not applicable.

References/Sources

Program information from SEGIP, administered through MMB

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Agency Fiscal Note Coordinator Signature: Ruth McGlynn

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