

**HF3823 - 1E - "MN Health Policy Commission Established"**

Chief Author: **Joe Schomacker**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/09/2018**  
 Agency: **Legislature**

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	-	-	137	405	410
<b>Total</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>405</b>	<b>410</b>
<b>Biennial Total</b>			<b>137</b>		<b>815</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	.64	2.25	2.25
<b>Total</b>	<b>-</b>	<b>-</b>	<b>.64</b>	<b>2.25</b>	<b>2.25</b>

**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: Cole St. Arnold      Date: 4/9/2018 11:48:48 AM  
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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.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	
General Fund	-	-	137	405	410	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>405</b>	<b>410</b>	
<b>Biennial Total</b>			<b>137</b>		<b>815</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund						
Expenditures	-	-	151	466	472	
Absorbed Costs	-	-	(14)	(61)	(62)	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>405</b>	<b>410</b>	
<b>Biennial Total</b>			<b>137</b>		<b>815</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Biennial Total</b>			<b>-</b>		<b>-</b>	

**Bill Description**

The bill creates a Minnesota Health Policy Commission (MHPC) to provide recommendations on improving health care and health outcomes at lower cost. The MHPC must submit a report of its recommendations to the legislature by June 15 each year.

The MHPC will consist of 11 public members and four legislative nonvoting members: two senators, two representatives. Public members may receive compensation and reimbursement of expenses. MHPC shall hire a director who may employ or contract for professional and technical assistant services and/or contract for consultant expertise in health economics, health finance and actuarial science. The MHPC must meet at minimum four times a year, with its first meeting to occur by June 15, 2019. The MHPC expires on June 15, 2034.

The Legislative Coordinating Commission (LCC) will facilitate an application process for public citizens interested in serving on the MHPC. A Health Policy Commission Advisory Council (HPCAC) will review applications and recommend to the LCC two candidates for each of the 11 public member positions with its initial recommendations by Sept 30, 2018. The council will consist of the state economist, legislative auditor, state demographer and the president of the Federal Reserve Bank of Minneapolis. The LCC will select from the council's recommendations which candidates it will appoint to serve as the public members of the MHPC with the initial appointments occurring by January 15, 2019.

The bill provides for an appropriation in FY19 for the MHPC.

**Assumptions**

1. The HPCAC will meet three times in FY19 within the Capitol complex to review candidate applications and interview candidates. The HPCAC will not need to meet again until FY 23 to make candidate recommendations to the LCC.
2. HPCAC agency members will be reimbursed for their expenses from the agency they represent.
3. The president of the Federal Reserve Bank of Minneapolis will be eligible for reimbursement of expenses for participation in HPCAC meetings.
4. The MHPC will meet within the Capitol complex two times in FY19 and then will meet once a quarter each fiscal year thereafter until its expiration. The fiscal note is based on costs for one meeting held during the legislative session and for three meetings conducted during each fiscal year.

The MHPC will create two subcommittees to conduct in-depth review of health policy considerations. Each of the

5. subcommittees will be composed of six public members and two legislative members (one senator, one representative). Each subcommittee will meet seven times each fiscal year beginning FY20 and beyond with two of their meetings occurring during interims.
6. The bill does not provide for payment of per diems or for the reimbursement of expenses of legislators serving on the MHPC and/or one of its subcommittees. However, members could request reimbursement for expenses of engaging in legislative activity.
7. Legislative member meeting participation cost include the following per member per interim meeting: per diem (\$86 senators, \$66 representatives), \$81 round trip mileage (152 round trip mile average), and lodging for half of the members (\$100 senators, \$125 representatives).
8. Public member meeting costs include the following per member for each meeting: \$55 per diem, \$81 round trip mileage (152 round trip mile average), \$36 meal cost, and \$150 lodging for half of the members.
9. This note does not include any additional cost that non-legislative agencies may incur for interaction with staff and/or participation in meetings as requested by the MHPC and/or one of its subcommittees.
10. Senate Counsel, Research and Fiscal Analysis will provide support of a .06 FTE composite of staff time in FY19 and a.25 FTE composite of staff time each fiscal year beyond FY19. House Research and Fiscal Analysis will also provide support of a .06 FTE composite of staff time in FY19 and a.25 FTE composite of staff time each fiscal year beyond FY19. For this fiscal note we assume existing staff will be utilized and cost may be absorbed, although that will depend on the priorities of the legislature and staff time required for competing projects. The reassignment of duties of the support staff will need to be made at the expense of other functions of the offices.
11. The following MHPC staff will be hired: a 1.0 FTE director to begin March 2019, a 1.0 FTE analyst to begin April 2019, and a .25 FTE commission assistant to begin April 2019. Compensation cost for staff will include salary, FICA cost and employer contribution for health insurance and Unclassified retirement plan (fringe cost). FY19 MHPC staff cost will be prorated as of the time of the hired date of the staff person
12. The build-out of rented state office space will need to be arranged and office equipment will need to be procured in FY19.
13. The LCC will provide administrative oversight and fiscal support services and will absorb the associated costs.
14. MHPC will contract for health research and/or actuarial services each fiscal year beginning FY20.

**Expenditure and/or Revenue Formula**

<u>HPCAC Mtg Participation</u>					
	FY18	FY19	FY20	FY21	FY22
<b>Total Public Member Mtg Participation Cost</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>MHPC Member Meeting Participation Cost</u>					
	FY18	FY19	FY20	FY21	FY22
Senate Member Mtg Participation Cost	0	0	1,000	1,000	1,000
House Member Mtg Participation Cost	0	0	1,000	1,000	1,000
Public Member Mtg Participation Cost	0	7,000	11,000	11,000	11,000
<b>Total Member Mtg Participation Cost</b>	<b>0</b>	<b>7,000</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>
<u>MHPC Subcommittee Meeting Cost</u>					
	FY18	FY19	FY20	FY21	FY22
Senate Member Mtg Participation Cost	0	0	3,000	2,000	3,000

House Member Mtg Participation Cost	0	0	3,000	2,000	3,000
Public Member Mtg Participation Cost	0	0	21,000	21,000	21,000
<b>Total Member Mtg Participation Cost</b>	<b>0</b>	<b>0</b>	<b>27,000</b>	<b>25,000</b>	<b>27,000</b>
<u>Staff Support</u>					
	FY18	FY19	FY20	FY21	FY22
Senate Counsel, Research & Fiscal Analysis Staff Support Cost (.06 FTE FY19, .25 FTE FY20 & beyond)	0	7,000	31,000	31,000	32,000
House Research & Fiscal Analysis Staff Support Cost (.06 FTE FY19, .25 FTE FY20 and beyond)	0	7,000	30,000	31,000	32,000
MHPC Director (1.00 FTE)	0	59,000	136,000	139,000	142,000
MHPC Analyst (1.0 FTE)	0	41,000	101,000	104,000	106,000
MHPC Admin Asst (.25 FTE)	0	4,000	18,000	19,000	19,000
<b>Total Staff Support</b>	<b>0</b>	<b>118,000</b>	<b>316,000</b>	<b>324,000</b>	<b>331,000</b>
Consultant Cost	0	0	100,000	100,000	100,000
<b>Total Staff &amp; Consultant Cost</b>	<b>0</b>	<b>118,000</b>	<b>416,000</b>	<b>424,000</b>	<b>431,000</b>
<b>Total Staff Cost Absorbed (Legislative Staff)</b>	<b>0</b>	<b>(14,000)</b>	<b>(61,000)</b>	<b>(62,000)</b>	<b>(64,000)</b>
<b>Net Total Staff &amp; Consultant Cost</b>	<b>0</b>	<b>104,000</b>	<b>355,000</b>	<b>362,000</b>	<b>367,000</b>
<u>MHPC Office Operation Cost</u>					
	FY18	FY19	FY20	FY21	FY22
Office Space Build-Out, Rental & Equipment	0	21,000	4,000	4,000	5,000
Office Operational Cost	0	4,000	6,000	6,000	6,000
<b>Total Office Cost</b>	<b>0</b>	<b>25,000</b>	<b>10,000</b>	<b>10,000</b>	<b>11,000</b>
<u>Total Cost</u>					
	FY18	FY19	FY20	FY21	FY22
HPCAC Member Mtg Participation Cost	0	1,000	0	0	0
MHPC Member Mtg Participation Cost	0	7,000	13,000	13,000	13,000
MHPC Subcommittee Mtg Participation Cost	0	0	27,000	25,000	27,000
Support Staff & Consultant Cost	0	118,000	416,000	424,000	431,000
MHPC Office Cost	0	25,000	10,000	10,000	11,000

<b>Total Cost</b>	<b>0</b>	<b>151,000</b>	<b>466,000</b>	<b>472,000</b>	<b>482,000</b>
<b>Total Cost Absorbed (Legislative Staff)</b>	<b>0</b>	<b>(14,000)</b>	<b>(61,000)</b>	<b>(62,000)</b>	<b>(64,000)</b>
<b>Net Total Cost</b>	<b>0</b>	<b>137,000</b>	<b>405,000</b>	<b>410,000</b>	<b>418,000</b>
	FY18	FY19	FY20	FY21	FY22
<b>New Total FTEs</b>	<b>0</b>	<b>0.64</b>	<b>2.25</b>	<b>2.25</b>	<b>2.25</b>

**Long-Term Fiscal Considerations**

Cost will be ongoing until the expiration of the commission on June 15, 2034.

The cost provided in this fiscal note assumes additional research and fiscal support from legislative and executive staff. Health care policy and cost considerations are complex issues and can require a large dedication of resources for collecting and analyzing data, information and policies. Depending on the workload demands and legislative priorities, the staff and consultant resources identified may not be sufficient and a reassessment of fiscal and/or staff resources would be needed.

**Local Fiscal Impact**

N/A

**References/Sources**

- Bill Marx, House of Representatives
- Patrick McCormack, House of Representatives
- Tom Bottern, Minnesota Senate
- Eric Nauman, Minnesota Senate
- Betty Myers, Minnesota Senate
- Cal Ludeman, Minnesota Senate
- Greg Hubinger, Legislative Coordinating Commission

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