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March 29, 2023

House Health Finance and Policy Committee
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

RE: HF 2930 – House Health Omnibus Bill

Dear Chair Liebling and Members of the Committee:

The Minnesota Council of Health Plans' nonprofit members provide more than 4.6 million Minnesotans with health care coverage. Five of the Council members also serve as managed care organizations which together serve 84 percent of Minnesota's public program enrollees. Throughout this legislative session, the Council has expressed support for policies that maintain stability in the market, lower costs, and increase access to high-quality care. To achieve outcomes that meet these goals, the Council appreciates the opportunity to express our support for several items included in the House Health Omnibus Bill and to voice our concerns with provisions that would negatively impact those receiving care through our member plans.

Items of Support

Expansion of Dental Access and Coverage

The Council supports efforts to improve access and coverage of dental services for Minnesotans in managed care by expanding the adult Medical Assistance dental benefit set to include medically necessary dental services and the creation of a critical access dental infrastructure grant program.

Access to Doula Services

Access to doula services is an essential component to addressing disparities in health outcomes for Minnesota's communities of color. The Council supports the language included in the bill allowing direct enrollment and reimbursement of doulas.

Tobacco Cessation Treatment and Prevention

As a member of the Minnesotans for a Smoke Free-Generation coalition, the Council is appreciative of the inclusion of the provisions ensuring Medical Assistance (MA) and MinnesotaCare enrollees have access to comprehensive tobacco cessation treatments and the creation of a dedicated smoking prevention account for any potential funds from the JUUL lawsuit.

Expansion of MinnesotaCare to Undocumented Residents

The Council supports efforts to reduce the uninsured rate and ensure coverage for all. Expanding MinnesotaCare eligibility to undocumented residents will help ensure this population has access to care, will reduce emergency room utilization, will ensure providers are reimbursed for the care provided, and will help improve the overall health and wellbeing of this population.

Continuous Coverage for Children

The continuous coverage provisions included in the bill will help reduce churn and will ensure children have consistent access to health care. Importantly, while 4 in 10 Minnesota kids are on Medicaid, 64% of Black Minnesotan children are covered by Minnesota Health Care Programs so we know from a health equity perspective that this policy change will be especially impactful for communities of color.

Systems Modernization and Information Technology Upgrades

The Council supports the inclusion of investments in systems modernization that will provide a simpler, more efficient, more intuitive, and more transparent experience for public program enrollees. Additionally, these investments will improve the experiences of counties and other agencies which interact with Department systems.

Items of Concern

MinnesotaCare Buy In

The Council understands the challenges of health care affordability and our members are committed to being constructive in finding solutions. However, before the state embarks on implementing expanding MinnesotaCare eligibility to all Minnesotans, there needs to be a thorough study of the impacts of such a proposal. We appreciate the inclusion of study language in the bill, but believe that should be expanded to include:

- A requirement that the report is conducted by a neutral third party who has experience in actuarial modeling to estimate enrollment, anticipated premiums, and out-of-pocket costs to enrollees in all markets.
- An examination of broader market impacts, including market stability, adverse selection, and cost shifting to other markets.
- Consideration of impacts to providers including reimbursement, if participation would be required, and the impacts to enrollee access to care if providers refused to take patients enrolled in MinnesotaCare.
- The coverage and utilization differences between commercial plans and MinnesotaCare.
- Any negative impacts to the MinnesotaCare program because of increased costs to the state and any state budget impacts, including the impact of the state taking on a greater share of the financial risk for coverage.

Furthermore, the Council believes we should not go into this process assuming a MinnesotaCare Buy In is the only, or best, option. If the goal is to find new ways to reform the fully insured market, we urge a study of other possible options such as innovative reforms taking place in other states or increasing individual market subsidies to achieve a 94% actuarial value to match MinnesotaCare. Minnesota is only one of two states with a basic health plan and no other state has attempted a proposal such as this.

Elimination of Managed Care

The Council is opposed to the elimination of managed care and believes the elimination of managed care organizations (MCOs) from MA will not improve the lives of the one million Minnesotans enrolled in this program.

The managed care model provides several significant benefits to the state, but most importantly, it improves health access and outcomes for Minnesotans enrolled in Medicaid because of care coordination performed by MCOs. Care coordination means serving the whole person – it is not just paying claims, but also helping to schedule doctor appointments, arranging transportation, developing mobile clinics, and arranging access to community-based services who can bridge cultural and language barriers. Building health equity and addressing social determinants of health is a theme that is woven through all aspects of care coordination and MCOs have been working together with DHS on integrating health equity requirements into the latest round of MCO contracts. Managed care and MCO procurement is a policy lever used by the state to ensure accountability and progress towards these requirements. Many national reports have found that managed care outperformed fee-for-service (FFS) models because of this structured care coordination.

The other advantage of the managed care model is financial predictability and accountability. Health plans take on the financial risk of insuring these Minnesotans so the state can set a reliable health care budget. The managed care program is a contractual partnership between MCOs and the state with many regulatory components outlined in Minnesota Statutes 256B.69 and other sections in chapter 256B. MCOs meet regularly with DHS to ensure requirements established in MCO contracts are being met. DHS contracts with MCOs annually, who accept a pre-determined, per member, per month payment which is regulated by DHS and state statute. These capitated payments have requirements on how much must be spent on health care and, if an MCO does not meet these requirements, they are required to return these payments to the state. MCOs are regularly audited for financial accountability and frequently send claims data to DHS, including an annual report on provider reimbursement rates.

The new language included in the DE on this issue (Article 2, Section 10) differs significantly from HF 693 (Fischer) which was heard and laid over in committee. This new language instructs DHS to move families and children under MA and all MinnesotaCare enrollees into FFS or a county-based purchasing plan (CBP), which are not offered in every county in the state, and terminate MCO contracts in 2027. There has not been an analysis performed on if DHS and CBPs can fully manage coverage for everyone currently enrolled in MA, what are the impacts to providers who serve this population, or the impacts of removing enrollee choice in this matter. What if a FFS or CBP plan is not the type of coverage an enrollee wants? The Council urges further study of this new language and asks the committee to consider whether this sweeping change to Minnesota's Medicaid program improves the lives of these one million Minnesotans.

MA Prescription Drug Carve Out

Care coordination means serving the whole person and managed care is most effective when care management extends across all health care services. Prescription drugs are a central component of these services and carving out this benefit will remove vital opportunities to coordinate care. MCOs have invested significantly in their pharmacy areas to support members beyond the traditional

dispensing of drugs, such as the use of pharmacy navigators who directly reach out to enrollees to assist with care. MA enrollees currently receive medical and pharmacy coverage through one entity and have a single point of contact to turn to with concerns or issues on either front. By carving out the pharmacy benefit, enrollees would have to contact two different entities depending on the services they have questions about – DHS for pharmacy and MCOs for all other services.

The Council also has significant concerns about the likely increased overall cost of this approach, given the experience of pharmaceutical carve-outs in other states when states attempted to maximize drug rebates by favoring the use of brand name drugs. Several studies also show that keeping the pharmacy benefit within managed care is more cost effective compared to carving it out.

Before embarking on this proposal, the legislature should ensure this will improve the health of MA enrollees because we know that cost savings does not always mean better care. If the legislature is seeking this provision in order to provide financial relief to rural pharmacies, these concerns would be better addressed by increasing reimbursement rates or dispensing fees rather than reconfiguring the entire MA pharmacy benefit.

Managed Care Opt Out

The Council believes that managed care is the best way to access care compared to FFS. However, if this option is allowed in managed care, we urge the legislature to establish safety guardrails to reduce confusion when enrollees sign up for MA and to ensure there is a designated entity to provide enrollees the information they need to make an informed decision about this choice. The legislature should be cautious about setting up a situation where an uninformed decision would result in a Minnesotan receiving worse care because FFS is not the best option for them. We encourage the committee to thoroughly analyze this bill further before proceeding this session.

Lastly, we urge caution on many of the proposals above and ask if this is the right time to proceed. DHS, counties, and MCOs will be extremely busy over the next year supporting current MA and MinnesotaCare enrollees through the redetermination process. We look forward to continuing working with you as this bill progresses to ensure its impact is to lower health care costs, maintain stability in the market, and help Minnesotans gain access to needed care.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lucas Nesse', written in a cursive style.

Lucas Nesse
President and CEO