



WEEKLY SESSION UPDATE

March 24, 2017

Governor's Supplemental Budget Released

The Governor proposed \$147 million in additional spending based on the increased budget surplus projected in the February Forecast. Most of new funding is for voluntary pre-K. You can see the press release [here](#), the supplemental budget spreadsheet [here](#).

Budget targets released

In preparation of developing the state's budget, the House Republicans on March 20 released their targets, which lay out how much spending they will authorize in each area of the budget. They proposed \$599 million in cuts to Health and Human Services (HHS) spending for the next two-year period. Three days earlier, Senate Republicans set their targets, recommending \$335 million in cuts to the HHS budget.

When announcing their targets, Senate leaders noted a \$2.23 billion increase over total HHS spending in the last biennium. However, the forecasted amount needed is an additional \$2.58 billion to meet the needs of Minnesotans who depend on HHS funded programs.

Both bodies are expected to release their budget bills showing how they will reach their targets next week and will hammer out more specifics in committee and work toward floor votes in early April. From there the bills will go to a conference committee where the final negotiations will take place with Gov. Dayton.

Additional reading: [With all three budget proposals out, the stage is set for the Legislature's biggest battle](#)

2017 Omnibus bill rollouts

This week, the House and Senate committees began releasing and hearing omnibus bills in committees. So far in the House we have seen bills from Agriculture, Education, Environment, Higher Education, Jobs, Public Safety, Taxes, and Transportation. The Senate has released bills from Agriculture, Commerce, Energy, Environment, Higher Education, Jobs, Judiciary, State Government Finance, and Transportation.

The Senate Health and Human Services Omnibus bill will be released on Monday (3/27), and the House bill will be released on Tuesday (3/28).

Taxes Omnibus Bill

The 2017 House Omnibus Tax Bill was released on Thursday, and contains roughly \$1.35 billion in tax reductions over the next two years. The overall House bill comes in at \$4.76 billion over the 2018-19 biennium. This figure includes tax reductions, shifts in sales tax collections and proposed aids and credits. The bill has many of the same provisions that were included in the 2016 tax bill that was vetoed because of a drafting error. Notably, the bill does not repeal the provider tax phase out.

Additional Reading: [House Republicans call for \\$1.35 billion tax relief plan](#)
[Omnibus tax bill priorities lay out \\$1.3 billion in tax relief](#)

Opiate Stewardship Program Legislation

SF 730, a bill authored by Sen. Julie Rosen, was heard in the Health and Human Services Finance and Policy committee this week. The author had a delete-all amendment that changed the opiate tax to a “Stewardship Fee,” which is paid as part of the drug manufacturer licensing process and is still calculated at one cent per morphine milligram equivalent of opiates listed in MS 152.02. There was much discussion on the bill although it passed unanimously and was re-referred to State Government Finance Committee.

The House companion, HF 1440 (Baker) has not moved in the House.

Portable X-Ray Bill

[HF 2304](#), authored by Rep. Mary Franson, was heard in the house Health and Human Services Reform committee. As introduced, the bill authorized the use of certain handheld portable x-ray systems in facilities. A delete-all amendment was adopted in committee, which narrowed to scope of the bill to apply to handheld dental x-ray equipment, and provided rulemaking abilities to the Department of Health. Minnesota Rules, chapter 4732 governs the use of ionizing radiation in order to protect health and safety. Parts 4732.0305 and 4732.0306 prohibit the use of handheld diagnostic imaging devices and handheld therapy units. Other rules prohibit specific portions of radiographic systems from being handheld during use. This bill allows the use of handheld dental x-ray equipment that has been approved by the Food and Drug Administration and utilizes a backscatter shield that meets the requirements of this section.

The bill was passed as amended and sent to the Health and Human Services Finance committee.

Reinsurance Bill Passes

As the legislature looks to control rising health care costs, both the House and Senate passed a bill this week aimed at lowering insurance premiums. This bill would create a pot of money that would be available to mitigate costs for insurance companies when they reach a certain point that would otherwise prompt them to raise premiums. The DFLers are concerned that rate reduction guarantees are not currently included in the bill.

Additional reading: [Minnesota House passes GOP reinsurance bill](#)
[Senate Passes Reinsurance Bill](#)

HF 2026 (Drazkowski) – Freedom to Choose Customized Insurance bill heard

The House Commerce committee heard HF 2026 (Drazkowski), a bill that would allow insurance companies to sell health insurance policies that would not cover a number of conditions and treatments currently guaranteed under Minnesota law. The language was offered as an amendment during the floor debate on SF 1 and was adopted, but was ultimately stripped from the bill during conference committee. HF 2026 was laid over for possible inclusion in the omnibus bill, but was ultimately not included.

Surprise Billing

There has been an attempt to delay the surprise billing language that was signed into law with SF1 – Sen. Michelle Benson added an amendment to SF 1963 that would delay the surprise billing provisions to 2019. We will keep you updated with any developments.

Workers Comp Payment Reform

ASCs reached an agreement with insurers, businesses and the Department of Labor on a percent of Medicare for Workers Comp reimbursement, however the hospital ASCs did not agree, so presently there is not a comprehensive agreement and nothing will be moving forward legislatively this session. The commissioner of labor has the authority to move forward with payment reform via rule, however, it is unknown if he will proceed in that direction.

Physician Noncompete Update

Sen. Scott Jensen's physician noncompete bill (SF 1309), was heard in the Senate Health and Human Services Finance and Policy committee, however was amended to apply to primary care physicians only. The bill is unlikely to make deadline and we do not anticipate it continuing forward this session.

MDH X-Ray Rule Revision Meeting

The next meeting of MDH's x-ray rule revision advisory committee will be on Monday, April 10 at 1:00 PM at the MDH Freeman Building (625 Robert St N, St. Paul, MN 55164). If you would like to attend, please contact Kelly Medellin at kelly.medellin@state.mn.us or 651-201-4568.

MNsure repeal revisited, in the running for inclusion in omnibus bill

By Tory Cooney

Jenny Peterson, executive director of Generations Health Care Initiatives, testifies before the House Health and Human Services Finance Committee March 22 in opposition to a bill sponsored by Rep. Matt Dean, left, that would require MNsure be transitioned to a federally facilitated marketplace.

MNsure was too big of a project that was rolled out too quickly and doesn't do what it promised, [Rep. Matt Dean](#) (R-Dellwood) told the Health and Human Services Finance Committee Wednesday.

[HF10](#), sponsored by Dean, would repeal the 3-year-old state insurance marketplace and have the state opt into the federal system that currently services many other states. The move is intended to save money and regain legislative oversight over the portal connecting Minnesotans to public services, Dean said.

As [amended](#), the bill was held over for possible inclusion in an omnibus bill through a party-line, roll-call vote. A companion, [SF1148](#), sponsored by [Sen. Scott Jensen](#) (R-Chaska), awaits action by the Senate Health and Human Services Finance and Policy Committee.

DFL committee members criticized the plan, saying that it is imprudent to direct people toward the federal system while the federal government's position on maintaining it is uncertain, especially in light of MNsure's record enrollment this year.

At a morning news conference, [Gov. Mark Dayton](#) said MNsure is performing well and called plans to dismantle it "ill-advised."

Dean sponsored [the same bill](#) in 2015 and it was [included in the omnibus health and human services finance bill](#). The national scene has changed since then, however, making the maintenance of a state system even more important, opponents said.

Despite improvements since its rollout, MNsure has continued to prove difficult to operate, hasn't provided any tax benefit to the state, and doesn't provide the tools counties need to connect people with government programs. A system designed around the needs of counties would be more efficient, Dean said.

He questioned the wisdom of continuing to use state resources to "prop up" MNsure, especially without any statutory authority over its budget.

Opponents argued that MNsure is largely self-sufficient. Funding from the Department of Human Services is only used to support a shared technology platform that makes eligibility determinations and serves the department as a case management tool, testified Nathan Moracco, assistant commissioner for health care.

The bill would require the Commerce Department, in consultation with other departments, to develop an implementation plan, which would be presented during the 2018 legislative session. Coverage through the federal marketplace would begin Jan. 1, 2019. The bill includes a blank appropriation for the 2018-19 biennium to fund the conversion.