



WEEKLY SESSION UPDATE

January 13, 2017

Tax Conformity Bill

The House and Senate passed legislation to align Minnesota's tax code to recent federal changes. The bipartisan bill passed unanimously off the House and Senate floors and was signed into law by Governor Dayton today. The bill will provide \$21 million in tax relief for more than 200,000 Minnesotans.

Additional Information:

[MN House Public Information: Tax Conformity is first new law of 2017 session](#)

HF1/SF1- Health Insurance Premium Relief and Reform Update

The Minnesota Senate heard [SF1](#) on the Senate floor Thursday afternoon. The legislation included health insurance premium relief and reform measures. During discussions on the bill, the Senate DFL countered with a plan of their own. The [A17 Amendment](#), offered by Senator Tony Lourey (DFL- Kerrick), was similar to Governor Dayton's proposal for premium relief and funded from the General Fund. The amendment to SF1 failed to be adopted.

The main differences between the Republican plan and that of the DFL are in three areas: means testing to determine eligibility for relief, audit and recovery of funds, and graduated assistance based on eligibility testing.

SF1 was passed by the Senate on a vote of 35-31. Senator Melisa Franzen (DFL- Edina) was the only member of her caucus to vote in favor of the bill.

The House is expected to take up their version of the bill, [HF1](#), next week. It will be a slightly different bill than its Senate companion and the discrepancies would be address in a conference committee. This would also allow for the Governor and his administration to be involved in drafting the final bill. [Here](#) is a link to a comparison of HF1/SF1.

Additional information:

[Twin Cities Pioneer Press: Minnesota Senate approves health insurance relief package](#)

[MN House Public Information: Insurance premium relief package sweeps through committees](#)

Minnesota Management Budget (MMB) Commissioner Press Conference on HF1/SF/1

On Monday, Commissioner Myron Frans of MMB held a press conference on HF/SF 1, bills introduced last week to provide health insurance premium relief. Frans compared the economic costs of this legislation vs. the Governor's plan. He will meet with House and Senate

committees this week to discern bill authors' intent so that a fiscal note can be prepared.

Primary differences:

GOVERNOR'S PLAN

- Utilizes insurance companies' invoicing system to provide rebate to insureds – 25% rebate to consumers on individual plan on their insurance invoice. Companies bill state, provide monthly summaries of enrollees, and states reimburse insurance companies for that 25%.
- Rather than receiving a check in the mail as in HF/SF 1, insureds are invoiced 25% less for insurance.
- Department of Commerce would perform audit on reimbursement system.
- **FRANS:** this plan is lower in admin costs than HF/SF 1, and is the quickest and simplest way to provide relief to Minnesotans before January 30 if acted upon immediately.

HF/SF 1

- Insureds on individual plans who have experienced premium hikes will be mailed checks from state to reduce burden.
- Insureds must apply for this rebate – application system would include residency check and means testing (income verification) administered by MMB.
- The application process would require that a secure web app be developed – MMB would put out an RFP to private companies, which would take months and cost millions, and then the app must be developed, delaying premium relief until at least 2018.
- **FRANS:** individual checks to 100,000 Minnesotans would be a large administrative burden, and the application process would be time-consuming for state employees (two hours to process each application and determine eligibility). The check process increases the possibility of fraud, which would be reduced if the state simply reimbursed insurance companies like in the Governor's plan.

QUESTIONS FROM PRESS

- Why can't MNsure handle reimbursements, given that it already has income verification system?
 - Not all MNsure enrollees are people who would qualify for premium relief. New component in MNsure database would be necessary.
- Would HF/SF 1 be less costly if means testing were eliminated?
 - Somewhat, but unknown how much. Possibility for fraud still exists with HF/SF 1 proposal.
- Why would premium relief be delayed if HF/SF 1 were passed?
 - Development of web app and application process would take months. Fast relief is important as thousands of Minnesotans are holding off buying insurance.

- How would state assure that insurance companies are using reimbursements from state to reduce premium costs for insureds?
 - Insurance companies must provide real time updates to states re: enrollment data and invoicing.

Update on payment reform with Hospital ASC's and Insurers

Below is the WC payment reform update discussed at the Workers Compensation Advisory Council meeting on Wednesday (1/11/17). Additional materials are attached.

- Last meeting discussed in detail agreement reached with insurance companies on outpatient care (ASC's).
- 2 major points up for discussion on reaching agreement hospital ASC's:
 - The hospitals stated under inpatient system they are not receiving payment correctly and promptly
 - Percent of DRGs is 200% of Medicare cost. Hospitals need a number on percent of Medicare they would see for outpatient care
- Cautiously optimistic that there will be an agreement
- Question: How long have negotiations been going on?
 - 6-8 months
- Question: Is there some kind of deadline in which insurers will have to pay on time?
 - Hospitals proposed reaching 80% on time payment.
 - There is information on fines for late payment