

# Health Care Reform



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## FEDERAL ACTION REQUESTED:

Please support requests for the necessary waivers and grants that will be needed for Minnesota to begin the next wave of health care payment and delivery system reforms.

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From its high concentration of residents with health savings plans to its nation-leading efforts to expand coverage to children and working families, Minnesota continues its proud tradition of health care innovation and reform. Congress's recent health care reform legislation has amplified Minnesota hospitals' and health systems' sense of urgency to design, develop and deploy the next generation of reforms.

With our consistently high-ranked quality of care, commitment to transparency, experience with multi-stakeholder collaboration and cost-effective delivery system, Minnesota is well positioned to once again serve as the national health care reform incubator.

## Health care reform in Minnesota

The Minnesota Hospital Association's (MHA) work with our congressional delegation, as well as our role in multi-stakeholder collaborations such as the Healthcare Quality Coalition and the Value Coalition, helped ensure that federal health care reform legislation contained significant provisions that will begin moving Medicare from a pay-for-volume to a pay-for-value system. Minnesota's hospitals and health systems remain confident that these reforms will benefit our communities and help alleviate longstanding payment inequities in Medicare.

We are grateful for and proud of this accomplishment. We also recognize that more needs to be done and we

are pressing forward with initiatives to further state-level health care reform that anticipates and integrates with the changing national landscape.

Minnesota hospitals are pursuing the new challenges articulated in the federal reform legislation — such as creation of an insurance exchange — in the same collaborative, thoughtful and financially judicious manner that have characterized our health care policy process for years. By leveraging our experience at the state level with health care homes and baskets of care, Minnesota's providers will be better able to seize upon the upcoming opportunities as Medicare and Medicaid move toward medical homes and bundled payments. And, because MHA successfully advocated for administrative simplification legislation, standardized quality reporting measures and adverse health event reporting that closely resemble elements of the federal reform bill — our members' ability to adapt to the new federal requirements should be smoother than other health care providers around the country.

With this strong foundation, MHA and many other key stakeholders are eager to begin experimenting with more ambitious payment and delivery reforms. In addition to accountable care organizations and global payments, we are pursuing opportunities to engage in comparative effectiveness research to improve quality and efficiency of care, and examining how to best define and measure "value" in health care. Many of these efforts will depend upon demonstration projects, grants or waivers from the Center for Medicare and Medicaid Services (CMS), the Agency for Healthcare Research and Quality (AHRQ) and other federal agencies to achieve the necessary scale, secure the appropriate regulatory exemptions and leverage financial incentives to make these efforts viable.

Significant challenges and mounting urgency around health care reform exist for Minnesota. Our percentage of residents without insurance is growing. Hospitals' and health systems' uncompensated care costs are growing.

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Repeated cuts to state health programs exacerbate the chasm between government payments and the actual cost of delivering care. All of these trends heighten the need to move quickly with reforms that will increase access to affordable health care while improving the quality and cost of care.

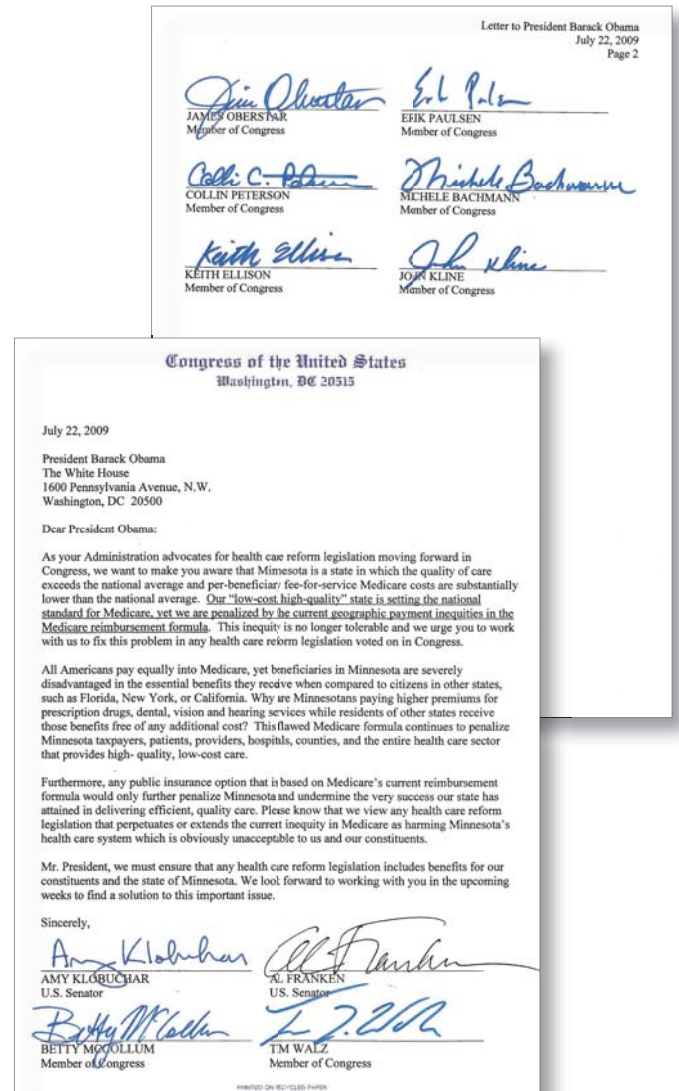
## Price and quality transparency

Minnesota's hospitals are continuing their commitment to increased price and quality transparency as demonstrated by MHA's Web sites ([www.mnhospitalpricecheck.org](http://www.mnhospitalpricecheck.org) and [www.mnhospitalquality.org](http://www.mnhospitalquality.org)) that report the charges for the most common inpatient and outpatient hospital services; quality measures consistent with those collected nationally by CMS; compliance with infection-control procedures; and our nation-leading annual adverse health events report. (See Patient Safety and Quality fact sheet.) In 2009, MHA helped develop Minnesota's new standardized, statewide quality measures for public reporting and pay-for-performance initiatives. In addition to enhancing the information available to our patients, this effort further streamlines our health care system by eliminating the redundancies, complexities and additional costs associated with multiple and varied quality reporting requirements among health plans and regulators.

## Administrative simplification

Minnesota's hospitals and health systems continue to pursue cost reductions and efficiencies that do not diminish the quality or accessibility of care for our residents. In 2009, Minnesota implemented new rules and regulations resulting from bipartisan legislation championed by hospitals and health plans to wring unnecessary administrative expenses and transaction costs out of our health care system. State law now requires a single, uniform standard for billing, eligibility determinations and claims adjudication for all providers and payers. Although it is unclear how much money will

be saved overall, the Minnesota Department of Health estimates tens of millions of dollars in savings without any reduction in or negative impact to the quality of patient care.



Thank you, Minnesota congressional delegation, for urging President Obama to pursue Medicare payment reforms that support value over volume.