



Minnesota Hospital Association

Testimony of Lawrence Massa President of the Minnesota Hospital Association

Health Care and Human Services Finance Division
RE: HF 1362, the Omnibus Health and Human Services Finance Bill
April 21, 2009

On behalf of the Minnesota Hospital Association

Good morning, Mr. Chair and members of the Committee. My name is Lawrence Massa, and I am the President of the Minnesota Hospital Association, representing the 147 hospitals and 17 health systems throughout our state.

At a January meeting of the Minnesota Hospital Association's Board of Directors, we agreed to four principles that would guide our advocacy efforts this difficult legislative session. We would like to thank Chairman Huntley and the members of this Committee for constructing an Omnibus Health and Human Services Bill that puts in place these four key points.

1. **Oppose cuts that increase the number of uninsured.** We are most grateful that HF 1362 will keep eligibility for some 113,000 adults enrolled in MinnesotaCare and that the Health Care Access Fund is preserved rather than inappropriately rolling it into the General Fund. Health care providers across this state are quite adamant that monies raised through the provider tax should be used for their intended purpose, health care coverage for low income Minnesotans and provider payments. In addition, we are pleased that the House's budget bill does not implement the radically scaled back General Assistance Medical Care program that was included in the Governor's revised budget recommendation. These two provisions are extremely important to hospitals because without MinnesotaCare and GAMC the growth in hospital uncompensated care and bad debt would be astronomical.
2. **Work to protect federal matching funds.** Throughout HF 1362 there are multiple provisions where the Committee is using creative approaches to leverage federal dollars back to Minnesota. We applaud this approach.
3. **Support spreading cuts more evenly across all state programs.** The members of the Minnesota Hospital Association want to do all we can to keep the financial target for this division at \$400 million. Health care cannot endure a disproportionate share of the budget cuts this year. As you have all seen by the recent headlines, hospitals are under enormous financial pressure and this recession is hitting hospitals very hard.

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Given that hospitals had Medical Assistance rate cuts in 2002, 2003, 2005 and 2008, we are opposed to further rate cuts, especially considering that they are cumulative. We are, however, appreciative of the fact that HF 1362 seems to cut all providers fairly and across the board.

It is important for Committee members to understand that this 3 percent rate cut represents approximately \$51 million in lost payments to hospitals when the federal matching dollars are included. Hospitals would now be paid at our 2002 costs, minus 16.47 percent

- 4. Support raising revenues.** While revenue enhancements are not included in this bill, MHA is grateful that the House recognizes that new revenue sources need to be part of our budget solution, which is precisely why this bill has a target of \$400 million. Hospitals simply can't endure any additional rate cuts.

We would urge this Committee to stand firm and not to accept future additional spending cuts that may be added to your bill.

Thank you for your consideration.