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## Unallotment ruling won't save GAMC

A recent ruling that Gov. Tim Pawlenty crossed a legal line when he cut some \$2.7 billion in state funds this summer through unallotment won't save the General Assistance Medical Care (GAMC) program. In December, Chief Ramsey County District Judge Kathleen Gearin ruled Pawlenty had overstepped his powers and called for the reinstatement of \$5.3 million that he had unallotted from a food program for the poor. Although the ruling calls into question Pawlenty's unallotments, it cannot save GAMC, since Pawlenty cut the program with a line-item veto and later used unallotment to move up its end date to March 1. At best, a court challenge could delay the program's termination until July 1.

## Balancing Act

The 2010 Legislative Session is shaping up to be another budget battle that will affect physicians and their patients.

Lawmakers will return to the Capitol on February 4 to face a \$1.2 billion budget deficit for the remaining 18 months of the 2010-11 biennium. As they look for ways to close the gap, it's clear that health care spending will once again be front and center.

The MMA will be urging lawmakers and the governor to take a balanced approach to eliminating the shortfall. Other top MMA priorities this session include restoring health care coverage for people enrolled in the General Assistance Medical Care (GAMC) program; protecting the integrity of the Health Care Access Fund; stopping health care program and reimbursement cuts; and ensuring fair and accurate data in Minnesota's cost and quality comparison project, known as peer grouping.

### BUDGET BATTLE

The message that physicians need to take to the Capitol this session is that health care cannot continue to disproportionately shoulder the burden of fixing state budget deficits. Between 2008 and 2013, cuts to health and human services programs have accounted for about two-thirds of spending reductions, or \$3.3 billion, despite the fact that these programs make up only about a third of the state's budget. The MMA will urge lawmakers to pursue a combination of spending cuts and new revenues as they address the state's budget woes. On the revenue side, the MMA would like to see an increase in alcohol and tobacco taxes, which would not only help erase the deficit but also would have a



## The MMA's Top Three 2010 Legislative Priorities

1. Stop further health care program and reimbursement cuts
2. Restore coverage for GAMC enrollees
3. Change the timeline and focus of the state's peer grouping project

public health benefit. The MMA will strongly oppose any attempt to increase the provider tax, as that will put more pressure on providers' bottom line and lead to higher health care costs.

Physicians also will need to make it clear to lawmakers that provider reimbursement cuts are not the answer. In 2009, the DFL-controlled Legislature passed a budget that reduced forecasted health care spending by \$500 million and cut reimbursements for specialty physicians who serve patients on state-funded programs by 5 percent. Gov. Tim Pawlenty deepened that reimbursement

cut to 6.5 percent and slashed another \$380 million from health care programs by unallotting funding for GAMC.

Currently, reimbursement rates for patients on public programs do not cover the cost of delivering care. In the last 10 years, the cost of running a medical practice has gone up nearly 30 percent. Meanwhile, payments from the state for medical services have increased across-the-board only once in the last 16 years (a 3 percent increase in 2000). This has placed both rural and urban clinics, some of which have nearly half of their patients on public programs, in peril of closing.

Lawmakers must understand that providing care without adequate payment is not sustainable. It leads to cost-shifting and higher health insurance premiums for Minnesotans who have private coverage, and it makes it more difficult for clinics to make ends meet.

## GAMC

A key issue in the upcoming session will be restoring health care coverage for those enrolled in the GAMC program. GAMC provides coverage to some of Minnesota's poorest and sickest citizens. Physicians must urge lawmakers to develop a long-term solution that will meet the unique needs of this low-income population.

The most recent proposal put forward by DFL leaders has components that the MMA believes are on track. It restores about \$300 million of the \$400 million cut from the program and captures matching funds from the federal government.

However, it also includes a 50 percent cut in outpatient reimbursement rates for providers who care for GAMC enrollees. This is not a reasonable cut considering that current payments already don't cover the cost of care. Lawmakers need to know that they not only need to cover GAMC enrollees but they also must adequately

reimburse providers so that they can continue to care for these and other patients who rely on the state's health care safety net.

The MMA believes the Pawlenty administration's proposal to shift GAMC enrollees to MinnesotaCare is not the right solution. The consensus among providers working with this population is that they will have difficulty maintaining MinnesotaCare benefits because of copays and application requirements. About 70 percent of the GAMC program's 28,000 enrollees are reported to have mental illness, at least 30 percent are homeless, and most struggle with chronic disease. In addition, MinnesotaCare will not cover hospitalization costs above \$10,000 for adults without children. Another concern is the effect that shifting these enrollees to MinnesotaCare will have on the Health Care Access Fund, which helps pay for the program and is funded by Minnesota's 2 percent provider tax. If people are transferred from GAMC,

which is funded by the state's general fund, to MinnesotaCare, the HCAF is forecasted to be bankrupt as early as July 2011. If that happens, state law requires MinnesotaCare to drop adults without children first, the very people who are currently served by GAMC. Lawmakers must understand that playing fiscal shell games with the health of this population will increase the suffering of these patients and result in increased costs to the system as a whole.

## CHANGING PEER GROUPING

Minnesota is in the third year of implementing health care reforms passed by the Legislature in 2008. Reform efforts include the certification of health care homes, development of a statewide quality reporting system, and payment reforms designed to reward providers for delivering high-quality care. The MMA's top legislative priority related to health care reform this session is to extend the current timeline for implementing a peer-

## Get Involved

The MMA offers several ways for you to influence lawmakers

### MMA ACTION ALERTS!

When important issues arise, the MMA arms physicians with the information they need to contact policymakers via email or the phone. Visit [www.mmaonline.net/grassroots](http://www.mmaonline.net/grassroots) to sign up.

### DAY AT THE CAPITOL

The MMA's Day at the Capitol is a great opportunity to meet other physicians, get the inside scoop, and lobby your lawmakers about the issues you care about. This year's event will be held February 9. Visit [www.mmaonline.net/dayatcapitol](http://www.mmaonline.net/dayatcapitol) to register.

### TWITTER AND FACEBOOK

Follow the MMA at [www.twitter.com/mnmed](http://www.twitter.com/mnmed). Are you on Facebook? Become a fan of our page.

### DISTRICT DIALOGUES

Schedule a meeting with your state representative or senator in their home district. Contact Dennis Gerhardstein or Mandy Rubenstein, managers of physician outreach, at 800/342-5662.

### MMA NEWS NOW

Stay informed with the MMA's weekly news bulletin, published every Thursday. Sign up at [www.mmaonline.net/mmanewsnow](http://www.mmaonline.net/mmanewsnow)!

### CAPITOL ROUNDS

The MMA can schedule casual meetings with your state representative or senator and a tour of the Capitol. Contact Dennis Gerhardstein or Mandy Rubenstein, managers of physician outreach, at 800/342-5662.

grouping system. Peer grouping is an initiative that will allow consumers and health plans to compare the costs and quality of Minnesota's hospitals and clinics. Initially, it will focus on total care as well as six conditions and procedures:

- diabetes,
- coronary artery disease,
- pneumonia,
- asthma,
- congestive heart failure, and
- total knee replacement.

The state is currently creating a database containing information about physician and hospital costs and utilization rates. The Department of Health is scheduled to start providing physicians and hospitals with their cost and quality scores by June 1, 2010. Those scores will be released to the public by September 2010. In January 2011, the state employee health plan, state safety net programs, local governments, and health plan companies will be able to start using the comparison data.

The MMA has expressed concern about both the schedule and the potential uses of the data being gathered, particularly since the analytical tools haven't been shown to be scientifically sound. The MMA supports more transparency but believes that lawmakers have set an unrealistic timeline and that they are missing a critical opportunity to allow physicians to use the data for quality-improvement purposes. The MMA will urge lawmakers in 2010 to lengthen the timeline and shift the emphasis of the project to ensure it has a clear focus on quality improvement.

In summary, the 2010 Legislative session looks like it will be another challenging one for Minnesota's physicians. The MMA will be there to represent the interests of physicians and their patients on all of these issues.

## Birthing Centers Bill May Have New Due Date

Sen. Linda Berglin, DFL-Minneapolis, is expected to pursue legislation during the 2010 legislative session that would create a system for licensing stand-alone birthing centers.

In 2009, Berglin, chair of the Senate Health and Human Services Budget Division, introduced S.F. 780, which would have established a system to license nonhospital-based birthing centers, established payment caps for both hospital and nonhospital births for patients on Medical Assistance, and directed enrollees of the state's Medical Assistance program to deliver uncomplicated births in birthing centers rather than hospitals.

The bill failed to pass after the MMA along with the Minnesota chapter of the American College of Obstetricians and Gynecologists raised a number of concerns about the bill, primarily that it would have compelled women on public programs to deliver their babies at birthing centers, even if they preferred a hospital.

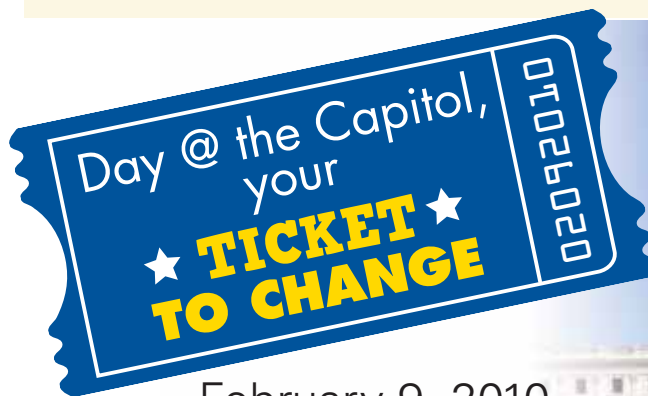
In an attempt to address the cost of unnecessary C-section deliveries, legislators created a single, blended payment rate for complicated vaginal births and uncomplicated

cesarean births in order to remove any financial incentive for providers to perform a C-section. That payment rate went into effect October 1, 2009.

When the Legislature reconvenes, Berglin is expected to push legislation that would create a licensing process and practice guidelines for birthing centers.

While birthing centers may be the right choice for some pregnant women, such as those who are actively engaged in their prenatal care and have a strong desire for an unmedicated, natural birth, the state has an obligation to ensure the safety of patients.

The MMA believes stand-alone birthing centers must ensure patient-safety protections such as requiring patients to complete informed-consent forms and adequate back-up emergency procedures. The MMA will advocate for all of these protections, as well as liability protections for hospitals and physicians involved in cases where a delivery is transferred from a birthing center to a hospital because of complications. Finally, the MMA will work to ensure women continue to have the choice of delivering their baby in a hospital.



February 9, 2010

Register Now!  
[www.MMAonline.net/dayatcapitol](http://www.MMAonline.net/dayatcapitol)





## INSIDE:

### The MMA Sets 2010 Legislative Priorities

The MMA's top three 2010 legislative priorities include stopping further health care program and reimbursement cuts, restoring coverage for GAMC enrollees, and changing the timeline and focus of the state's peer grouping project. Page 1

### Get Involved this Legislative Session

The MMA offers several ways to get involved and to make your voice heard at the Capitol, including Day at the Capitol, February 9. Register today at [www.mmaonline.net/dayatcapitol](http://www.mmaonline.net/dayatcapitol). Page 2

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