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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1843

02/16/2023 Authored by Reyer, Kraft, Hemmingsen-Jaeger, Smith and Kozlowski
The bill was read for the first time and referred to the Committee on Health Finance and Policy

1.1 A bill for an act
1.2 relating to health; conducting an analysis of the benefits and costs of a universal
1.3 health care system to assist the legislature in comparing it to the current public
1.4 and private health care financing system; requiring a report; appropriating money.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. ANALYSIS OF BENEFITS AND COSTS OF A UNIVERSAL HEALTH
1.7 CARE SYSTEM.

1.8 Subdivision 1. Definitions. (a) "Total public and private health care spending" means:

1.9 (1) spending on all medical care including but not limited to dental, vision and hearing,
1.10 mental health, chemical dependency treatment, prescription drugs, medical equipment and
1.11 supplies, long-term care, and home care, whether paid through premiums, co-pays and
1.12 deductibles, other out-of-pocket payments, or other funding from government, employers,
1.13 or other sources; and

1.14 (2) also includes the costs associated with administering, delivering, and paying for the
1.15 care. The costs of administering, delivering, and paying for the care includes all expenses
1.16 by insurers, providers, employers, individuals, and government to select, negotiate, purchase,
1.17 and administer insurance and care including but not limited to coverage for health care,
1.18 dental, long-term care, prescription drugs, medical expense portions of workers compensation
1.19 and automobile insurance, and the cost of administering and paying for all health care
1.20 products and services that are not covered by insurance.

1.21 (b) "All necessary care" means the full range of services listed in the proposed Minnesota
1.22 Health Plan legislation, including medical, dental, vision and hearing, mental health, chemical

2.1 dependency treatment, reproductive and sexual health, prescription drugs, medical equipment
2.2 and supplies, long-term care, home care, and coordination of care.

2.3 Subd. 2. **Initial assumptions.** (a) When calculating administrative savings under the
2.4 universal health proposal, the analysts shall recognize that simple, direct payment of medical
2.5 services avoids the need for provider networks, eliminates prior authorization requirements,
2.6 and eliminates administrative complexity of other payment schemes along with the need
2.7 for creating risk adjustment mechanisms, and measuring, tracking, and paying under those
2.8 risk adjusted or nonrisk adjusted payment schemes by both providers and payors.

2.9 (b) The analysts shall assume that, while gross provider payments may be reduced to
2.10 reflect reduced administrative costs, net provider income would remain similar to the current
2.11 system. However, they shall not assume that payment rate negotiations will track current
2.12 Medicaid, Medicare, or market payment rates or a combination of those rates, because
2.13 provider compensation, after adjusting for reduced administrative costs, would not be
2.14 universally raised or lowered but would be negotiated based on market needs, so provider
2.15 compensation might be raised in an underserved area such as mental health but lowered in
2.16 other areas.

2.17 Sec. 2. **BENEFIT AND COST ANALYSIS OF A UNIVERSAL HEALTH REFORM**
2.18 **PROPOSAL.**

2.19 Subdivision 1. **Contract for analysis of proposal.** The commissioner of health shall
2.20 contract with one or more independent entities to conduct an analysis of the benefits and
2.21 costs of a legislative proposal for a universal health care financing system and a similar
2.22 analysis of the current health care financing system to assist the state in comparing the
2.23 proposal to the current system. The contract must strive to produce estimates for all elements
2.24 in subdivision 3.

2.25 Subd. 2. **Proposal.** The commissioner of health, with input from the commissioners of
2.26 human services and commerce, shall submit to the contractor for analysis the legislative
2.27 proposal known as the Minnesota Health Plan that would offer a universal health care
2.28 plan designed to meet a set of principles, including:

2.29 (1) ensure all Minnesotans are covered;

2.30 (2) cover all necessary care; and

2.31 (3) allow patients to choose their doctors, hospitals, and other providers.

3.1 Subd. 3. Proposal analysis. (a) The analysis must measure the performance of both the
3.2 proposed Minnesota Health Plan and the current public and private health care financing
3.3 system over a ten-year period to contrast the impact on:

3.4 (1) coverage: the number of people who are uninsured versus the number of people who
3.5 are insured;

3.6 (2) benefit completeness: adequacy of coverage measured by the completeness of the
3.7 coverage and the number of people lacking coverage for key necessary care elements such
3.8 as dental, long-term care, medical equipment or supplies, vision and hearing, or other health
3.9 services that are not covered, if any. The analysis must take into account the vast variety of
3.10 benefit designs in the commercial market and report the extent of coverage in each area;

3.11 (3) underinsurance: whether people with coverage can afford the care they need or
3.12 whether cost prevents them from accessing care. This includes affordability in terms of
3.13 premiums, deductibles, and out-of-pocket expenses;

3.14 (4) system capacity: the timeliness and appropriateness of the care received and whether
3.15 people turn to inappropriate care such as emergency rooms because of a lack of proper care
3.16 in accordance with clinical guidelines; and

3.17 (5) health care spending: total public and private health care spending in Minnesota
3.18 under the current system versus under the Minnesota Health Plan legislative proposal,
3.19 including all spending by individuals, businesses, and government. Where relevant, the
3.20 analysis shall be broken out by key necessary care areas, such as medical, dental, and mental
3.21 health. The analysis of total health care spending shall examine whether there are savings
3.22 or additional costs under the legislative proposal compared to the existing system due to:

3.23 (i) changes in cost of insurance, billing, underwriting, marketing, evaluation, and other
3.24 administrative functions for all entities involved in the health care system, including savings
3.25 from global budgeting for hospitals and institutional care instead of billing for individual
3.26 services provided;

3.27 (ii) changed prices on medical services and products, including pharmaceuticals, due to
3.28 price negotiations under the proposal;

3.29 (iii) impact on utilization, health outcomes, and workplace absenteeism due to prevention,
3.30 early intervention, and health-promoting activities;

3.31 (iv) shortages or excess capacity of medical facilities, equipment, and personnel, including
3.32 caregivers and staff, under either the current system or the proposal, including capacity of
3.33 clinics, hospitals, and other appropriate care sites versus inappropriate emergency room

4.1 usage. The analysis shall break down capacity by geographic differences such as rural versus
4.2 metro, and disparate access by population group;

4.3 (v) the impact on state, local, and federal government non-health-care expenditures.

4.4 This may include areas such as reduced crime and out-of-home placement costs due to
4.5 mental health or chemical dependency coverage. Additional definition may further develop
4.6 hypotheses for other impacts that warrant analysis;

4.7 (vi) job losses or gains within the health care system; specifically, in health care delivery,
4.8 health billing, and insurance administration;

4.9 (vii) job losses or gains elsewhere in the economy under the proposal due to
4.10 implementation of the resulting reduction of insurance and administrative burdens on
4.11 businesses; and

4.12 (viii) impact on disparities in health care access and outcomes.

4.13 (b) The contractor or contractors shall propose an iterative process for designing and
4.14 conducting the analysis. Steps shall be reviewed with and approved by the commissioner
4.15 of health and lead house and senate authors of the legislative proposal, and shall include
4.16 but not be limited to:

4.17 (1) clarification of the specifics of the proposal. The analysis shall assume that the
4.18 provisions in the proposal are not preempted by federal law or that the federal government
4.19 gives a waiver to the preemptions;

4.20 (2) additional data elements needed to accomplish goals of the analysis;

4.21 (3) assumptions analysts are using in their analysis and the quality of the evidence behind
4.22 those assumptions;

4.23 (4) timing of each stage of the project with agreed upon decision points;

4.24 (5) approaches to address any services currently provided in the existing health care
4.25 system that may not be provided for within the Minnesota Health Plan as proposed; and

4.26 (6) optional scenarios provided by contractor or contractors with minor alterations in
4.27 the proposed plan related to services covered or cost-sharing if those scenarios might be
4.28 helpful to the legislature.

4.29 (c) The commissioner shall issue a final report by January 15, 2025, and may provide
4.30 interim reports and status updates to the governor and the chairs and ranking minority
4.31 members of the legislative committees with jurisdiction over health and human services
4.32 policy and finance aligned with the iterative process defined above.

5.1 (d) The contractor may offer a modeling tool as deliverable with a line-item cost provided.

5.2 Sec. 3. **APPROPRIATION.**

5.3 \$...... in fiscal year 2024 is appropriated from the general fund to the commissioner of
5.4 health to contract with the contractor or contractors to conduct an economic analysis of
5.5 benefits and costs of the health care system proposal specified in section 1.

5.6 Sec. 4. **EFFECTIVE DATE.**

5.7 Sections 1 to 3 are effective the day following final enactment.