



Blueprint for Health Care Reform

Minnesota is a national leader in health care with high quality of care, low rate of uninsured, high rate of private insurance, and a comparatively healthy population. Still, rising costs remain an enormous challenge for Minnesota employers, individuals, and state government. Projections show total health care spending in Minnesota doubling between 2013 and 2023, when it will account for one-fifth of the state's economic activity.



Numerous factors are causing the ongoing cost explosion:

Price, Utilization & Eligibility: Increases in prices for medical services and growth in utilization are the main drivers of spending. State program eligibility expansion has also generated significant enrollment growth in public programs.

Demographics: Illnesses and corresponding costs rise with age, and by 2020 seniors will outnumber schoolchildren in Minnesota.

Technology & Drugs: New technologies and expensive pharmaceutical products are constantly emerging and consumers frequently try every treatment available regardless of whether it is likely to improve their care or quality of life.

Inefficiency: Wasteful spending is caused by defensive medicine; redundant, inappropriate, or unnecessary tests and procedures; and individuals maintaining unhealthy lifestyles and not adhering to medical advice and prescriptions.

To create a sustainable system with improved quality and lower costs, comprehensive reforms are needed to engage consumers, align purchasers, and reorient providers and insurers to find and deliver market-driven efficiencies.

Minnesota should pursue a balanced approach to reform to ensure a functioning and responsive health care marketplace that achieves optimal health outcomes, reduces costs, and increases access to affordable care. Our rich tradition of health care leadership and market-based innovation can create new solutions to meet the specific needs of patients and providers.

Principle 1

Pay for results and outcomes, not volume of procedures.

Incentives should be realigned to deliver and reward optimal outcomes, not volume of procedures. Fostering a culture of innovation will create efficiencies and cost savings through improved and coordinated care delivery and will reduce the demand for costly procedures and hospitalizations.

- Replace outdated and inefficient fee-for-service payment models with innovative value-based payment models that reward quality, consumer satisfaction, and cost savings.
- Structure payment reform initiatives to reallocate current resources, not just add more money into the system.
- Ensure innovations are market-based, not mandated.
- Encourage collaboration on individual patient care, but maintain antitrust policies in insurance and provider sectors to avoid anti-competitive pricing practices.
- Make utilization data uniformly available to providers to facilitate coordinated care focused on high risk populations with multiple chronic conditions.
- Reform medical malpractice laws to reduce the practice of defensive medicine while ensuring adequate patient protection.



Principle 2

Identify the appropriate role for government in health care.

Our health care system should be private, market-based, patient-centered, and offer broad competitive choice of provider, insurer, and coverage. Government should enhance a strong and functional health care marketplace by providing safety net programs, setting standards for the health care sector, and supporting delivery and payment innovations.

Streamline government programs.

- Empower beneficiaries to use providers and plans that deliver cost-effective, quality care.
- Address uncompensated care costs directly and transparently – not by cost-shifting to the private sector through higher private reimbursement rates.
- Maximize federal matching funds for public programs to expand coverage to individuals who might otherwise further the cost-shift to the private sector. Prepare contingency plans for future decreases, both expected and unexpected, in federal matching funds.
- Evaluate Minnesota's public health care program benefits according to national and peer state benchmarks; consider aligning Minnesota to other high performing states.
- Rely on broad-based, equitable revenue sources to fund public health care spending.
- Use designated health care revenue only for health care purposes.
- Government should not limit reserves of private companies under business contracts with the State. Reserves protect consumers and ensure businesses' solvency and should not be used to finance government operations.

Support innovation and flexibility in the private sector.

- Reject restrictions, regulations, or taxes on self-insured employers that may inhibit

market-based, patient-centered innovation or hinder employers' ability to address unique challenges of cross-border employee populations.

- Encourage plans, providers, and employers to create market-based, patient-centered advances that promote well-being.
- Avoid one-size-fits-all service and payment models that stifle innovation and freeze ideas in place. Focus on creating an environment that fosters new ideas and initiatives.

Support development and use of health information technology (HIT).

- Support Minnesota's coordinated HIT implementation and development efforts, consistent with both ongoing state initiatives as well as the federal HITECH act.
- Support statewide IT protocol for sharing appropriate clinical data among providers to improve quality, safety, and efficiency.

Principle 3

Provide price and quality information that is relevant and actionable to enhance informed decisions by all stakeholders.

Cost and quality measurements are not always transparent or meaningful to health coverage purchasers. Providing understandable information will engage consumers and help them make value-based decisions.

- Encourage plans, providers, and employers to create market-based, patient-centered advances that promote well-being.
- Support the work of existing nationally recognized community-based organizations (including the Institute for Clinical Systems Improvement and Minnesota Community Measurement) to define common expectations and measurements for plans and providers. Rather than duplicate private sector efforts in this area, the State should use them for its own programs.

- Measure providers and care systems on their ability to keep patients healthy and avoid unnecessary services and costs.
- Support provider cost and quality comparisons and make them available to consumers. Ensure that the data and methodologies used to develop such measurements are valid, verifiable, and produce meaningful results. Include consumer measurements for patient satisfaction and accountability.

Principle 4

Develop, use, and expand incentives for health and well-being.

To restrain health care cost trends, the Partnership endorses effective primary and preventive care that can prevent costly procedures and hospitalizations. Wellness programs should be promoted and expanded in our communities.

- Follow accepted guidelines for preventive care endorsed by groups like the Institute for Clinical Systems Improvement.
- Educate individuals on the availability and benefit of primary and preventive services in their existing health coverage.
- Ensure that public programs offer proven primary and preventive care coverage.
- Create and promote appropriate incentives for people to use primary and preventive services in both public and private plans. Support initiatives that would contribute to healthy communities.

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