



May 6, 2008

To: Health Care Reform Conferees

On behalf of the Minnesota Medical Association (MMA), I want to thank you for your time and commitment to resolving the differences between HF3391 and SF3099. The MMA continues to support the passage of comprehensive health care reform this legislative session and urges you to capitalize on the momentum generated over the course of the past year.

The MMA offers the following comments for your consideration:

Payment Reform

Health Care Home. The MMA continues to strongly support the health care home model, which has been shown to be effective, as a critical foundational element of payment reform. The health care home begins to dismantle the “tyranny of the office visit” by providing resources to support a patient-centered approach to care delivery that can coordinate care and improve patient decision-making. This model also focuses where the bulk of the health care dollars are spent and where the greatest cost savings opportunities exist – providing care to patients with chronic and complex illnesses.

The MMA generally supports the health care home language incorporated in the Governor’s compromise proposal (Sections 1 and 6), but urges you to modify the July 1, 2010 implementation date to January 1, 2010 so that health care homes become the primary and foundational element of payment reform, consistent with the approach taken by HF3391.

Quality Payments. Payment for quality, sometimes referred to as pay for performance, has the potential to build on the health care home model. While there is little evidence to date confirming that paying for quality is indeed effective, the MMA does recognize the role that quality-based financial incentives could play in improving quality and has established principles to support implementation of effective pay-for-performance programs.

The MMA generally supports the payments for quality language incorporated in the Governor’s compromise proposal (Section 5), but urges you to modify the implementation date so that this provision, for which less evidence of effectiveness exists, follows implementation of health care homes.

The MMA also believes that Section 5, Subd. 3 (b) is misplaced and should be moved to the health care home implementation section.

Comprehensive Payment Reform. The Governor's proposed compromise language on more comprehensive payment reform establishes explicit processes and realistic timelines for the development of more transparent information on providers' cost and quality of care. Development of reliable and valid cost and quality information is critical. The amassing of this data across all payers in a state has not, to our knowledge, been previously attempted and, as such, demands careful and thoughtful development and application. The proposed compromise language authorizes the collection of the necessary data and identifies the specific methodological issues that require decision. Unlike the Senate version of the bill, the approach outlined in the Governor's proposed compromise does not presume a singular payment reform solution in the form of provider accountability for total cost and quality. Unlike the House version of the bill, the approach outlined in the Governor's proposed compromise still allows for payers/purchasers to use the results to design products and incentives that meet their enrollee's needs, rather than requiring just the use of package pricing. However, the Governor's proposed compromise still allows for the establishment and use of package pricing as a way to further explore more innovative ways of delivering care to Minnesotans.

The MMA supports the payment reform language incorporated in the Governor's compromise proposal to reduce health care costs and improve quality (Sections 7-9). The MMA continues to strongly oppose any payment system that is based on total cost of care that turns physicians into insurers and managers of risk.

Implementation Entity

The MMA was surprised to see that the Governor's proposed compromise language eliminated the Health Care Transformation Commission and, instead, delegates the work to a "private entity or consortium of private entities." The MMA would urge the conferees to consider carefully whether or not any existing groups currently have the necessary governance structure, capacity, or mission to accomplish the work described in the proposal. While the MMA is not wed to any particular entity or model, it is critical to us that whatever group(s) is ultimately tasked with this work that the group(s) be credible, accountable, transparent, inclusive, and be provided with appropriate funding.

The MMA strongly urges the conferees to ensure that the entity tasked with implementation be credible, accountable, transparent, inclusive and be adequately funded. In addition, it is critical that appropriate health care stakeholders, including physicians, be key participants in the implementation work. This involvement could be accomplished in a number of ways, including via an advisory committee as proposed in the Senate version of the bill.

Public Health Improvement

The MMA continues to believe that comprehensive health care reform requires an investment in prevention to address the primary underlying determinants of disease. The House, Senate, and the Governor's proposed compromise language acknowledge the need to support public health interventions to address obesity, tobacco use, alcohol misuse, and illegal drug use.

The MMA strongly supports the statewide health improvement program (Section 10 of the Governor's proposed compromise language) in order to prevent the development of some chronic conditions and to begin to create the social and behavioral changes necessary to improve the

health of all Minnesotans. Public health interventions are not overnight solutions and a reasonable financial commitment is necessary to create long-term benefits.

Thank you for your time and consideration.

Sincerely,

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