

Inside:

- What Passed and What Didn't
- New Contracting Rules for Clinics
- GAMC Details



District Dialogues Offer Face Time with Lawmakers

Don't have time to go to the Capitol in St. Paul to talk with your legislators? Let the MMA bring them to you through a District Dialogue, a one-hour casual meeting with your local representatives from the Minnesota House and Senate. They can be held in homes, at a coffee shop, in a clinic, or at any other venue that's convenient for you. Interested? Contact Dennis Gerhardtstein at 612/362-3745 or dgerhardtstein@mnmed.org.



Safety Net Under Siege

Lawmakers continued to go after medical services as a way to balance the budget, as they socked physicians with more than \$400 million in cuts over the next three years.

The 2010 legislative session was dominated by the need to erase a nearly \$3 billion budget deficit. It was in this legislative environment that the MMA set out to achieve three goals: limit reimbursement cuts, save the General Assistance Medical Care (GAMC) program, and improve the state's peer-grouping initiative.

Physicians did change the state's peer-grouping program to make it more fair and reliable, and a very scaled-back version of the GAMC program still exists. But it was not possible to stave off reimbursement cuts because of Gov. Tim Pawlenty's unwillingness to increase revenues. Here's a run-down of what happened in regard to these issues.

PEER GROUPING

The governor signed a peer-grouping bill in May that the MMA worked with lawmakers to introduce and get passed. Peer grouping is a statewide initiative to compare clinics and hospitals based on the cost and quality of the care they provide. It was created through the 2008 Health Care Reform Act.

The 2010 legislation corrects some flaws in the initiative and includes the following provisions that were endorsed by physicians:

- A new requirement that the peer-grouping data meet standards for reliability and validity before being released to the public;
- A repeal of language that precludes providers who score in the bottom 10 percent on the quality and cost measures from treating patients covered by state-subsidized health



Doctors at the Capitol

About 100 physicians, residents, and medical students had personal visits with their lawmakers before and during the 2010 legislative session as part of the MMA's Capitol Rounds and District Dialogues programs. Learn more about getting involved at www.mmaonline.net/grassroots.

insurance plans; and

- An extension of the deadline for when health plans will start using the data to no earlier than January 2012 or 12 months after it is made public.

"The goal of our legislative effort has been to create stronger assurances for the development of valid and reliable information, to remove the punitive aspects of the initiative, and to have a more realistic legislative timeline," says Janet Silversmith, the MMA's health policy director. "Getting this law passed brings us closer to that goal."

GAMC

Last year, the governor jeopardized the fate of the GAMC program—and the 37,000 people enrolled in it—when he line-item vetoed its funding. At the start of the session, he proposed ending the program and transferring GAMC enrollees to MinnesotaCare—a proposal the MMA opposed.

DFL lawmakers countered with a plan to pay for the program with revenue generated through Medical Assistance (MA) surcharges. The governor vetoed this proposal after it passed the House and Senate with bipartisan

Time to Keep Up the Fight

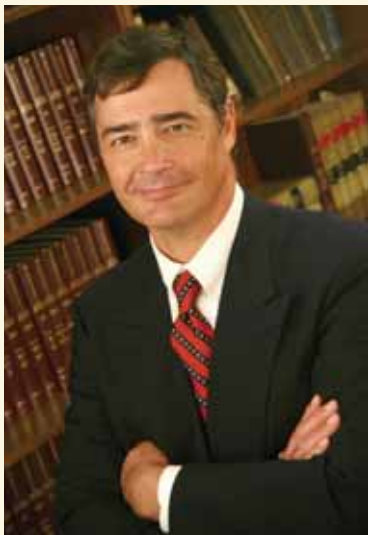


Photo by Scott Walker

Benjamin H. Whitten, M.D., MMA President

During the 2010 legislative session, lawmakers continued to ignore the financial realities of providing health care to the state's neediest citizens, further cutting reimbursements that already don't cover the cost of care and failing to take advantage of more than \$1 billion in federal funds.

Although the MMA had some policy victories this year, improving the provider peer grouping initiative being an important one, the session was discouraging for those who believe all Minnesotans, regardless of their income, deserve quality health care.

Lawmakers gutted the General Assistance Medical Care (GAMC) program

that serves the poorest of the poor and cut medical service payments to physicians, hospitals, and health plans by about \$400 million over the next three years.

Two factors could alleviate this situation.

The first is the upcoming election. Minnesota will be getting a new governor and at least 23 new legislators. We are hopeful that with a new governor and a new Legislature we can achieve a balanced approach to funding our state government programs that includes budget cuts in some areas and new revenues where needed.

The other is federal reform. Minnesota has the opportunity to shift about 100,000 Minnesotans from state-funded programs such as GAMC and MinnesotaCare to Medical Assistance (MA). I know MA has its problems, but such a change would result in Minnesota receiving about \$1 billion in sorely needed funds to shore up the health care safety net.

During the session, Gov. Tim Pawlenty said he was open to the idea of expanding MA, and I hope he puts people above politics and does it. If not, we will urge his successor to do so as soon as he or she takes office.

Moving forward, we need to redouble our efforts to fight for patients who rely on our health care safety net programs. Between now and the next session, the MMA will be educating lawmakers about how their drastic cuts are affecting patients and physicians. To effectively do that, we need your help. To find out how you can work with the MMA to win better reimbursements and improve Minnesota's health care safety net, go to www.mmaonline.net/grassroots.

majorities.

In March, Pawlenty and lawmakers agreed to support a GAMC program in which hospitals would be able to form care coordination delivery systems (CCDS) that would receive lump-sum payments to provide care to GAMC enrollees in a given geographic area. Under the proposal, all GAMC care would need to be delivered through a CCDS by December 1, 2010.

The MMA did not oppose the final plan but told lawmakers that it was neither realistic nor sustainable, as it severely cut payments to hospitals and expected them to provide both outpatient and inpatient services to GAMC enrollees. Only a handful of metro-area hospitals signed up for the new GAMC program, and none of the outstate hospitals agreed to become CCDS.

The passage of national health care reform in March opened up the possibility of transferring people in GAMC to MA. The new legislation would have given Minnesota \$1.4 billion in additional federal money over three years to cover about 100,000 people. The cost to the state would have been an additional \$188 million.

The MMA supported doing this since it would have resulted in better coverage, better reimbursement rates, and a more streamlined state-supported health care system.

The MMA, the Minnesota Nurses Association, the Minnesota Hospital Association, and other groups that advocate for low-income Minnesotans held a press conference near the end of the session calling for the shift. But Pawlenty and Republican lawmakers rejected the expansion plan, saying the state could not afford it and that they were philosophically opposed, since it was part of national reform.

As a result of last-minute negotiations, the state has funded and created the legal structure for the MA expansion, and Pawlenty or the next governor will have until January 15 to

shift GAMC enrollees to MA by simply issuing an executive order.

The MMA will continue to push for the MA expansion.

REIMBURSEMENT CUTS

The House and the Senate closed the nearly \$3 billion budget hole primarily by ratifying the \$2.7 billion in unilateral unallotment cuts that the governor made in 2009. As a result, the final budget contained \$292 million in health and human services cuts. There are significant reductions in payment rates for medical services, including a 7 percent cut in fee-for-service reimbursement for nonprimary care services provided to MA enrollees. This change, which takes effect July 1, 2010, comes on top of last year's 5 percent rate reduction for specialist services.

In addition, rates paid by the state to managed care plans will be reduced by nearly 3 percent for MA enrollees and nearly 15 percent for adult MinnesotaCare enrollees without children for the next three years. The law does not guarantee that health plans will not pass on these reductions to providers.

"We are disappointed and frustrated that lawmakers continued this unsustainable approach of simply reducing reimbursement rates that already, in many cases, do not cover the cost of care," says Dave Renner, the MMA's director of state and federal legislation.

Finally, the budget caps MA rates for physician services at Medicare levels, which resulted in reduced payments for some treatment codes.

The MMA plans to redouble its efforts to increase payments. If you have a story about how the reductions in state reimbursements are affecting your practice, please contact MMA communications manager Scott Smith at ssmith@mnmed.org or 612/362-3726.

Projected Payment Cuts

	2011 (\$Millions)	2012-2013 (\$Millions)
Hospitals		
2% rate cut	0	26
Rebasing delay	9.2	94
Physicians		
7% cut for specialists	5.8	31.9
Medicare cap of MA rates*	5	3.3
HMOs		
3% cut in MA health plan payments	42	126
5% cut in MinnesotaCare health plan payments	22	42.5
Total	84	323.7

*Lawmakers capped MA payments at Medicare levels causing reductions for some payment codes.

Reformed" GAMC Program: Bad Deal for Providers and Patients

Lawmakers passed a scaled-back version of the General Assistance Medical Care (GAMC) program in March and cut fee-for-service payments for the program by 63 percent for the months of April and May. The MMA objected to lawmakers' characterization that the huge cut, which reduces state funding from \$400 million annually to \$162 million, was legitimate reform. The MMA is calling for lawmakers to scrap the program and shift the enrollees to Medical Assistance. Here are some of the features of the new GAMC program that went into effect June 1:

- Care is provided through Care Coordination Delivery Systems (CCDS). In May, only four metro-area hospitals had signed up, leaving greater Minnesota without GAMC coverage.
- Physicians treating GAMC enrollees are no longer eligible for fee-for-service reimbursements.
- Hospitals are responsible for inpatient and outpatient care.
- CCDS hospitals will pay their affiliated providers directly for services provided to GAMC enrollees.
- Hospitals can access a \$30 million uncompensated care pool for 9 months or until the money runs out.

Questions? Call the DHS provider call center at 800-366-5411.

Legislative Wrap-up

The MMA tracked more than 30 issues at the Capitol this year. Here's a sampling of what did and did not pass.

PASSED

■ Provider Peer Grouping

The MMA sponsored legislation to improve the provider peer-grouping program created by the 2008 Health Care Reform Act by calling for extended deadlines, better standards for data, and no punitive measures for providers. Read more on page 1.

■ Contracting

Starting January 1, 2011, a new regulatory framework more favorable to clinics will govern contracts between providers and health plans. The MMA supported this proposal, which was brought forward by the Minnesota Medical Group Management Association.

■ Birthing Centers

The state approved licensing guidelines for nonhospital-based birthing centers. To be licensed, the centers must be accredited by the Commission for the Accreditation of Birth Centers. Birthing centers also must have a process for identifying the risk status of each pregnant woman and are prohibited from performing abortions or surgical procedures requiring general or conduction anesthesia. The MMA supported the measure as a means to ensure the quality of care at existing and proposed birthing centers.

■ Interpreter Certification Requirement

The state approved a new policy, which is to pay for interpreter services provided to Medical Assistance (MA) enrollees only if those services are delivered by a registered interpreter. The MMA supported this.

■ Dental Caries

A new law encourages primary care physicians to include dental health as part of general well-child or teen check-ups for enrollees in MA and MinnesotaCare. The law encourages physicians to provide the following:

- An oral examination,
- A risk assessment for dental caries,
- A fluoride application for 1-year-olds at high risk for caries, and
- Education about caries prevention and dental providers in the community.

State programs provide reimbursement for these services. The MMA supported the bill because it encourages these services rather than mandates them.

■ HIT Exchange

The state will establish a Health Information Exchange oversight board within the Department of Health by 2011. The board will oversee efforts to create a statewide system for electronically exchanging medical information by 2015. The state will also create a certification process for organizations wanting to act as health data exchanges in Minnesota. In addition, the law requires providers to use electronic health record systems that can generate clinical quality data and are certified by the Office of the National Coordinator. The MMA supported this proposal.

■ Physical Education Requirements

A new law requires the creation of statewide physical education standards for elementary schools, recess guidelines that encourage active play, and an awards program for schools that increase physical activity among students. The MMA supported this.

■ Accountable Care Organizations

The omnibus budget bill authorized the Minnesota Department of Human Services (DHS) to begin developing accountable care organizations (ACOs) or similar mechanisms for reforming health care delivery and payment. The new legislation instructs the DHS to develop reform models in which providers could deliver care for patient populations on a total-cost-of-care basis or through risk/gain-sharing arrangements. It also calls for pilot projects at Hennepin County Medical Center in Minneapolis and Regions Hospital in St. Paul to test alternative and innovative integrated health care delivery networks. The networks will serve up to 10,500 MA enrollees who live in Hennepin and Ramsey counties.

Licensing Birthing Centers



Janette Strathy, M.D.

Janette Strathy, M.D., an obstetrician at Park Nicollet Health Services, continued her efforts to educate lawmakers

about the patient safety issues surrounding free-standing birthing centers. Last session, she was instrumental in the MMA's efforts to stop a plan to channel women on public programs to independent, unaccredited birthing centers. This year, she testified in favor of a bill that supported compliance with a national certification process as part of state licensure for birthing centers. The MMA worked on this issue with the Minnesota Section of the American Congress of Obstetricians and Gynecologists.

FAILED TO PASS

■ Chiropractic Practice Act

Chiropractors proposed expanding their scope of practice and wanted to allow use of the term “chiropractic physicians.” The MMA opposed this.

■ Registration of Prescribers

The state would have established a registration system for persons who manufacture, distribute, prescribe, or dispense controlled substances. The goal of this legislation was to raise revenues through a \$75 registration fee. The MMA opposed this bill.

■ Pharmaceutical Company Gifts and Marketing

The Minnesota Legislature failed to pass three bills designed to limit gifts and curb the marketing practices of pharmaceutical companies. One would have prohibited pharmaceutical companies from purchasing doctors’ prescribing data and using it for marketing purposes. The second sought to provide physicians with independent, objective information on prescription drugs. The third further

BUDGET FACT

Gov. Tim Pawlenty’s supplemental budget included a \$55 million cut to the Medical Education and Research Costs (MERC) program, which supplements the cost of medical education in Minnesota. The cut did not end up in the final budget due to efforts by the MMA, the University of Minnesota, and Mayo Clinic.

FAST FACT

Physicians sent about 580 messages to lawmakers in response to MMA Action Alerts this session.

restricted gifts to doctors from pharmaceutical companies and cleared up ambiguities in Minnesota’s 1993 gift-ban law.

The MMA supported all three bills. However, they failed because of concerns they would have a chilling effect on the state’s business climate.

■ Disposal of Unused Drugs

A bill was considered that would have clarified how health care providers should dispose of unused drugs. The MMA supported this.

■ Interstate Sale of Insurance

Lawmakers considered at least two proposals that would have allowed out-of-state health insurers to provide coverage to Minnesota residents. The MMA did not take a position on this.

■ Vaccine Labeling

This bill would have required labeling of vaccines created using human fetal or embryonic cell lines and required informed consent of patients before administration of those vaccines. The MMA opposed this.

■ Laser Safety

The state would have established minimum training and supervision requirements for people who use lasers and intense pulse light devices for skin treatments. The MMA joined with the Minnesota Dermatology Association to support this measure.

Protecting the Safety Net



Dave Thorson, M.D.,
MMA Board Chair

MMA Board of Trustees Chair Dave Thorson, M.D., testified before a committee that was considering cuts to the General

Assistance Medical Care (GAMC) program in order to help balance the state’s budget.

Lawmakers were considering a 50 percent payment cut at the time. Thorson told them that such a steep cut would force some clinics to limit their GAMC caseloads and would result in some clinics closing their doors.

Thorson encouraged lawmakers to address the budget crisis with a broad-based approach that might include new revenues from expansion of the sales tax rather than cuts to providers.

■ Lyme Disease Treatment Protection

This bill would have prohibited the Minnesota Board of Medical Practice from disciplining doctors who prescribe long-term antibiotics to treat Lyme disease. Instead, the Board of Medical Practice voluntarily agreed to implement a five-year moratorium on sanctioning physicians for the long-term use of antibiotics to treat Lyme disease. The MMA opposed this viewing it as an attempt to legislate a clinical protocol.

Clinics Win New Contracting Rights

Medical clinics will have a few more rights the next time they negotiate contracts with health plans because of a law that passed during the 2010 legislative session.

The Fair Contracting Act was brought forward by the Minnesota Medical Group Management Association and was supported by the MMA.

Here are its highlights:

- A health plan cannot require a provider to terminate its current contract as a condition of negotiating the terms of a new contract. The health plan also cannot preclude a provider from future participation in its network solely as a result of having terminated its contract with the plan.
- A health plan, upon request, must furnish a provider with a relevant fee schedule for the next contract year.
- Health plans with tiered products must, upon request, supply to any provider in a tier an explanation of the methodology used to calculate tier ranking, including cost

and quality factors. The health plan also must notify providers of their tier ranking prior to the date at which the tiered product is offered to consumers.

- Appeals made to health plans for reconsideration of claims filed after the contract deadline must be reviewed and acted on within the same time frame given to the provider to file the claim. (In other words, if you are required to file claims within 90 days of the date of service, the plan must review and respond to an appeal within 90 days.)
- Once a clean claim is filed, health plans have 12 months to recoup any disputed payments except those related to coordination of benefits, subrogation, duplicate claims, retroactive terminations, and fraud and abuse.
- A health plan cannot prohibit providers from collecting deductibles and coinsurance payments from patients before or during service.

The law takes effect January 1, 2011.

Building Relationships with Lawmakers



G. Richard Geier, M.D.

G. Richard Geier, M.D., former MMA president, and Roy Yawn, M.D., president of Olmsted Medical Center, took advantage of the MMA's offer to arrange a personal day at the Capitol.



Roy Yawn, M.D.

Geier and Yawn met with lawmakers from their home districts.

They also spoke with Rep. Thomas Huntley (DFL-Duluth) and Rep. Diane Loeffler (DFL-Minneapolis) about provider peer grouping and the need to preserve the GAMC program. Geier said the experience allowed him to see not only that the MMA lobbyists are well-respected at the Capitol but also that their work is made easier and more effective by the participation of individual physicians, as they can provide real-life examples of the problems that lawmakers are trying to solve.



Teresa Gurin, M.D.

Teresa Gurin, M.D., a physical medicine and rehabilitation physician practicing in St. Paul, discussed medicine and family with Rep. Phillip Sterner (DFL-Apple Valley). Gurin says she decided to meet with her lawmaker "because this is such an important time for physicians to get involved." The MMA set up the meeting as part of its Capitol Rounds program. Learn more at www.mmaonline.net/grassroots.

Fair and Valid Data



Doug Wood, M.D.

Doug Wood, M.D., an MMA trustee, was the MMA's point man for enlightening lawmakers about shortcomings in the state's provider peer-grouping initiative, which will measure the cost and quality of care provided by hospitals and clinics.

Testifying before committees, Wood did his part to convince lawmakers to adopt an MMA-sponsored bill to improve the program. That bill ultimately was signed into law.

Wood believes that provider peer-grouping data could be a valuable resource for physicians and policymakers to use to improve care but that the methods used to create the data have to be absolutely accurate.

Wood was one of four MMA representatives who served on an advisory committee that was involved in the development of the initiative. Wood also chairs Mayo Clinic's Division of Health Care Policy and Research and the MMA's Medical Practice and Planning Committee.

Now, **more than ever**,
the Minnesota Medical Association
needs **you** to belong.



Thank you for your support during the 2010 Legislative Session.

In the next Legislative Session, we need to redouble our efforts to fight for patients who rely on our health care safety net programs. Between now and the next session, the MMA will be educating lawmakers about how their reckless cuts are affecting patients and physicians.

Renew your MMA membership in the fall to continue supporting the MMA's work.

Do you belong?



"I belong... because the MMA is an advocate for physicians, residents, medical students and patients. If we don't speak up and make decisions, they will be made for us."

-Yasmeen Khan, M.D.



"I belong... because the MMA allows me to focus on what I do best – care for my patients."

- George Schoephoerster, M.D.



Why should you belong?

- To support the medical profession in Minnesota
- To support the MMA's advocacy for physicians and their patients
- Because of the MMA's involvement in public health campaigns
- Because of the MMA's representation of physicians at the Legislature



Now it's your turn. Join your colleagues. **Join MMA.**

Register online at www.mmaonline.net/join

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INSIDE:

Top Legislative Priorities

Physicians successfully changed the state's peer-grouping program to make it more fair and reliable, and a very scaled-back version of the General Assistance Medical Care program still exists; but lawmakers continued to deny the economic realities of providing health care and further cut already low reimbursement rates. Page 1

What Passed and What Did Not

The MMA weighed in on more than 30 issues and monitored many others that were important to physicians this year. Some of the wins included creation of new contracting rules for providers and insurers, establishment of licensing regulations for birthing centers, and a prohibition against chiropractors using the term "physician." Page 4

Physicians at the Capitol

Read about how Dave Thorson, M.D., Janette Strathy, M.D., Teresa Gurin, M.D., and other physicians helped shape health care policy this session. Pages 3, 4, 5, and 6

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