



# Health Care Reform

## *MHA's Priorities and Positions*

The Minnesota Hospital Association (MHA) supports national health reform efforts that will reward the delivery of high-quality, low-cost health care and make health insurance available to more Americans. Year after year and study after study, Minnesota proudly demonstrates how our hospitals and health systems provide the desired combination of best-in-class quality and nation-leading efficiency that keeps health care costs down. MHA is committed to helping reform our nation's health care system to pay for value rather than volume, to create incentives for providers to deliver better care at less cost, and to expand coverage to millions who remain uninsured.

### The following are MHA's highest priorities for federal health care reform:

- Reward providers who deliver high-quality, low-cost care.
- Expand health insurance coverage to the under- and uninsured while protecting access to quality health care.
- Ensure a level playing field across states by allowing people who are cared for through existing state-funded programs to enroll in federally funded programs and health plans.
- Support the not-for-profit delivery of health care by retaining current standards for tax-exempt hospitals.
- Use national benchmarks to measure and reward health care providers' cost and quality.

Health care reform encompasses many different proposals that would impact Minnesota's hospitals and health systems. MHA's Board of Directors took the following positions with respect to specific proposals:

### Payment Reforms

- Reward quality, efficiency and accountability among health care providers. Merely cutting provider payments will not create the transformation necessary to accomplish the goals of improving quality while reducing the rate of increasing costs. Payment incentive programs must include opportunities for the best performing providers to earn more than the return of payment withholds so they have a real reward for their performance. One method of aligning payments to reward for quality and efficiency for rewarding is to implement a "value index" payment multiplier that would effectively increase payments to high-quality, low-cost providers.

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- **Retain disproportionate share hospital (DSH) and medical education payments** unless and until other reforms render them unnecessary. These payments help ensure that hospitals can sustain operations and provide access to care even if they are called upon to shoulder the costs of providing care to under-, un- or government-insured patients, or if they provide costly training for the health care workforce that our entire system depends upon.
- **Use national benchmarks for cost and quality.** As payments to providers are changed to reflect performance based on cost and quality metrics, it is important for those payments to be based on national benchmarks. This will provide the appropriate incentives without effectively punishing high-quality, low-cost areas where there is less room for quick improvement.
- **Include physician services in bundled payments.** Bundling payments for acute and post-acute care will foster collaboration among providers and create incentives to improve patient outcomes and health care resource use. Because physicians play such a determinative role in deciding what care a patient receives, who delivers the care and how much care is necessary, their financial incentives need to be aligned with the entity that receives the single bundled payment and assumes the risk of financial losses if more expensive care is used.

## Expanding Insurance Coverage

- **Implement a national insurance exchange with guaranteed issue and renewal of insurance.** Individuals and small businesses need more affordable health plan options. To ensure that those options are affordable and accessible, health plans should be required to provide coverage regardless of an individual's medical history, condition or expected needs.
- **Support individual and employer mandates.** To ensure that everyone has health insurance and appropriately shares in the cost of insurance, individuals should be required to have coverage and pay a portion of the cost of that coverage based on their income. Likewise, employers should be required to provide coverage for their employees or share in the cost of public programs that their employees will depend upon.
- **Allow people who benefit from existing state-funded programs to enroll in federally funded programs and health plans.** Minnesota has a long history of providing or subsidizing more and better coverage for its low-income residents. When federal reforms make federally subsidized coverage or programs available, Minnesota should have the same opportunity as other states to receive federal matching funds or subsidies for individuals who are eligible for those federal programs regardless of whether those residents have been covered through state programs.

## Tax Policy Changes

- **Retain current standards for tax-exempt hospitals.** Minnesota's nonprofit health care system is a significant reason for our success in providing high-quality, low-cost care. A recent study by the Minnesota Department of Health documented that Minnesota's nonprofit hospitals provide over \$125 million more in community benefit activities than the value of all of their federal and state tax-exempt advantages combined. Proposals to revoke or dilute a hospital's tax-exempt status based on artificial thresholds of charity care, uncompensated care or community benefits are unnecessary and will increase the overall cost of health care.
- **Favor broad-based revenue sources for financing health care.** Recognizing that health care impacts all individuals and communities, providers and payers, employers and employees, additional revenue necessary to finance health care reform should come from broad-based sources.