



Minnesota Academy of Otolaryngology

Capitol Update

January 19, 2009

Sara Noznesky, MAO Lobbyist

2009 Legislative Session is Under Way

On Tuesday January 6, 2009, 201 legislators convened the 86th Session of the Minnesota Legislature. This is the first year in a two year cycle that will focus on adopting a budget for the state for fiscal years 2010-2011. Returning to the Capitol to address this challenge is a veto-proof Senate made up of 46 Democrats and 21 Republicans. The House of Representatives is three votes shy of a veto-proof majority with 87 Democrats and 47 Republicans. There are 23 new faces in the House of Representatives and two new members in the Senate.

Legislators and the Governor have four and a half months to complete their work before the constitutional May 18th deadline for adjournment.

The chairs of the four major committees with jurisdiction over healthcare issues are all returning to their seats for the 2009-10 session. Sen. John Marty (DFL-Roseville) chairs the policy committee and Sen. Linda Berglin (DFL-Minneapolis) chairs the finance committee for the Senate. Rep. Paul Thissen (DFL-Minneapolis) and Rep. Tom Huntley (DFL-Duluth) will chair the respective policy and finance committees in the House. A third House health committee chaired by Rep. Karen Clark (DFL-Minneapolis) is focused on public health and housing issues.

With the start of session brings the return of the MAO Legislative Update. This newsletter will come to you every two weeks and try to keep you up to date on the legislative activities important to Otolaryngology, Head and Neck Surgery. If you have any questions about anything you read here please feel free to contact me, Sara Noznesky at snoznesky@mnmed.org.

For information on Committee membership, updates, schedules and meeting times:

House--<http://www.house.leg.state.mn.us/comm/commemlist.asp>

Senate-- <http://www.senate.leg.state.mn.us/committees/index.php?ls=#header>

Balancing the Budget, Job One

The biggest challenge facing the 2009 Legislature is balancing a budget that has a projected deficit of \$4.8 billion. Projected spending for the next two years is over \$36 billion, yet the projected revenue available is less than \$32 billion. Unlike the federal government, the Minnesota Constitution does not allow deficit spending and requires the adoption of the balanced budget before the next fiscal year begins on July 1, 2009.

The Governor has already pledged not to raise taxes and has indicated that his budget will include major reforms in the delivery of government services including health care. The Governor has also said that his budget priorities are military and veterans affairs, public safety and k-12 education. The Governor is scheduled to present his 2009 - 2010 budget proposal on January 27.

The State Economist will present an updated economic forecast to the legislature in late February. All indications show revenue collections on a continuing downward trend and it is assumed that the deficit will be even larger next month than we saw in the November 2008 forecast. The Legislature will use this forecast as the base for their budget recommendations.

This is not the first time the Pawlenty administration has had to deal with a massive projected shortfall. The 2003 Legislature faced a projected \$4.56 billion shortage for the ensuing biennium. That problem was resolved using spending cuts; fee increases; raiding the Health Care Access Fund, using state reserves, including \$1 million from a tobacco endowment fund; and some accounting shifts, such as delaying payments to schools. The problem is more severe this time because the state no longer has access to these types of solutions and depleted the state's budget reserve.

Health care programs will be directly impacted by the budget talks. Over 31% of state spending is on health and human services programs, making up the second largest part of the overall state budget, behind K-12 education spending. The budget deficit is a combination of projected decreases in state revenue (i.e. taxes) as well as projected increases in spending, with a large part of projected increases in spending related to health care services. These increases in health care spending are attributed both to the increasing cost of providing coverage but also to projected increases in demand for income-qualified state health care programs due to the economy.

The largest share of the HHS spending is for our health care safety net programs Medical Assistance, General Assistance Medical Care, and MinnesotaCare. Insiders see few ways to balance the budget without changes to these programs.

As physicians know all too well simply cutting people off of these programs does not remove patients' needs for health care services. Minnesotans who cannot afford health care services still need those services. Especially during times of economic downturn it is not the time to cut health care services to low-income Minnesotans. Without the health care safety net programs there to cover those services, people will put off needed care or show up for care in the least efficient setting for care—the emergency room.

Physicians need to weigh in on solutions to the budget shortfall. Should the budget be balanced simply through spending cuts? Should it be balanced through tax increases? Should it be a combination of both? If there are to be cuts in the health care arena should the legislature cut eligibility for programs? Should they cut covered benefits? Should they cut payments to physicians, hospitals, nursing homes, and other providers?

If taxes are raised should they be income taxes, sales taxes, tobacco taxes, alcohol taxes, or all of them? One proposal that is already being floated is raising the 2% provider tax to avoid cuts to the health care safety net programs.

None of these are easy questions, but legislators and the Governor will make that determination over the next five months. It is critical that the MAO and our members weigh in with their elected officials.

Governor's State of the State

On Thursday January 15 Governor Tim Pawlenty gave his seventh State of the State speech before a joint session of the House and Senate. He called on all policy makers to work together to meet the challenge before us.

“In Minnesota, we don’t have an ocean or a big population or a warm climate, especially this week. Our main resource is us: our intelligence, our creativity, our determination and our self-reliance and most importantly, our common sense. We’re going to need those traits now more than ever,” he said. “The state of our State is challenged, but overcoming challenges is what Minnesota does best. So let’s get at it.”

The Governor made it very clear that he intends to propose a budget that focuses on spending cuts. “The budget I’ll be proposing in just a couple of weeks will rely on significant reductions in state spending, as well as using other resources currently available.” At a time when many legislators are saying that we may need to raise some taxes to balance the budget, Pawlenty recommended cutting corporate taxes by half. By doing this he hopes it will stimulate the economy and help employers add jobs.

He also said we need to set priorities for spending. He stated that his priorities included funding for public safety, for services for our returning military, and for K-12 education.

The Governor barely mentioned health care in his State of the State speech and reiterated an often mentioned theme on his part - that the level of growth in our health care programs is unsustainable. “As we all know, Minnesota’s programs in this area have become unreasonably expensive and their cost is unsustainable. The budget forecast shows these programs will go up nearly 19 percent if left unchecked,” Pawlenty said.

“We must slow down the rate of spending growth in these programs or it will eliminate our ability to fund other priorities in the future. As my budget will reflect, there is no easy way to do this. But, in the midst of these changes, we will protect all current health care eligibility for children.”

As can be expected, Republican members of the legislature praised the Governor for his vision and DFL members criticized it as being unrealistic.

For the complete text of the Governor’s speech click on the following link: ([State of the State Speech](#))

Primary Offence for Lack of Seat Belt Use

On Tuesday January 13 the Senate Transportation Committee passed SF 42 ([SF 42/HF 108](#)) to make failure to wear a seat belt a primary offense. Passage of this law is projected to increase seat belt use and reduce traffic injury and death.

Even though it has been mandatory to wear seat belts since 1986, law enforcement cannot stop you solely for that offense. In Minnesota, traffic crashes are the leading cause of death from age 1 to age 34. But much of this could be preventable: 55 percent of the Minnesotans killed in crashes are unbelted, yet seat belts reduce the risk of death in a head on crash by more than 50 percent, and by nearly 80 percent in roll-over crashes. But not only is this an important public health issue, traffic crashes contribute to the high cost of health care in the state. The Department of Public Safety estimates that the economic impact of the 614 unbelted people who died and the 1,298 unbelted people who had life-altering injuries from 2005-2007 is \$792 million.

In years passed, this legislation passes the Senate easily then runs into difficulties in the House. If Minnesota is able to pass this law we will be eligible for \$3.4 million in federal funds established as an incentive for states to pass primary offense laws. This is the last year those funds are available.

Health Care Reform Continues to Proceed

Health care reform is taking shape in the state as work groups and organizations under contract with the state flesh out the 2008 Health Care Reform Act. For information on health care reform activities please check the Department of Health Website at <http://www.health.state.mn.us/healthreform/> or the MMA website at <http://www.mmaonline.net/News/HealthCareReform/tabid/2312/Default.aspx>. Frequently, the Department of Health posts requests for input on reform proposals including draft health care home criteria and possible baskets of care.