



Minnesota Academy of Otolaryngology

Legislative Update
March 25, 2010

GAMC Agreement Moving Fast

Governor Tim Pawlenty and DFL legislative leaders finally reached a deal to maintain the GAMC program. The “deal” fell apart several times during the week but a final legislative language was released to the public on Wednesday March 10, and the bill was heard and passed in both the House and Senate health finance committees on Thursday March 11. Both bills are expected to be acted on by the full House and Senate by the week of March 15.

Most testifiers including representatives of hospitals and the Minnesota Medical Association supported the proposal under the rationale that some kind of program was better than no program. MMA told committee members that this bill should not be billed as “reform” but as a cut to providers. In addition, several testifiers told legislators that they must consider these cuts in balancing the budget.

The good news is that the deal continues the GAMC program beyond the scheduled elimination date of April 1, 2010. The bad news is it will be significantly scaled back. What has been an approximately \$500 million per year program is now funded at \$164 million. What had been a program that provided all services through inpatient and outpatient providers is now a program where services will only be reimbursed through hospital based Coordinated Care Organizations (CCOs).

Effective, June 1, 2010 the Commissioner of Human Services may contract with the 17 hospital that provide the most GAMC care. Any hospital who becomes a CCO will be required to provide all services for GAMC patients, both inpatient and outpatient. They will be paid a capitation fee to provide those services and they will be expected to accept all risk for the patient’s care.

Highlights of the proposal include:

- Preserves GAMC in its current form until June 1 with provider payments cut by 63 percent.
- Beginning June 1 the program would operate through a “coordinated care organization” (CCO). The 17 hospitals representing about 70% GAMC caseload and providing geographic access would be eligible to be CCOs.
- The CCOs are required to coordinate and provide all necessary care for a set fee.
- Outpatient/physician services other than those provided by staff physicians of CCOs are not covered unless they contract with a CCO.

- From June 1 to November 30, 2010, hospitals that are not CCOs will share a \$20 million uncompensated care pool to pay for GAMC patients who need medical services. After November 30, 2010, services are available only through a CCO.
- Beginning December 1, 2010, other hospitals may join but the pool of money is limited
- Effective June 1, 2010, a prescription drug pool will reimburse pharmacies and other providers for prescription drugs. Prescription drug costs will continue to be covered outside of a CCO. CCOs will be required to pay in the aggregate 20% of the state's appropriation for the prescription drug pool. Each CCO assessment must be in proportion to the system's share of total funding provided by the state for CCDs.

The exact hospitals included in the 17 is not completely clear but they include Hennepin County Medical Center, Regions Hospital, University of Minnesota Medical Center-Fairview, Immanuel St. Josephs, North Memorial, Abbott Northwestern, St. Cloud Hospital, Mercy Hospital, Fairview Ridges, United Hospital, St. Mary's Duluth Clinic, Mayo Psychiatric Hospital, St, Mary's Region Health Center-Detroit Lakes, Mercy Hospital-Carlton, North County-Bemidji, Mahnomon Hospital, and Rice Memorial-Willmar.

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