

Legislative Update
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Legislature Back to Work on January 24

Following an eventful summer that included a government shutdown and special session, legislators are set to return to Saint Paul for the 2012 Legislative Session on January 24. With legislators eager to return home in the spring to begin their reelection campaigns in earnest, watch for a short session. The House is set to adjourn no later than April 30, and many legislative leaders have suggested an early April exit remains possible.

A number of significant issues are likely to take up much of the energy at the Capitol, notably the question of public financing of a new Vikings stadium. The second year of the biennium is often considered “the bonding year,” and this year is no exception. Governor Dayton has unveiled a \$775 million bonding plan, though Republicans were initially lukewarm to such a large proposal. The Republican majorities in the House and Senate have spent much of the interim planning for their “Reform 2.0” agenda, though much of the details remain to be determined. On the health care front, watch for action around the health insurance exchange and transparency for the health plans that contract with the state to deliver insurance coverage (see below for additional information on possible hot topics in health care).

It’s also likely that a number of proposals to amend the state’s constitution will be discussed. Last year, legislators sent to the November 2012 ballot a proposed amendment to define marriage as between a man a woman. This year, proposals to amend the constitution may include:

- A requirement that a voter show identification before voting.
- Changes to the way judicial elections are conducted.
- Affirming Minnesotan’s “right to bear arms.”
- A “right-to-work” proposal which would prohibit union membership or dues as a condition of employment.
- A requirement of a legislative “supermajority” to raise taxes.

History has suggested that the more constitutional amendments placed before voters the less likely any are to pass. If passed by the Legislature, the measures go to the November ballot. Governor Dayton does not have authority to veto the proposals.

Clouding the political picture is the fact that the redistricting process has yet to be completed. Every ten years, legislative district boundaries are redrawn to account for population shifts and to make all districts of equal population. Because the Governor and Legislature failed to reach

agreement on new maps during the last legislative session, the final lines will be drawn by the courts and released on February 21. With many legislators running for reelection in neighborhoods and communities new to them, there is additional pressure to complete the session so that lawmakers can return home to begin to introduce themselves to new voters. All 201 seats of the House and Senate will be on the ballot on Tuesday, November 6.

A Rosier Budget Picture

The state got a bit of good news in early December when the November forecast was announced and showed a surplus of \$876 million going into 2012. Most analysts had predicted another budget deficit – possibly of up to \$1.5 billion. The good news is tempered by the fact that the surplus remains only a projection; legislators will wait until the next forecast in February before making spending plans. It should also be noted that the surplus dollars are already accounted for, as state statute requires that they be set aside in the state's cash flow and reserve accounts. Many observers have also noted that the agreement that ended the budget stalemate of summer 2010 also contained a "shift" of over \$2 billion from the state's school to the state's general fund. That money must be paid back, as well. And furthermore, the November forecast predicts deficits of \$1.3 billion for the 2014-15 biennium.

Potential Hot Button Health Care Issues

While the health care agenda for the legislative session remains modest, some key issues have begun to surface. The question of a Minnesota insurance exchange will certainly be on the minds of many legislators and the Dayton Administration. Health insurance exchanges are intended to be a "one-stop shop" for consumers and small employers to purchase health insurance. Under the Affordable Care Act (ACA), states are given the option of designing and implementing their own state-based health insurance exchanges. Should they not do so prior to 2013, the state would be forced into a federal exchange. Many groups, including the MMA, the Minnesota Hospital Association, the Chamber of Commerce, and many labor groups have strongly encouraged legislators and Governor Dayton to begin work in earnest on a plan for Minnesota. A task force led by the Minnesota Department of Commerce has convened a working group to begin the task of designing an exchange, though it remains to be seen whether the Legislature will take up any exchange proposals this year. A physician, Roger Kathol, MD, sits on the working group.

As part of the budget agreement that ended the government shutdown and closed the budget deficit in 2011, language was included to secure a gradual phasing out and eventual repeal of the provider tax. The law instructs the Commission of Management & Budget to annually determine the amount of revenues raised by the provider tax and the amount needed each year. If it is found that the revenues are greater than 25% over the need, the provider tax will be reduced. According to current projections the provider tax should begin a gradual reduction in 2013. The ultimate repeal is scheduled for 2020. The MAO will continue its work to preserve the repeal and will, in fact, advocate for hastening its demise. There are already some reports of some who are interested in carving out the provider tax dollars for other purposes, though many will remain opposed to such efforts.

A growing coalition of health care advocates is beginning work to revisit the 2011 cuts to the Medical Education and Research Costs (MERC) program. The program helps teaching hospitals and clinics to offset the costs of providing training and education to medical residents. MERC suffered a nearly 50% reduction in state support last year, and the cut threatens to cause severe reductions to residency slots in hospitals and clinics across the state.

Other possible hot topics may include:

- Changes to the state's Provider Peer Grouping law to ensure that any data that is released is accurate, verifiable, and helpful to providers and consumers. The focus of this data must be on quality improvement and not product development by the health plans.
- An effort to prohibit minors from using artificial tanning facilities. Current law allows anyone under 16 to use the facilities with parental consent, and unregulated access for those older than 16.
- Efforts to raise the tobacco tax.
- A "gag bill" that would prohibit physicians from asking their patients about the presence of firearms in the home.
- An expansion of the chiropractic scope of practice to allow chiropractors to use "all types" of imaging, as well as permitting them to use the term "chiropractic physician."
- Additional requirements of health plans to provide transparency on their accounting and rate-setting procedures.
- An interstate compact known as "The Health Care Compact." This effort, led by state's rights advocates, would change all incoming federal dollars to a block grant, thus removing all federal regulations on how the dollars are used.
- Changes affecting the state's health care home designation, possibly including efforts to broaden the eligibility of patients as well as efforts to simplify the certification and recertification process.

New Faces, New Leaders

In a development that shocked Minnesota's political world, Senator Amy Koch (R – Buffalo) stepped down as Majority Leader in mid-December. It was later learned that she had been engaged in a relationship with a Senate staffer. After several weeks of speculation and a day-long meeting of the Senate Republican Caucus, Senator David Senjem (R – Rochester) was elected by his colleagues as the new Majority Leader.

The new legislative session will see a number of new faces on the floor of the House and Senate. Following the death of Senator Linda Scheid (D – Brooklyn Center) after a long battle with cancer, Chris Eaton, a Brooklyn Center nurse, was elected to represent Senate District 46.

Long-serving Senator Linda Berglin (D – Minneapolis), a fixture of health care debates for many years, has also resigned her Senate seat to pursue other opportunities. Berglin was replaced in the Senate by Jeff Hayden, formerly a member of the House of Representatives. Filling

Hayden's Minneapolis seat is attorney Susan Allen (DFL), who will become the Legislature's first American Indian female member.

Elsewhere in Minneapolis, Kari Dziedzic (DFL) will fill the seat left open when DFL Sen. Larry Pogemiller resigned from the Senate to head the Office of Higher Education. The district includes the east part of Minneapolis and the University of Minnesota.

Minnesota Health Care Reform Task Force Begins Work

In late October, Governor Dayton convened a working group to continue discussions and work toward health care reform. The Governor's executive order charges the Minnesota Health Care Reform Task Force, along with members of the Governor's Cabinet, to develop an action plan for reforming how we deliver and pay for health care in Minnesota. Made up of leaders from the business community, health care organizations, labor, and academia, the group has established a number of working groups around key issues, including care coordination and payment reform, health care workforce, and prevention and public health.

Two physicians, Doug Wood, MD, a cardiologist from Mayo Clinic, and Therese Zink, a University of Minnesota professor of medicine and Zumbrota family physician, serve on the task force.

Important Links

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[Session Weekly](#) (A non-partisan journal of news from the House)

Keep in Touch!

Please don't hesitate to contact us should you have any questions about the legislative process or the work of the MAO at the Capitol.

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