



WEEKLY SESSION UPDATE

April 12, 2019

Today is the third and final deadline before the legislative break. It has been a busy week, with committee chairs moving to the testifier's table to advocate for their budget bills and discussion over dozens of amendments. By the end of the day today, all major finance bills will be ready to hit their respective floors for lengthy debate and (presumably) passage before the May 1st deadline that Governor Tim Walz, House Speaker Melissa Hortman, and Senate Majority Leader Paul Gazelka agreed upon at the beginning of the year to guide end of session negotiations.

When legislators get back from break on Tuesday, April 23rd, there are three remaining deadlines that the major finance appropriation bills will need to meet:

- the House and Senate will pass all major finance bills off their respective floors and leadership will appoint conference committees by May 1st,
- the Governor, Senate Majority Leader, and Speaker of the House will provide fiscal targets to the chairs of conference committees on major finance bills by May 6th,
- and conference committee chairs shall provide completed conference committee reports to the house of origin by May 13th

In other news, a bill that penalizes cell phone use while driving passed through both the House and Senate and headed to the Governor's desk, where he signed the bill into law late this morning. The Hands-Free bill, which builds upon existing distracted driving law and calls for only hands-free operation of phones, was a top priority for both democrats and republicans heading into the session. For more details on the hands-free bill's path to the Governor's desk, check out these articles from the [Duluth News Tribune](#), [Star Tribune](#), [KSTP](#), and another from the [Star Tribune](#).

The coming weeks will hold late nights and early mornings as the legislature works through their various omnibus bills as well as several other priorities like reinsurance, elder care, and a possible bonding bill.

To see a comparison of numbers each body is working with, see attached for a budget target comparisons document.

HHS Omnibus Bills

The path towards reconciling the House and Senate Health and Human Services omnibus bills look grim, with the HHS Chair Rep. Tina Liebling putting forward a 1,000+ page bill which will be negotiated against the Senate's 300 pages currently split into two bills authored by Sen. Jim Abeler and Sen. Michelle Benson, who chair the Human Services Reform committee and the HHS Finance and Policy committees, respectively. Sen. Benson's HHS bill focuses on slimming down the programs funded through the HCAF and transferring them into the General Fund. In addition, the bill contains several major provisions that limit access to abortion and provide funding to various pro-life initiatives that Governor's Walz's budget defunds. Sen. Abeler's Human Services Reform bill carries several provisions targeting CCAP fraud and abuse, as well as modifications to TEFRA and DWRS. The House bill follows the lead of the Governor's

budget recommendations and includes multiple policy proposals such as OneCare, PBM licensure, insulin registration fees, tobacco 21, and requiring HMOs to be non-profits.

Another provision of interest in Sen. Abeler's bill is language regarding pain management. A brief summary from the bill summary is below:

Section 6 (Pain Management) requires the Health Services Policy Committee, established by the Commissioner of Human Services, to evaluate the integration and make recommendations based on best practices for effective treatment for musculoskeletal pain provided by certain health practitioners and covered by Medical Assistance. Requires the commissioner to consult with certain health practitioners and report to the Legislature by August 1, 2020, on the commissioner's recommendations. The final report to the Legislature must include a pilot program to assess integrated nonpharmacologic, multidisciplinary treatments for managing musculoskeletal pain.

After the legislative break we will see how these bills take their final shape during the floor debates where there is likely to be dozens of amendments and in depth discussion on each topic. For reference, attached are the research breakdowns of each bill. At this point in the process they are important in order to see what negotiations might entail, but it's likely that the final bill will be vastly different than any current version.

Taxes and E-12 Omnibus Bill

During a press conference on Monday, the Minnesota House DFL leadership unveiled their much-anticipated omnibus tax proposal as well as their E-12 omnibus proposal. Rep. Dave Pinto, who chairs the early childhood subcommittee, and Rep. Cheryl Youakim, who chairs the E-12 committee, framed the tax bill as a necessary step for investing in the state's education system. The bill contains provisions to raise the per pupil formula, as well as focused funding on training teachers and administration officials on mental health, increasing funding for teacher retention and recruitment, and closing opportunity gaps between children.

The House tax bill would raise around \$1.2 billion in new revenue through conformity of many pieces to the federal Tax Cuts and Jobs Act that passed in 2017 to help fund many of these efforts, in addition to other key priorities in healthcare and transportation. Most of this new revenue comes on the backs of large businesses, with the tax chair Rep. Paul Marquart speaking in depth about bringing back funds that have been stashed in off shore tax havens. In addition, Rep. Marquart noted that the bill would expand the working family tax credit, conform to the federally implemented standard deduction, and focus on lower taxes for many low-income populations through housing and property tax credits and adjusting rates for Social Security income.

The plan boasts many similarities to the Governor's plan released several weeks ago.

Minority Leader Kurt Daudt also expressed his dislike, "With the release of today's tax bill, Democrats are now proposing more than \$12 billion in new taxes on Minnesotans over the next four years, including harmful tax increases on health care, gas, and so much more."

Sen. Roger Chamberlain, the Republican tax chair in the Senate, is not sure that the "That repatriation money, if they try to tax that and grab it, there will be a lawsuit. It is unconstitutional. They do not know how much of that money is attributable to this state. The businesses have said so, and it will run more

businesses out of this state.” Sen. Chamberlain also he will give the Governor’s tax plan a hearing, but won’t hold a vote.

For further reading, please check out [this article](#) from *MinnPost*.

Pharmacy Benefit Managers Facing Changes at the State and Federal Level

The Pharmacy Benefit Manager Licensure bill ([HF728/SF278](#)) authored by Rep. Alice Mann and Sen. Scott Jensen passed off the floor of the Senate, but will likely head to a conference committee after Rep. Mann amended her language onto the Senate version of the bill during a HHS finance Hearing on Tuesday. The major difference between the bills is the requirement in the House version for PBMs to take on fiduciary responsibilities when working in Minnesota. Sen. Jensen removed this piece from his bill after meeting with several PBMs and other stakeholders who shared that this requirement has not fared well in the other states who passed similar provisions. The House is likely to take up this bill after the legislative break.

PBM Execs Testify in Front of US Senate Finance Committee

Via [Minneapolis Star Tribune](#)

Executives of the nation's largest pharmaceutical benefit managers, including two based in the Twin Cities, faced tough questions Tuesday from the U.S. Senate Finance Committee about whether their business practices are inflating - rather than helping control - consumer medicine prices. In recent years, some state Medicaid programs and employer groups have questioned whether the companies, which are known as PBMs, are passing along the savings they generate via rebates from manufacturers and the prices they set with pharmacies.

Protecting MinnesotaCare

Via [Detroit Lakes Online](#)

Verbatim: “In a show of unity, all but one member of Minnesota's congressional delegation has signed a letter seeking to preserve \$24 million in federal funding for MinnesotaCare, and protect health coverage for over 80,000 Minnesotans. The proposed change by the Centers for Medicare and Medicaid Services would significantly cut federal payments to Minnesota's Basic Health Plan program, MinnesotaCare. That's why U.S. Sens. Amy Klobuchar and Tina Smith, and U.S. Reps. Angie Craig (MN-2), Dean Phillips (MN-3), Betty McCollum (MN-4), Ilhan Omar (MN-5), Tom Emmer (MN-6), Collin Peterson (MN-7), and Pete Stauber (MN-8) are fighting the proposed changes. Only U.S. Rep. Jim Hagedorn, a Republican who represents Minnesota's 1st Congressional District, didn't sign the letter.”

Republicans and Democrats both say they want to ‘fix health care.’ Here are four big debates.

[A recent article in the Pioneer Press](#) provides a clear picture on where the debate over four key and contentious issues remains with only 6 weeks left in the legislative session.

1. Provider Tax

- a. The Governor and the House both included the repeal of the sunset in their budgets; the Senate says that is a non-starter. The heat surrounding this conversation was turned up with a recent CMS proposal that would change the way BHPs were funded and would inevitably cut nearly \$24 million in federal payments to support MinnesotaCare.

2. MinnesotaCare Buy-In

- a. As mentioned above, questions surrounding the provider tax and CMS cuts to BHPs leave MinnesotaCare funding with a uncertain future. To make things more complicated, both the Governor and the House have put forth proposals supporting a

public MinnesotaCare option to help increase coverage and access to more Minnesotans. Republicans in the House and Senate oppose this plan citing little evidence to show it's cost-effective.

3. Reinsurance

- a. Republicans are pushing to reauthorize reinsurance using the existing funds left over from the original authorization. Democrats, on the other hand, want to give rebates to consumers to lower their insurance premiums. To make matters more complicated, a few members from both sides of the aisle of the Minnesota Congressional delegation are supporting reinsurance plans on the federal level based on the success of the program in Minnesota.

4. Lowering Drug Costs

- a. Democrats in the House are sponsoring several efforts to prohibit price gouging, prescription drug price transparency, and specific measures to help patients afford insulin. The Republican-controlled Senate, however, has focused on transparency measures for hospital billing and PBM licensure.

Minnesota DFLers look to corporations for more school money, but tax breaks for most families

[*Via Star Tribune*](#)

Democrats in the Minnesota House released a tax plan Monday that would give relief to most Minnesota families but raise money overall, especially on the foreign income of Minnesota corporations. The \$1.2 billion in new revenue, which faces stiff resistance in the Republican-led Senate, is intended to increase the amount of state aid to school districts by 3 percent next year and 2 percent the year after that. "Our Minnesota-values budget restores tax fairness for Minnesota families while making significant investments in education," said House Speaker Melissa Hortman of Brooklyn Park.