



WEEKLY SESSION UPDATE

April 5, 2019

There are seven weeks remaining in the 2019 legislative session and with the release of committee budget targets last week and the Governor's revised budget recommendations that were shared during the first week of March, the stage has been set for the impending negotiations. As the only state in the country with a divided legislature, the coming weeks will be a true test for the leaders in the House and Senate. April 12th is the third legislative deadline for all major finance and appropriations bills to be passed out of their respective committees, and the following week will give legislators a much-needed break as they head home for the Easter/Passover holidays from April 15th – April 19th, reconvening again on Monday, April 22nd. After this, the final weeks of session will be almost completely devoted to negotiations between the DFL-controlled House, GOP-controlled Senate, and the DFL Governor, who are hoping to wrap up their work on time prior to the May 21st sine die adjournment.

In his first State of the State address on Wednesday night ([full transcript here](#)), Governor Tim Walz broke from the script and urged lawmakers to find ways to work together through the end of legislative session as he walked through issues of education, equity, health care, community development, and transportation. "Behind every one of the debates we have here are real people," he said. Calling for a 20-cent gas tax increase and restoration of the provider tax certainly did not receive applause from the Republicans, but he posed rhetorical questions about whether or not the legislature was headed for gridlock and would be shut down, and about rumors his cabinet heard every day.

"I'll tell you right now the story that not just Minnesota needs but the country needs is a bipartisan and a split government that came together for the good of the people and moved things forward," Walz urged.

In a speech meant to cover broad topics instead of particulars, the Governor focused on his guests and their stories in the audience to make points on his agenda instead of rattling off statistics and polished lines from a teleprompter. Not surprisingly, there were mixed opinions about the speech on the GOP side of the aisle with Senate Majority Leader Paul Gazelka taking up his call for civility and Minority Leader Kurt Daudt making disagreeing with Governor Walz's opposition to Enbridge Line 3. Democrats believed it was a strong message of working collaboratively to get things accomplished, however, even citing the bipartisan insurance plan deal from 27 years ago that eventually became MinnesotaCare. In one poignant quote Walz stated, "We can choose to follow the same story that was written ahead of time, we can choose to decide who belongs and who doesn't, we can choose to let ideology drive us or we can do what Minnesotans have always done: rise up and lead the nation."

via Blois Olson at Fluence Media: "Stories are good sales tools. Last night's Gov. **Tim Walz** State of the State deserves credit for trying to change the tone of dialog that we've come to anticipate at this stage of a legislative session. The question is, can personal relationships and the words match the actions of compromise. Sen. Maj. Leader **Paul Gazelka** is equally gifted as Walz at building relationships – but neither has much of a track record on difficult compromise. Walz clearly signaled he'll compromise on

the gas tax, two weeks ago he suggested he'd do so for reinsurance. That's a start. What will solve health care, if not the reinstatement of the provider tax past December? That's the grand question of the grand compromise. Because it's would create inter-party challenges for the GOP if members are challenged to support two tax increases.

For further reading, check out these articles from the [Associated Press](#) and [Pioneer Press](#).

The Omnibus Roadmap

The third committee deadline is swiftly approaching a week from today - Friday, April 12th – the day that committees must act favorably on major appropriation and finance bills. While the House has spent the week unveiling and marking up their omnibus packages, the Senate is just starting to roll out their proposals. This will make for a busy next week for both major finance committees. Below is a list of the bills they are planning on hearing each day in order to accommodate the deadline.

House Ways and Means

- **Monday**
 - [HF2400](#) (Davnie) Omnibus E-12 Finance bill
 - [HF2208](#) (Mahoney) Omnibus Jobs and Economic Development bill
 - [HF1986](#) (Wagenius) Omnibus Energy Finance bill
- **Tuesday**
 - [HF2414](#) (Liebling) Omnibus Health and Human Services Finance bill
- **Wednesday**
 - [HF1555](#) (Hornstein) - Omnibus transportation finance bill.
 - [HF2200](#) (Poppe) - Omnibus agriculture and food finance bill.
 - [HF2209](#) (Hansen) - Omnibus environment and natural resources finance bill
- **Thursday**
 - [HF2792](#) (Mariani) - Omnibus public safety bill.
 - [HF2705](#) (Lesch) - Omnibus judiciary finance and civil law bill.
 - [HF2544](#) (Bernardy) - Omnibus higher education finance and policy bill.
- **Friday**
 - [HF2125](#) (Marquart) - Federal tax law changes conformity and nonconformity provided; and various tax law provisions modified including individual income and corporate franchise taxes, sales and use taxes, property taxes, local government aids, tobacco taxes, and special taxes.
 - [HF2086](#) (Ecklund) - Military and veteran affairs budget established.

Senate Finance

- **Tuesday**
 - [S.F. 1692](#) (Osmek) Omnibus Energy and Utilities Bill
 - [S.F. 2474](#) (Dahms) Omnibus Commerce and Consumer Protection Bill
- **Wednesday**
 - [S.F. 2358](#) (Anderson, B.) Omnibus Veterans and Military Affairs Bill.
 - [S.F. 2226](#) (Westrom) Omnibus Agriculture, Rural Development, and Housing Bill.
- **Thursday**
 - [S.F. 2314](#) (Ingebrigtsen) Omnibus Environment and Natural Resources Bill (pending referral).
 - [S.F. 802](#) (Limmer) Omnibus Judiciary and Public Safety Bill (pending referral).

House HHS Omnibus Bill

On Tuesday the House HHS Omnibus Bill (HF 2414 – Liebling) was heard in the Health and Human Services Finance Committee. Public testimony was taken on Wednesday, with markup and amendment adoption in process today. A press conference held on Wednesday broke down the enormous 998-page bill that contains hundreds of diverse provisions from legislation heard during session up to this point. Although some larger portions have managed to be separated into their own bills (opioids, vulnerable adults provisions), this Omnibus still contains about 200 pages of the elder care bill.

Rep. Rena Moran, chair of the House HHS Policy committee, Moran said over 138 bills were heard in her committee, including measures supporting kinship care, reestablishment of parental rights, and initiatives supporting healthcare that create positive outcomes in the educational system and in our communities. She also mentioned Doula reimbursement programming and low birthrate solutions, as well as access to affordable healthcare across the state.

Rep. Liebling pointed out that this omnibus includes repealing the sunset of the provider tax, which she stressed is critically important for the Health Care Access Fund and the Gov. Walz-proposed “OneCare” program. She also noted that MFIP will receive its first increase in funding in over 33 years under this bill, lowering prescription drug costs, increasing access to birth control and breast cancer screenings, and helping with ways to prevent sexual assault and domestic violence. A few topics that have not yet been heard in committee have managed their way into the HHS Omnibus bill and will be scheduled soon for committee discussion – these measures are listed as “New” under the bill list document below. Democrats ensured they did not think this was an unusually large HHS Omnibus in comparison to past years, nor should it be compared to other committee documents or last years’ Omnibus Prime spending bill, which was comprised of multiple committees’ omnibus bills and vetoed by the Governor.

Links to the bill, list of bills included in the omnibus, and spreadsheet are below:

Bill authors and status: [HF 2414](#) (Liebling)

HHS bill list: [HHS bill list.pdf](#)

Delete-all amendment: [A19-0349.pdf](#)

Spreadsheet: [2019 HHS bill- HF 2414 DE Spreadsheet.pdf](#)

For further reading, check out these articles from [Session Daily](#) and [KNSI Radio](#)

Opioid Stewardship Heads to Conference Committee

On Monday, the Senate passed [HF400](#) on a vote of 59-6. Authored by Rep. Liz Olson (DFL-Duluth) in the House and Sen. Julie Rosen (R - Vernon Center) in the Senate, the bills require opioid manufacturers and wholesalers to register with the state, amassing the funds for opioid addiction prevention, child protection funding for counties, and various grant programs. The two major packages still contain several differences, however, and a conference committee with representatives from both bodies has been convened to reconcile them.

Conferees

House: Olson; Halverson; Baker

Senate: Rosen; Draheim; Eaton

Side By Side Comparison

[Here is a document](#) that breaks down each section of the bill through a comparison of the language found in each the House and Senate version.

For further reading, check out [this article](#) from the Star Tribune.

Direct Primary Care and Hospital Billing Transparency Pass Senate, Move to House

On Thursday, [S.F. 277](#) (Jensen), a bill that clarifies language around direct primary care service agreements, and [S.F. 13](#) (Draheim), expanding hospital billing transparency, passed the Senate with nearly no debate. Since the House has not given committee hearing to either of the companion bills, these two senate proposals have been sent to House Commerce and House HHS Finance, respectively. Their future is uncertain as both of these committees continue to work through their omnibus proposals.

PBM Licensure

[S.F. 278](#) (Jensen, S.) the Minnesota Pharmacy Benefit Manager Licensure and Regulation Act, which has garnered a lot of attention this session, moved quickly through the finance committee on Wednesday and was passed off the floor on Thursday with a unanimous vote of 67-0. The bill—as the name suggests—required PBMs to register for a licensure in order to do business in the state, in addition adding various regulating provisions. Unlike its House companion, however, the bill was amended early on to remove a controversial provision requiring PMBs to act as fiduciaries. The House bill boasts a long list of bipartisan authors and remains a top priority of the session.

Minnesota Commerce Department announces new deputy commissioner of Insurance Division

via Dept. of Commerce Press Release

SAINT PAUL – Minnesota Commerce Commissioner Steve Kelley today announced new leadership for the department’s Insurance Division, appointing Grace Arnold as Deputy Commissioner of Insurance. “I am pleased to announce Grace’s appointment, particularly because she has a strong background in solving complex challenges in order to bring value to Minnesota consumers,” said Commissioner Kelley, whose agency, among other activities, evaluates insurance products to ensure that all legal requirements are met, that Minnesotans are charged fair rates and that insurance companies are financially solvent and able to pay Minnesotans’ claims.

In her role at the Department of Commerce, Arnold will oversee solvency, policy form approval, rate review and review of insurance transactions for life insurance, health insurance, as well as property and casualty insurance business conducted in Minnesota.

Before joining the Department of Commerce, Arnold served as the manager of individual and family plans at Bright Health Plan. Prior to that, Grace worked for the Center for Medicare, Medicaid & Marketplaces Services in Bethesda, Maryland, where she held several positions implementing the private insurance provisions of the Affordable Care Act at the Center for Consumer Information and Insurance Oversight, including Chief of Staff to the Marketplace Chief Technology Officer.

Arnold graduated from Macalester College and the George Washington University, where she earned a Master of Public Health in Health Policy.

Fred Andersen, the Department of Commerce's current Acting Deputy Commissioner of Insurance and Chief Life Actuary, will continue his role at the Department as Chief Life Actuary.

[Does the 2019 legislative session have the makings of a state government shutdown?](#)

via MinnPost

Are the governor and the Minnesota Legislature heading for a special session or, worse yet, a government shutdown? No one on the inside of state government likes those terms, recognizing that voters don't look favorably on dysfunction, especially perhaps in a state that fancies itself better than most. Yet with the 2019 session entering its critical final six working weeks, it's hard to see how it will all end, not only when it comes to the one must-do of the session - passing a two-year state budget - but on other front-page issues such as health care funding, transportation improvements and gun safety.

[Proposals would raise top tax rates for income, inheritance and capital gains](#)

via Minnesota House Session Daily

"Tax the rich" was a staple solution to budget difficulties that [Gov. Mark Dayton](#) raised regularly during his time in office from 2011 to 2018. But that philosophy hadn't emerged much this session in the House Taxes Committee - until Tuesday and Wednesday, when it dominated the discussion. The catalysts for the conversation were three bills built around the idea of altering tax brackets or inventing new ones, raising rates on those at the high end of income levels, be it from general income, capital gains, dividend income or inheritance. All three were laid over for possible inclusion in the omnibus tax bill, which is expected to be released Sunday and presented at next Tuesday's meeting of the House Taxes Committee before public testimony is heard and the amending and approval process begins.

[Paid family leave measure creates division in Minnesota business community](#)

via Watchdog.org

Minnesota businesses and Democratic and Republican lawmakers are divided over companion family and medical leave bills making their way through the state legislature. "For small businesses, providing paid leave on their own is extremely expensive and challenging. Many businesses want to provide it, but can't afford it; or are providing it, and paying thousands of dollars to do so," Corinne Horowitz, Minnesota director of the Main Street Alliance, an association of small businesses, told Watchdog. ...

[Government Twilight Zone: Dems and Republicans can't agree on what a spending 'cut' is](#)

via Pioneer Press

Gov. Tim Walz and House Democrats say that not increasing state government spending is actually a "cut." Republicans say that's nuts. Democrats say it's because of inflation. Republicans say fine, but don't try to throw out the dictionary to make that argument. It's just semantics, but it's also the language that will define a crucial debate underway at the Capitol between now and mid-May: How much should Minnesota spend on government for the next two years? The debate took front and center last week as Democratic and Republican lawmakers announced their proposals, which follow Walz's most recent budget plan earlier this month.

[Health care battle looms large at Minnesota Capitol](#)

via Star Tribune

Gov. Tim Walz and the Republicans who control the Minnesota Senate are hurtling toward a big dollar showdown over dueling health care proposals to reshape the state's insurance markets and check the rising cost of prescription drugs. For Walz and House Democrats, the most pressing issue is a 2 percent tax on health care providers that expires at the end of the year, leading to the potential loss of hundreds

of millions of dollars for health programs, including Medical Assistance for low income and disabled people and MinnesotaCare for the working poor.

Further reading: [Provider Tax: the proven way to fund affordable health care for Minnesotans](#)
[Budget shortfalls loom in Minnesota's health care fund](#)

ACA on Shaky Ground

via Dan Niepow at Duluth Forum News Service

VERBATIM: “In Minnesota, about 1.2 million residents could be “negatively impacted” by a repeal of ACA, the state’s department of human services said in a statement. **QUOTE:** “Hardest hit will be those currently covered by Minnesota’s Medicaid and MinnesotaCare programs, which includes children, seniors and people with disabilities,” the department said. “Also impacted, but not included in that number are the people who are receiving tax credits in the individual market, or Minnesotans with pre-existing conditions benefiting from protections under ACA.” In addition, Minnesota could lose about \$2 billion each year in federal funding to provide health care, according to the department.” **READ:** <http://bit.ly/2CXqwEL>

MN health insurers earned \$500M in 2018; some customers could see premium rebates

via Pioneer Press

Minnesota health insurers earned \$500 million in 2018 - a margin of 1.6 percent, after collecting \$31 billion in premiums and paying all expenses. The Minnesota Council of Health Plans announced the earnings numbers Monday. The council represents Minnesota's seven nonprofit health insurers, which provided coverage for 5.5 million Minnesotans in 2018. The last time financials were this strong for council members was in 2011 when they earned a margin of 1.8 percent. Recent earnings were double what they were in 2017 following two years of costs outpacing revenues.

For further reading, check out [this article](#) from Mpls/St. Paul Business Journal

Bill introductions of interest

[HF 2781](#) (Mann) – Physician certification maintenance prohibited

[HF 2789](#) (Morrison) – Health insurance claim assessment created