



## WEEKLY SESSION UPDATE

*May 10, 2019*

House and Senate leadership pushed through Monday's budget target deadline with little-to-no progress on negotiations. While the Governor, Speaker, and Senate Majority Leader have met a few times this week since the missed self-imposed deadline, negotiations seem to be hung up on the new sources of revenue included in the Governor's and House budgets, as well as the lack of funding for health care in the Senate plan. On Tuesday, after another day of unsuccessful negotiating, Senate Majority Leader Gazelka announced that joint budget targets would realistically come out next Wednesday, or earlier. The rest of the week was littered with dueling press conferences, complete with a gaggle of reporters camped outside the Governor's Office.

Here is a recap on the starting negotiation positions from [MinnPost](#):

- Walz and Hortman agreed to reduce their proposed spending total to around \$49.15 billion, a \$200 million reduction from the governor's plan and \$640 million from the House plan. Which areas of the budget would have less spending — and which of the proposed tax hikes would be lessened — was to be determined later.
- Gazelka's counter-offer was to search for an additional \$200 million in the health and human services budget and devote that money to the education budget. He termed them savings from reductions in waste; DFLers called them additional service cuts to an HHS budget they already considered "draconian."

The next scheduled negotiations are set to take place on Sunday night, after the House and Senate Leadership join Governor Walz this weekend to take part in the fishing opener. Senator Gazelka noted in an interview with MPR on Wednesday morning that by inviting House Minority Leader Daudt and Senate Minority Leader Bakk to share the Governor's fishing boat, there would likely be good conversations surrounding the budget taking place all day long. In the meantime, the House and Senate have continued to work through the conference committee process with some committees already beginning to take public testimony. Even with the hundreds of millions of dollars separating the three budgets, MMB Commissioner Myron Frans is hopeful.

"We have bills, we have a spreadsheet," Frans said. "In years past we were in the final weekend with no bill language and no spreadsheets, so this is a good situation. But next week we will be coming up on a real deadline." He noted that these self-imposed deadlines carry a much different weight than those set forth in the state constitution, highlighting that the session will adjourn regardless of whether the groups can come to an agreement.

For further reading and listening on the budget process, check out these articles:

[Associated Press – 2019 brings a new mix to Minnesota's big conference table](#)

[Star Tribune – Minnesota lawmakers grow leery of accounting gimmicks as budget deadline nears](#)

[Pioneer Press – Budget talks between gov Tim Walz and legislative leaders hit a brick wall. Here are some sticking points.](#)

[Pioneer Press – Lawmakers’ budget differences are about more than just numbers – these charts show why](#)

[MinnPost – Why can’t Minnesota’s legislative leaders compromise? Because their disagreement isn’t \(only\) about money. It’s about a philosophy of governing.](#)

[Blois Olson](#), creator of the MN political morning newsletter *Morning Take*, has launched a new podcast titled *Beers with Blois*. In the first episode he tips one back with Gov Tim Walz, who discusses end-of-session dynamics, post-session reforms, and why he thinks the gas tax is still a “go” this session. The second episode brings on Senate Majority Leader Paul Gazelka, who talks about differences between former Gov. Mark Dayton and Gov. Walz, budget negotiations, and how the provider tax extension may still be on the table. Listen to Gov. Walz’s episode [here](#), and Maj. Leader Gazelka’s episode [here](#).

In the GOP press conference on Thursday, a question was raised about how a tax on opioids passed through the GOP caucus, to which Senator Rosen replied that it is a licensing fee, saying that currently manufacturers and distributors pay \$235 dollars to practice in MN. They defended the increase by saying they are bumping this up to get the \$20 million – half of the money would go to child protection, and the rest would go toward other treatment and prevention programs.

In addition, the two bodies met on Thursday for a joint convention to fill the four open seats on the University of Minnesota Board of Regents, which has been a major point of contention this session. Usually this convention takes place early in the spring, but disagreements within the DFL led to the lengthy delay . Some members even began to hint that no agreement seemed in sight and that the Governor would be tasked with appointing the four members in May. That would have been historic, since lawmakers have failed to elect new regents on just four occasions in the past 90 years. The regents elected Thursday are:

- Janie Mayeron, 5th District Regent Seat
- Mike Kenyanya, Student At-Large Seat
- Mary Davenport, At-Large Seat
- Kao Ly Ilean Her, At-Large Seat

For more information, check out this article from the Star Tribune: [Four new regents chosen as legislators push to diversify University of Minnesota board](#)

### **HHS Omnibus Conference Committee**

The HHS Omnibus Conference Committee met daily throughout the week going through side-by-side comparisons of the House and Senate contents of each bill. Representative Tina Liebling and Senator Michelle Benson, who each Chair the Finance HHS committee in their respective bodies, alternate who holds the gavel and have navigated the grueling task of leading the committee through the first steps of the reconciliation process. During these overview hearings, members asked for clarifications surrounding why certain provisions were included, requested background information from their colleagues, staff, and agency representatives, and began to express shared interests and goals as they came up. Without joint budget targets, these conversations were in many ways philosophical, although members worked hard to focus on the financial components over policy provisions.

On Thursday the HHS Conference Committee met in several sessions broken up throughout the day, going over several of the larger articles of the bills. There was much debate about the possibility of

separating out MNsure packages and creating a pharmaceutical package and a dental package, with more input yet to come. Many members particularly felt that access challenges in rural Minnesota were still a great concern and the complexities of becoming a critical access provider were too daunting for clinics to become affiliated, especially given the low base rate. Senator Benson peppered the Department of Human Services Commissioner, Tony Lourey, with questions about how they would plan to negotiate rates, raising further concerns about the possibility of it becoming a program providers would be compelled to participate in, stating that this would lead to widening the gap even further.

The committee met later in the evening on Thursday to do their walkthrough of the Disability, Children and Families, and Operations/Program Integrity portions of the bill. Claire Wilson: Deputy Commissioner, Department of Human Services said they are in agreement on MNChoices for the most part, but have concerns about giving the requirement that it can be optional. She said it is critical that people are assessed appropriately, also stating that the caps on the CADI waiver is something that would cut services for many people. She thinks this will put incredible pressures on families and increase demands on intermediate care facilities.

Starting on Friday morning, the committee worked through the Chemical and Mental Health articles as well as the Operations article that governs various welfare, child care, foster care, and CCAP programs. Senator Benson, who has the gavel today, decided to hear overviews from the three articles under consideration prior to recessing, then returning later in the day for discussion and member questions. This area of the two bills comes with many provisions of agreement, but also contains Senator Abeler’s sections that limit and—in many people’s opinions—eliminates the CCAP programs stemming from the hundreds of millions of dollars the state has lost through child care fraud.

Although there are still several articles to go through, the major sticking points remain the repeal or continuation of the sunset for the provider tax, modifications made to the CCAP program, language recommended by the Governor to start his OneCare proposal, and overall funding included in each bill. Below are the comparisons for each article of the two bills. Check out the [Legislative Revisor’s website](#) to access side-by-sides for all of the omnibus bills.

**Side By Side**

Document	Left Document	Right Document
<a href="#">HHS - Art 1 Children and Families</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 10 Prescription Drugs</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 11 Health-Related Licensing Boards</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 12 Health Department</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 13 Health Coverage</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 14-18 Assisted Living</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 19 Miscellaneous</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 2 Operations</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 20 Forecast Adjustments</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 21 Appropriations</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 3 Direct Care and Treatment</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 4 Continuing Care for Older Adults</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 5 Disability Services</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 6 Chemical and Mental Health</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>

Document	Left Document	Right Document
<a href="#">HHS - Art 7 Mental Health Uniform Service Standards</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 8 Health Care</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - Art 9 OneCare</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>
<a href="#">HHS - MNSure</a>	<a href="#">HF2414-2</a>	<a href="#">UEH2414-1</a>

For more information on the differences between the House and Senate HHS omnibus bills, check out this article [Vast difference between House and Senate HHS omnibus proposals](#) from the *House Session Daily*.

As a refresher, you can also access the Governor's revised budget recommendations [here](#).

### **Dual Licensure bill passes**

On Tuesday, SF 1732 (Robbins/Jensen) was unanimously passed off the House Floor. As it was already passed by the Senate (also unanimously), it was sent to Governor Walz for approval, and he signed it into law on Thursday.

### **Opioids**

The Opioids Omnibus Bill Conference Committee met this week to hear testimony from the Department of Human Services, Department of Health, Attorney General, health care providers, tribal governments, and other stakeholders on the provisions included in HF 400. Most of the testimony of the bill was supportive, with serious opposition only coming from the drug wholesale distributors that felt that the opioid licensing fee provision unfairly targeted generic brands and wholesalers when blame should be placed on the brand-name manufacturers. Other serious opposition for the bill came from individuals with chronic and incurable pain, who are being tapered off of opioids by their doctors and suffering from a lower quality of life so that their provider's opioid prescription percentages would be lower.

A majority of the testimony time was filled by tribal community members and leaders asking for additional funding for child protection services traditional healing grants, which help reconnect struggling individuals to their cultural roots to overcome addiction. The committee has now completed all public testimony, but leadership may wait until budget targets are set before beginning to adopt provisions into the final opioid omnibus bill.

The committee met again briefly on Friday prior to the House session, where Sen. Julie Rosen went over a new offer from the Senate, which included raising the settlement amount to \$150M prior to dropping down to a \$5K/year for each pharmaceutical company, roughly 7.5 times more than the original number of \$20M. Members were able to ask some initial clarifying questions prior to recessing for session. The committee is expected to meet later today when the House floor session wraps up, where they will continue discussions. We will keep you posted as we have more information to share.

For further reading, check out [this article](#) from MPR, and [this update](#) from the MN Medical Association.

### **Morning Hot Dish**

Thursday, May 9<sup>th</sup> via Patrick Coolican, [StarTribune](#)

In a morning recap on Thursday, StarTribune journalist Patrick Coolican brought together end of session tidbits and the insights of several seasoned political vets to give a clear picture of the stakes in the coming weeks. With the 2020 election already garnering significant coverage on the mainstream news,

whether or not this session ends on time could set the sails on the beginning of a long and costly election cycle.

***Here is an excerpt from the Morning Hot Dish:***

“Any new governor would like to finish on time his first session. But Gov. Mark Dayton didn’t, and it didn't hurt him,” said Charlie Weaver, executive director of the Minnesota Business Partnership. (Dayton's party took the House and Senate two years later.) As the most high profile figure, the governor has a lot to lose with a special session. “But he’s got the podium. He’s got the platform to control the message more than the House and Senate.”

So score it for the governor, who also has the tactical advantage of being the sole figure who can call the Legislature into session once they recess for the year on May 20. Weaver says you can look for lawmakers to start getting anxious. Something to consider: Democratic interest groups rely more on government (public sector unions, people who receive benefits), so Republicans may have a tactical advantage when it comes to who can withstand a shutdown longer. Democrats are government people, so they need a budget. On the other hand, Republicans have not fared well in government shutdowns, either here or in Washington.

More from Weaver: “The governor is far more likely to be the loser in that because he’s the leader of the state. That's harder on him than a special session. However, It depends on how good a communicator he is. And this governor is a pretty good communicator. Dayton was able to manage a second term out of it. Everyone looks bad. It’s a pox on all your houses.”

A DFL legislative source thinks they've got a good hand:

***The Republican party brand is severely damaged right now thanks to Trump, and shutting down state government will be a reminder to voters how similar Minnesota Republicans are to him. I'm not sure what they gain by going to a shutdown, and not just compromising on time.***

I asked in Wednesday's HotDish why budget negotiators aren't closing up smaller budgets now like agriculture and higher education. Bob Hume, longtime senior adviser to Dayton, with an astute answer:

***It lets the groups who care about those things off the hook on pressuring toward a global deal. If you silo the legislators who care only about those issues they'll retreat to their caucuses' positions, and the groups in those communities have done their work for the year and go home. Put another way - whichever side was to suggest doing that is giving up leverage.***

Rep. Gene Pelowski, one of the House's most conservative Dems, doing his thing in the [WinonaPost](#):

***I doubt that any of the gas tax increases or fee increases will make it. The gas tax increase is too large ... and the other funding streams in the bill are simply too much given the economy and where we're at. Everybody, I think, realizes the dynamics that are in play here. It's not just the transportation tax bill that was bloated. The education bill was bloated, the health and human services bill ... All of this has gone up against the Senate, which has done just the opposite. The Senate [budget] is microscopic on spending. I think the bills will be dramatically reduced ... so that the final budget will be substantially smaller than the House or the governor's.***

Speaking of the gas tax, on Monday, Senate Majority Leader Gazelka stood firm on his caucus's position that the gas tax is a nonstarter. Via a [tweet](#) from the Star Tribune's Jessie Van Berkel:

***"The gas tax is not going to happen," Gazelka said, after meeting with Hortman and Walz. He said that's one of the few areas where he's drawn a red line.***

### **PBM Bill Passes off the House Floor**

[S. F. No. 278](#), which would create licensure and regulations for pharmacy benefit managers, authored by Representative Mann and Senator Jensen passed off the House floor late yesterday afternoon on a 87-42 vote. As a key priority for both the House and Senate this year, this bill represents a bipartisan olive branch during the last leg of the legislative session. The House version of the bill contains language that would impose a fiduciary responsibility on any PBMs operating in the state, while the Senate removed this language after concerns that PBMs would simply not conduct their business here. During the floor debate, Rep. Albright noted that the current language in the bill only give the Department of Commerce 5 months to prepare for its enactment and has fairly lax guidelines for what data needs to be collected. Additionally, Rep. Quam mentioned that this could potentially open the door for costly litigation against the state.

Several republicans, however, shared their strong support for the bill including Rep. Hamilton who has worked extremely closely on this issue after having several personal experiences with PBMs and trying to access his medication. In closing, Rep. Mann noted that this is the reason she ran for office and that taking on Big Pharma is what she is here to do. She agreed that there are still some issues to work out during conference committee, but she is confident that this will get done before the end of session.

For further reading, check out [this article](#) from Victoria Cooney at *House Session Daily*.

### **In the News**

#### **Drug Prices to Be Disclosed in TV Ads Soon**

Via Stephanie Armour, [Wall Street Journal](#)

VERBATIM: "The Trump administration completed its rule requiring drugmakers to include list prices for most drugs in television ads, pushing ahead with efforts to improve transparency in health-care costs despite opposition from pharmaceutical companies. The administration's new rule, set to take effect this summer, applies to direct-to-consumer TV advertisements for prescription drugs covered by Medicare or Medicaid. Drugmakers must include the wholesale acquisition cost, or list price, if it is equal to or greater than \$35 for a month's supply, and must post the list price at the end of the ad in a way that it can be seen clearly."

#### **Lawmakers look for ways to reduce prescription drug prices**

Via [MPR News](#)

VERBATIM: "This session, Minnesota lawmakers are trying to get their hands around skyrocketing drug prices and the complex pharmaceutical industry that sets the prices. Bills have been introduced to tackle the problem, from anti-price gouging efforts to new reporting requirements for drug companies when prices suddenly spike. Even in a divided Legislature, nearly all those bills are tucked into House and Senate budget bills and are heading into the final negotiations of the 2019 session."

For more information, check out this article from *Session Daily*: [Could increased oversight of pharmacy benefit managers provide starting point for broader healthcare reforms?](#), and [this tweet](#) from Mary Lahammer on how the issue is personal for Rep. Rod Hamilton.

**Among the DFL's big legislative priorities, addressing wage theft is one of the few that has a good shot of becoming law. Why?**

Via [MinnPost](#)

The Minnesota House DFL had an ambitious agenda for 2019. Family and medical leave insurance, a public health insurance option, restoring voting rights for released felons, tax hikes for increased education spending, a pair of gun safety measures, anti-gouging laws for drug prices. Nearly all are likely to fail when they get to a state Senate that is controlled by Republicans. All, that is, except for one DFL bill that has a pretty good chance of passing into law. That is likely due to a campaign by labor and social justice advocates that reached a key Republican senator. The issue is combating wage theft. And the senator is Eric Pratt of Prior Lake.

**Minnesota's rural hospitals are hanging on - for now**

Via [Star Tribune](#)

The prognosis for Madelia Community Hospital has been grim for some years now. Births are no longer scheduled here. Inpatient admissions have fallen to barely 100 per year. And the costs of patching together a medical staff have turned the hospital into a perennial money-loser. Yet its new administrator is optimistic. The community-run hospital is hiring practitioners, expanding surgery capacity, extending urgent care hours, and even adding specialties such as laser frequency ablation for nerve pain.