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First step to federal waiver for MN single-payer plan follows sunshine bill on HMO contractors

HMO disclosure deadline lays ground for Marty-Laine waiver legislation

As HMO contractors face a June deadline to disclose unaccounted millions of tax dollars for running the state's health programs, the first step was taken this session to replace them with the single-payer Minnesota Health Plan (MHP), which will be allowed under the federal waiver in Obamacare.

For any proposal to be considered for the waiver, Sen. John Marty and Rep. Carolyn Laine, chief authors of the MHP, introduced legislation setting the principles that all state health program proposals must meet. They include affordability for all, cost savings, provider choice, comprehensive care, and public accountability. This is step 1 in the overall legislative plan for Minnesota to get the waiver in 2017 for which COACT is working to get public support.

The Marty-Laine bill comes at a time when the HMO contractors are undergoing federal and state investigations for suspected misspending of tax dollars. They also face a June deadline to explain why an outside audit by the Segal Company reports their overcharging the state $327 million by reporting higher prices paid to doctors and hospitals than what they actually paid them.

The deadline on HMOs is part of last session's sunshine legislation (SF1770) requiring all state contractors to disclose their spending, although frantic million-dollar lobbying by the HMOs gained them the one year exemption which COACT fought against.

HMOs, a house of cards ready to fall?

At a Dec. 15 House Civil Law hearing, Rep. John Lesch, then Chairman, and Rep. Tina Liebling (MHP supporters) asked Department of Human Services (DHS) officials where and how the HMO contractors are spending the $8 billion budgeted annually for the public programs they run.

DHS responded that the HMOs' claim "trade secrets" that classifies their contracts with medical vendors as "non-public". Rep. Liebling said they can't be satisfactorily audited due to the HMO's use of the insurance industry's audit system instead of Generally Accepted Accounting Principles (GAAP).

Rep. Lesch told COACT Jan. 13 that the HMOs' credibility to keep running the programs will begin to collapse upon the June deadline along with the federal and state investigations that are closing in on them. This will help clear the pathway to the MHP.

Pathway to federal waiver will give Minnesota "state's right" to single payer

Rep. John Lesch (center), confers with COACT Vice Pres. Charlie Quick (left) and ED Don Pylkkanen Jan. 13 on Marty-Laine waiver legislative plan following Dec. 15 Civil Law Committee hearing on HMOs' hidden spending practices.

Marty-Laine waiver legislative plan

The Affordable Care Act (Obamacare) allows states to apply for a State Innovation Waiver (section 1332) in 2017 to create their own health care programs. Basically, the state program must cover as many people as affordably and comprehensively as the Affordable Care Act and cannot add to the federal deficit.

Being single-payer, the Minnesota Health Plan is far superior in meeting these basics. Here's how the Marty-Laine plan will get us there:

2015: Sen. Marty and Rep. Laine introduced a health study bill that

1. sets the principles (affordability for all, cost savings, choice of providers, comprehensive care, etc.) that all proposals must meet;
2. authorizes the Commissioner of Management and Budget to contract with the University of Minnesota to study the proposals that are offered;
3. invites proposals to be submitted to the legislature by Jan. 15, 2016.

2016: passage of the study legislation.

2017: passage of enabling legislation that directs the Minnesota Department of Human Services to apply to the U.S. Department of Health and Human Services for the State Innovation Waiver to allow the state to enact the selected plan that best meets the principles.

Legislators of both parties are dismayed that the HMOs are not reporting basic financial data on the programs they run, amounting to 20% of the general fund budget. This makes single-payer long overdue.