Blue Ribbon Commission on Health and Human Services: 2021 Legislative Summary

The Blue Ribbon Commission on Health and Human Services was created by the Minnesota Legislature and Governor Tim Walz in 2019 to develop an action plan “to advise and assist the legislature and governor in transforming the health and human services system to build greater efficiencies, savings, and better outcomes for Minnesotans.” The enacting legislation tasked the Commission with identifying strategies to reduce spending by $100 million for the biennium beginning July 1, 2021. The Commission presented 22 strategies in their September 2020 report to the legislature and Governor to achieve these aims.

This document summarizes the disposition of these strategies in the final 2021 health and human services bill.

A legislative session of historic magnitude

The 2021 legislative session was historic as the state grappled with emerging from a global pandemic, the health, social, and economic impacts of the last year, and the influx of federal funds to respond to those impacts. As the legislature contemplated the strategies presented by the Blue Ribbon Commission, the following dynamics played a role in the final disposition of the strategies:

- **Pandemic Impact on the System:** The pandemic had significant impacts to the health and human services (HHS) system, including impacting the number of people needing access to services and healthcare, how and when services were accessed, and the workforce and provider responses to abrupt systems change brought on by the pandemic. As BRC strategies were considered, policymakers had to consider the dynamics that the pandemic had on the HHS system.

- **State Budget:** Financially, the state budget was drastically impacted throughout the course of the pandemic. The financial impacts of the pandemic on the state budget initially presented as a deficit in the November 2020 forecast, but by February the forecast shifted to a surplus of $1.6 billion in the fiscal year 2022/2023 biennium.

- **Federal Funds:** In addition to the state surplus indicated above, in March 2021 the federal government passed the American Rescue Plan Act of 2021 (ARPA), which provided the state with additional funds to respond to the pandemic. This included $2.577 billion in the state fiscal relief fund and an estimated $686 million in enhanced federal match dollars for Medicaid home and community based services. It also included funds for mental health block grants, substance use block grants, child care funding, and pandemic emergency assistance funds.
Federal Requirements: As a condition of receiving federal funds related to home and community-based services, the state was required to not incorporate any reductions in the scope, amount, and payment rates of services provided to people. Any strategy incorporated in the final bill would have to abide by these requirements through March 31, 2024.

Given the unique dynamics of the 2021 legislative session, a global agreement was made across the Senate, House, and Administration to take the Blue Ribbon Commission (BRC) savings requirement of $100 million in the 2022-2023 biennium out of the state’s reserve account. This agreement meant that the final bill would not be required to find $100 million in savings within the health and human services target and that the extent to which BRC strategies were included in the final bill, they would be incorporated into the budget agreement like any other change.

In total, nine strategies presented in the Blue Ribbon Commission’s final report were included in the 2021 health and human services bill. Most of these strategies were modified through the legislative process. Additionally, five strategies that were identified for development by the BRC were included in the bill.

Blue Ribbon Commission strategies included in the final bill

The following proposals are BRC strategies included in the 2021 health and human services bill.

Update Value-Based Reimbursement in Nursing Facilities (only one component and modified)

The original BRC strategy included several components to revise value-based reimbursement (VBR) in nursing facilities to reflect appropriate rates over time and incentivize quality care. In the final bill, one component of this proposal was included, while the remaining were not.

The bill provides financial protections for consumers and subsequent savings to the state and consumers by:

- Requiring facilities to conduct an additional resident assessment following the end of therapy treatment or once the need for isolation has ended to ensure that the resident is only billed for services provided;
- Increasing DHS staff audit capacity, conducting a case mix transition study, and funding ongoing consumer satisfaction surveys; and
- Modifying the MDH resident reimbursement case mix classification statute.

Together this provision saves $3.9 million in FY2022/2023 and $4.8 million in FY2024/2025.

Redesign Targeted Case Management (modified)

This strategy initiates a redesign of targeted case management to reduce disparities in access to medical, behavioral, and social supports. The redesign of Medicaid-funded case management services will require a multi-year phased approach to legislative changes. The 2021 bill provides the following:

- Establishes a statewide subcontractor methodology for targeted case management rates
• Obtains funding necessary to bring Minnesota’s case management services into full compliance with the Medicaid payment system and development of a comprehensive case management proposal in 2023; and
• Supports Minnesota Tribes in the development of a Tribal targeted case management benefit.

This provision costs $612,000 in FY2022/2023.

**Expand the Use of the Minnesota Encounter Alerting Service**

The Encounter Alerting Service (EAS) provides real-time notification of emergency room visits, hospital admissions, transfers, and discharges to primary care and/or care coordinators. This strategy expands the use of the service to more providers, allowing for improved care coordination and reduced incidences of readmission. This provision saves $3 million in FY2022/2023 and $2.6 million in FY2024/2025.

**BRC Program Integrity Strategies (combined BRC proposals)**

The following BRC program integrity proposals are included in the 2021 HHS bill:

• Expand DHS’s capacity to investigate and prevent fraud in the Medical Assistance (MA) program;
• Increase funding for the Fraud Prevention Investigation (FPI) grant program to provide counties and tribes with additional resources to investigate recipient fraud in human services programs; and
• Expand training and informational resources to improve third party liability (TPL) recoveries in Minnesota Health Care Programs (MHCP).

Together these investments save $1.9 million in FY2022/2023 and $2.4 million in FY2024/2025.

**Eliminate HOPWA and DWRS Transition Grants**

This provision combines two strategies that end appropriations for two grant programs that are no longer needed: 1) Disability Waiver Rate System (DWRS) Transition Grant and 2) Housing Opportunities for People with AIDS (HOPWA) home and community-based services settings rule appropriation. This provision saves $862,000 in FY2022/2023 and $862,000 in FY2024/2025.

**Curb Residential Costs in Disability Waivers (only some components included; modified)**

This original BRC strategy was comprised of multiple strategies to reduce utilization of high-cost services in the Medicaid disability waivers. Not all strategies were adopted. The following provisions are included in the final bill:

• Development of a new initiative that will assist people who indicate that they want to move from a provider-controlled setting, such as a corporate foster care or customized living services setting. The provision included in the final bill expanded applicability to a larger population beyond the disability waivers and utilized the HCBS federal match dollars to invest $11.9 million in FY2022/2023 and $4.3 million in FY2024 for this effort.
• Limit the amount of discrete units used to establish a daily rate for customized living services. This provision saves $3.2 million in FY2022/2023 and $7.7 million in FY2024/2025.
Not included in the final bill was the proposed modification to the family foster care rate methodology and aligning corporate residential billing with the rate framework.

**Improve MnChoices and long-term services and supports (LTSS) Processes**

This provision funds a vendor to conduct business process mapping for lead agencies (counties and tribes) to identify ways to streamline and better serve people with disabilities in their county or tribe. Process mapping will look at the lead agency's processes from MA eligibility to MnChoices assessment through support planning and service authorization. It will also include talking with people served about their experiences. After assessing and working with the lead agency, the vendor will provide them with individualized recommendations to streamline workflow.

This provision utilizes enhanced HCBS federal match dollars to invest $2.1 million in FY2022/2023 and $789,000 in FY2024 for this effort.

**Improve Dental Access in Public Health Care Programs (modified)**

The provision in the final bill is a modified version of the BRC dental proposal. The original BRC strategy proposed contracting with a third-party administrator to manage dental services for all Medical Assistance and MinnesotaCare enrollees, while updating the rate structure to be more equitable. The final bill includes a rate increase of 98 percent, establishes benchmarks for health plans to meet related to access to care, and requires the system to transition to a third-party administrator if the benchmarks are not met. This provision invests $24 million in FY2022/2023 and $37.1 million in FY2024/2025.

Not included in the final bill is the BRC component that expands dental access through a coordinated, statewide school-based oral health program.

**Ensure Equitable Access to Aging and Disability Service Programs (not included in the bill but funded elsewhere)**

This BRC strategy seeks to ensure that aging and disability services are accessed equitably regardless of race or ethnicity. This strategy includes developing a community engagement strategy to better assess service access for racial and ethnic minorities with disabilities and older adults. This strategy was not included in the final bill, as it was funded utilizing other federal dollars.

**Other included strategies that were identified for development by the BRC**

In addition to the strategies listed above, the following proposals in the final HHS bill were identified for development in the Blue Ribbon Commission, but were not fully developed by the BRC due to time constraints brought on by the pandemic. These ideas were listed in the BRC final report as ideas for future consideration.

These items are included in the final 2021 HHS bill through the following forms:
- **Improve Health Care Delivery for Individuals Transitioning out of Jail or Prison**: Included in the bill is funding for a joint initiative between DHS and the Minnesota Department of Corrections to work with individuals exiting a Minnesota correctional facility who are identified to be at high risk of recidivism to help ensure that they have access to housing, healthcare, and other supports that reduce the risk of recidivism.

- **State Healthcare Rate Reform Study**: The bill provides funding for DHS to conduct a large-scale rate study of all outpatient, behavioral health, and substance use rate methodologies.

- **Using the All Payer Claims Database (APCD) to Inform and Support Other Initiatives**: The bill requires health plan companies and third-party administrators to submit encounter data and pricing data to the all-payer claims database on a monthly basis. It also requires MDH to develop recommendations to increase access to APCD data.

- **Waiver Reimagine**: Also included is the implementation of Waiver Reimagine, transformational systems change to promote equitable distribution of resources, program sustainability, and increased choice for Minnesotans with disabilities who use waiver services. The bill shifts the system from four waivers into two and implements an individual budgeting model based on a person’s needs.

- **Increase Access of Home & Community Based Services (HCBS) for Older Adults**: Included in the bill are several rate increases seeking to increase access to HCBS, including rate increases for services paid for under the Elderly Waiver, home care services, and personal care assistant services. Also included is funding for research on future system reform for HCBS for older adults to achieve expanded access.

**Blue Ribbon Commission strategies not included in the bill**

The following BRC strategies are not included in the final 2021 health and human services bill:

- Implement Uniform Administration of Non-Emergency Medical Transportation (NEMT)
- Modify Certain Medical Assistance Durable Medical Equipment (DME) Payment Rates to Match Medicare Rates
- Expand Volume Purchasing for Durable Medical Equipment (DME)
- Require Managed Care Organization (MCO) Competitive Price Bidding
- Create Uniform Pharmacy Benefit
- Establish Prescription Drug Purchasing Council
- Establish Prescription Drug Affordability Commission
- Update Absence Factor in Day Services
- Change Disability Waiver Family Foster Care Rate Methodology
- Align Corporate Residential Billing with Rate Framework
- Require Medicare Enhanced Home Care Benefit
- Update Value-Based Reimbursement (VBR) in Nursing Facilities (*except for component listed above*)
- Reduce Low-Value Services in Minnesota
- Align State and Federal Health Care Privacy Protections
- Coordinated, Statewide School-Based Oral Health Program