Blue Ribbon Commission Meeting 9

Meeting minutes

- Date & time: March 6, 2020, 9:00 a.m. – 3:00 p.m.
- Location: 540 Cedar Street, St. Paul

Participation

Participating members: Commissioner Jodi Harpstead (DHS), Jennifer DeCubellis, Nona Ferguson, Representative Tina Liebling, Sheila Kiscaden, Debra Krause, Gayle Kvenvold, Shauna Reitmeier, Sue Schettle, Julia Freeman, Senator Matt Klein, Sida Ly-Xiong, Lisa Weed

Welcome and remarks

Commissioner Harpstead welcomed the Blue Ribbon Commission members and members of the public. She then provided an overview of the meeting agenda.

Follow-up topics from prior meetings

- Michael Bailit reviewed the status of work performed by state staff in response to requests made by Commission members during prior meetings.
- In follow up to the strategy Improve Compliance with Third Party Liability (TPL), Michael Bailit said that state staff have determined there may be an opportunity to have a weekly file exchange between DHS and the courts, which could help increase recovery of TPL. This idea needs to be further researched to determine potential operational processes.
- Michael Bailit noted that state staff are updating the strategy MCO Competitive Price Bidding to include more information about the quality and access assurance requirements that are part of DHS’ bidding process.
- In response to Representative Liebling’s prior request to discuss DHS’ managed care strategy, Michael Bailit stated that staff will discuss DHS’ purchasing strategies when the Commission reviews the transformation focus area.
- Michael Bailit noted that staff are working on follow-up actions on two additional strategies: additional services for potential volume purchasing, and the potential impact of extending DME strategies to MCOs.

Stakeholder engagement update

- DHS’ Krista O’Connor reported that the stakeholder toolkit draft has been completed and distributed to a small group of reviewers for feedback. The finalized toolkit will be distributed soon and will serve as a resource for Commission members to use with stakeholders and to standardize information collection.
- Krista O’Connor reported that an increasing volume of written public comments has been submitted recently. Commission staff are considering how best to organize that information for Commission members.
- Regarding community engagement, Krista O’Connor reported that there will be two events in Greater Minnesota. One will address services for persons with disabilities, and the other will address services for older adults. The Improve Group has recommended that the former be held in St. Louis County and the latter in Crow Wing County. She asked that if Commission members have recommendations on this approach, please submit them by March 13th. The events are likely to occur in May, but dates have not yet been set.
Gayle Kvenvold asked staff to develop a contingency plan if COVID-19 inhibits future large gatherings.

Shauna Reitmeier asked how stakeholders can provide input if they don’t live in the area in which the two events will take place, but fall in the targeted groups.

Sue Schettle asked if the meetings in May would include strategies not yet discussed by the Commission. Krista O’Connor responded that early thinking is to focus on cost savings strategies at those meetings. She also reminded Commission members that there will be five public meetings in total.

Krista O’Connor invited Commission members to share any feedback they have been hearing.

Sheila Kiscaden said that county commissioners and staff are asking lots of questions about the Commission’s work. She suggested thought be given to directly communicating with county and local health department staff and soliciting their feedback. She noted that there will be a county meeting in September.

Shauna Reitmeier requested talking points for Commission members to use with stakeholders.

Commissioner Harpstead asked that information on when recommendations will be drafted and when public comment would be invited be included in the resources requested by Shauna Reitmeier.

**Background presentation: long-term services and supports for older adults**

- Dan Pollock, DHS’ Assistant Commissioner for Continuing Care for Older Adults, introduced his colleagues LaRhae Knatterud, Valerie Cooke, and Kari Benson. He also acknowledged Fred Andersen from the Department of Commerce.
- Dan Pollock provided an overview of long-term services and supports (LTSS) for older adults. Prior to the 1980s, most seniors in need of long-term care services were served in nursing homes. A significant shift has occurred, however; in 2018, 74 percent of those people receiving LTSS did so in the community. Nursing home capacity has been dropping and he anticipated that trend will continue.
- Dan Pollock reviewed LTSS innovations in Minnesota since the 1990s, including the Senior Linkage Line, long-term care consultation services, Minnesota Senior Health Options and Senior Care Plus, improved quality measurement, support for community transition, and MnCHOICES.
- Debra Krause asked how the delivery of LTSS in Minnesota compared to that in other States.
- Kari Benson of DHS responded that Minnesota and Washington are the States that provide the most LTSS community options for older adults and persons with disabilities, and provide the best decision-making support regardless of payer source. Despite this, DHS feels that there is still more work to be done in Minnesota, including through better integration of LTSS with social services.
- Julia Freeman asked if Kari’s recent national conference conversations focused on cost savings strategies.
- Kari Benson commented that recent conversations at a national conference focused on interventions to reduce risk for falls, manage chronic conditions, stabilize mental health, and reduce depression symptoms. Discussions also focused on reaching adults who are in their own home but need supports so they can stay in their home longer, including adults from tribal nations and ethnic communities.
- Dan Pollock described LTSS for older adults in Minnesota and provided context for the work of the Commission, including the ongoing “age wave.” Minnesota’s 65+ population will double by 2030, and most will need long-term care. Compounding this challenge is a shift toward smaller families and thus a reduction in informal caregivers. As a result of these trends, Minnesota’s long-term care spending has been expanding dramatically. There are now more older adults than children in Minnesota.
- Dan Pollock gave an overview of the spectrum of LTSS, from low-intensity, low-cost supports (essential community supports) to intensive supports (elderly waiver and nursing facilities).
- Val Cooke provided a presentation on the reduction of nursing home utilization and the corresponding increase in assisted living services. The nursing home industry is mostly non-profit but becoming more for-profit. The assisted living industry is for-profit.
- Jennifer DeCubellis asked if Minnesota could have a problem with insufficient nursing home capacity in the future.
- Val Cooke responded that she did not think that would be the case, adding that currently there are many inactive nursing home beds.
Gayle Kvenvold said that she believed that when the Baby Boom crests in the late 2020s/early 2030s, there will be more pressure on nursing home capacity.

Shauna Reitmeier said that unused capacity may be due to labor shortages, and not lack of need.

Gayle Kvenvold stated that the nursing home may not be where most people want to live, but it is the safety net for people who can’t be served elsewhere.

Val Cooke described the 2015 Value-Based Reimbursement (VBR) legislation and the upward impact that it had on nursing facility costs, specifically due to increased labor wages. She displayed average hourly wage data over time. Staff retention has slightly improved with the wage increases. Val Cooke explained that an evaluation found that VBR has not had its intended impact on quality improvement, although quality is improving for reasons unrelated to VBR (i.e., two unrelated quality incentive payment programs). She also described a new process in 2019 to support capital projects, since VBR previously did not support necessary facility investments in older buildings.

Debra Krause asked about the incentive programs. Val Cooke responded that Minnesota has one of the most robust quality measurement systems in the country, including looking at changes in 90-day assessments, quality-of-life measures, and family satisfaction surveys. The incentive program identified targets for improvement on selected measures and attainment of selected measure performance targets.

Representative Liebling asked how VBR works, and whether it was cost-based. She also asked how salaries in nursing facilities compared to salaries in other settings. Val Cooke replied that she could look at comparative wage information to answer Representative Liebling’s question. She also said that the idea behind VBR was to pay more for higher quality, but that hasn’t worked as desired.

Julia Freeman asked if workers in unionized homes make more money. Val Cooke responded by saying that such an analysis could be performed.

Gayle Kvenvold said that nursing homes often get new nursing graduates, who subsequently leave for higher wage positions.

Debra Krause asked how DHS knew that VBR hadn’t driven witnessed quality improvement. Val Cooke responded that DHS knows this because nursing facilities aren’t reaching the VBR budget limit available to them.

Gayle Kvenvold said that saving $10 in state dollars results in a larger reduction to providers due to the federal match, and because of rate equalization requirements of nursing facilities (e.g., private pay rates are the same as Medicaid rates).

Kari Benson described challenges facing the elderly waiver program, including workforce shortages for in-home services, growth in higher-cost/higher-income assisted living (“customized living”) services, increasing complexity of waiver participant needs (43 percent with mental illness), and 10 percent annual growth in spending.

Kari Benson explained that customized living is provided to 42 percent of elderly waiver beneficiaries. The service represents 62 percent of elderly waiver spending.

Sheila Kiscaden said she had heard that some group residential housing (group homes) had converted to customized living to get higher rates. Dan Pollock replied that he had recently heard of this trend as well, and was aware of some legislators’ concern.

Sheila Kiscaden asked if there was an equivalency or cap for receiving services at home or in a skilled care setting. Kari Benson replied that there is a person-based budget developed based on each person’s needs following an assessment. The individual can decide in which setting s/he wishes to receive services. The budget can move with the person across settings.

Gayle Kvenvold said that federal law requires that elderly waiver services be less expensive than nursing facility spending. She added that elderly waiver payments are only for services and not housing, whereas the two are integrated for nursing facilities.

Jennifer DeCubellis noted that some of the people served under the elderly waiver were previously served under the Community Access for Disability Inclusion (CADI) waiver which provided higher levels of
funding. She said for this reason Hennepin can’t get people out of nursing facilities, and described current policy as an arbitrary limitation based on age.

- Kari Benson shared data on who receives customized living stratified by case mix, and differences in home and community-based service enrollment and use by race. She noted DHS’ work with the Board on Aging to create an assisted living report card, the Senior Linkage Line, Alternative Care and Essential Community Supports Services, and Older American Act services delivered under the Board on Aging.
- Dan Pollock describe the Moving Home Minnesota program to assist individuals in moving out of institutional care and into community settings. Similarly, another program, Moving out of Institutions, provides assistance for individuals not eligible for Medicaid.
- Dan Pollock briefly described a new initiative, the Age-Friendly Minnesota Council, created by Executive Order 19-38.
- LaRhae Knatterud described a DHS initiative titled Own Your Future. Among its activities is the development of insurance products for middle income people to cover their future aging-related support costs.

Cost savings strategies related to long-term services and supports for older adults

- Beth Waldman introduced the strategy discussion, noting that if all of the strategies presented during the meeting were endorsed by the Commission, the Commission would be close to its $100 million savings charge. She clarified that the first strategy to be discussed was not projected to generate savings in the next biennium, but was being presented because it was thematically linked to the others.
- Gayle Kvenvold identified a conflict of interest for three of the four strategies to be discussed during the meeting.
- Beth Waldman described the first strategy, **Add an Enhanced Home Care Benefit in Medicare Supplement Plans**. She noted a problem with limited consumer access to insurance policies that cover LTSS, and few middle and lower income adults purchasing long-term care insurance. She said that lack of insurance leads to people spending down their assets and becoming eligible for Medicaid.
- Beth Waldman said that this strategy calls for requiring Medicare supplement products sold in Minnesota to include a non-medical enhanced benefit, and was projected to reach 120,000 Medicare beneficiaries in Minnesota. The benefit would entail a daily cap of $100 and a lifetime cap of $36,000. The benefit would have an associated cost of $8.49/month based on a 2017 actuarial study. The State could, if desired, cover some of all of that added cost.
- Beth Waldman said that the strategy would support an increase in individuals living independently in the community over the next decade, and would not include Medicare Advantage policies; it is currently optional for Medicare Advantage plans to add this benefit. Implementation would require a legislative requirement on insurers, and the Department of Commerce would need to review and approve benefit designs. DHS would track data and evaluate cost savings impact.
- Beth Waldman stated that challenges with this strategy could include reduced purchase of supplemental products due to added cost and adverse selection of the products.
- Representative Liebling asked for the reason why the policy excludes Medicare Advantage plans.
- Grace Arnold of the Department of Commerce explained that the State is unable to regulate Medicare Advantage Plans. These plans are subject to federal oversight and only licensed by the State, with no state influence on premiums or covered benefits.
- Representative Liebling asked how the proposed benefit design was created. LaRhae Knatterud said it was based on benefit designs already in the market, and that the proposed benefit design could be modified.
- Sheila Kiscaden asked why $100/day was selected as the benefit, as that seemed like a low amount.
- LaRhae Knatterud explained that this benefit would cover non-medical, in-home services that are lower cost than medical services. She explained that a $100 daily benefit for such services was not inconsequential.
- Sheila Kiscaden asked what are the premiums currently for Medicare supplemental benefits. LaRhae Knatterud explained that they range from $200 to $400/month.
• Debra Krause asked if this product would be sold on the individual market alone or also on the group market. Grace Arnold said that this was a good question to be further examined.
• Debra Krause asked if other states had undertaken a similar approach. LaRhae Knatterud said that she was not aware of any other states having done so.
• Grace Arnold said that there have been general discussions at National Association of Insurance Commissioners meetings about this idea and possible cost and adverse selection impacts, but all discussions have been qualitative, without actuarial analysis.
• Gayle Kvenvold endorsed this strategy, noting that it is part of a sustainability strategy. Jennifer DeCubellis agreed, but encouraged further analysis to make sure that the assumptions hold tight. She asked for consideration of equity in terms of people who might be “bumped” out of the market with the added cost.
• Sue Schettle agreed the strategy should be kept for future consideration.
• Representative Liebling supported the strategy and seeing how others, including AARP, respond to it.

**Cost savings strategies related to long-term services and supports for older adults (Cont’d)**

• Beth Waldman reviewed the strategy, *Guidelines to Access Customized Living Services*, explaining that customized living is essentially assisted living. This strategy addresses a population with low needs (Case Mix A: 0-3 activities of daily living needs) that receives 24-hour customized living.
• Nona Ferguson and Lisa Weed stated conflicts of interest with this strategy.
• Beth Waldman stated that the strategy is to maintain services available for customized living, but not 24-hour services. This change would generate savings through a rate cut for providers serving this population (approximately 400 individuals). She said that possible challenges included providers being unwilling to serve these individuals at the lower service level and rate. As a result, individuals might have to move to another setting, potentially a nursing facility if no other options exist.
• Jennifer DeCubellis suggested a market analysis to make sure that the strategy would not negatively impact individuals.
• Gayle Kvenvold reinforced Jennifer DeCubellis’ concern, and added that she felt that this could push people back to nursing homes after they were pulled out. She also voiced concern that this strategy reduced benefits, something that is counter to the Commission’s charge. Beth Waldman acknowledged Gayle Kvenvold’s concern, but said that the individuals are not actually having their benefits changed because they are not actually using 24-hour services - but the State is paying as if they were.
• Julia Freeman said that more analysis needs to be performed on the impact of this change and whether it could increase costs.
• Ashley Reisenauer of DHS said that the fiscal analysis of this strategy included the potential of using additional services in lieu of the 24-hour services.
• Beth Waldman said the net savings projected for this strategy were under $1M, in part because of the cost savings netting described by Ashley Reisenauer.
• Gayle Kvenvold said that the elderly waiver rates are already below the cost of care, suggesting that providers will leave the field.
• Nona Ferguson agreed with Gayle Kvenvold’s remark, and spoke to the importance of the equity review.
• Jennifer DeCubellis questioned the value of this strategy if savings are less than $1M. Dan Pollock responded that this strategy impacts people with the least need. Jennifer DeCubellis said that if people have been put in this service because of need, we should trust that the assessments were appropriate and services should continue.
• In response to a question, Beth Waldman explained that this strategy would impact about 400 of 15,000 people served in customized living.
• Representative Liebling and Sue Schettle also voiced concern that this strategy was not worthy of continued staff development.
• Shauna Reitmeier asked if this strategy reflected a problem in the assessment process. Elyse Bailey said that was not the case, and that it was a rate strategy. Beth Waldman observed that the consensus of the group was to not advance this strategy.
Jennifer DeCubellis asked that this strategy be kept for later consideration if savings are needed. Beth Waldman said this was possible.

Lisa Weed and Gayle Kvenvold recommended that the strategy not be adopted.

Commission members participated in an extended discussion of the process by which strategies will be reconsidered before final adoption. Michael Bailit explained that all strategies advanced during the initial review would be reconsidered in June. He also explained that if the Commission does not advance now, or approve in the future, sufficient strategies to reach the $100M savings, staff will bring alternative strategies.

Commissioner Harpstead and Elyse Bailey said staff will bring additional cost savings before June if it is clear that the Commission has not reached $100M in savings.

Representative Liebling said she did not view this strategy as producing a loss of benefits; rather, it addresses payment for a required level of benefits. She supported Jennifer DeCubellis’ suggestion to place the strategy in a “parking lot.”

Lisa Weed said if people will no longer receive a benefit, then this strategy constitutes a loss of benefits. She also stated that the Commission does not need to report strategies with $100M in savings if it is unable to do so.

Commissioner Harpstead said that the Commission was diligently working to fulfill its charge, including identifying $100M in savings, even if the strategies are not supported by all members of the Commission.

Beth Waldman reported that Sida Ly-Xiong was on the telephone and had voiced concern with the strategy.

Beth Waldman said that since nobody liked this strategy, whether it fits within the Commission’s charge or not, may not be a material question.

Commissioner Harpstead recommended that the strategy not move forward, but that it be recorded. There was no disagreement with the Commissioner’s recommendation.

Public comment

Ethan Vogel, Legislative Director for Minnesota AFSCME Council 5, spoke in support of the 2015 VBR legislation and voiced opposition to the Value-Based Reimbursement Strategy in Nursing Facilities (VBR) strategy that the Commission would be discussing. Minnesota AFSCME Council 5 represents 43,000 workers in Minnesota, including from some nursing home facilities. He said savings shouldn’t be found on the back of front-line workers who have experienced chronic underfunding. He noted that nursing facility rate increases had leveled off and predicted that quality improvement will come. He asked that the strategy not advance, and if it ever were to, that there be protections for the lowest cost workers.

Carrie Kranz from Augustana Health Care Center in Hastings asked for no cuts to long-term care facilities. She said that currently there was not sufficient staffing to meet the needs of the facility where she worked. In addition, she said it was hard to recruit new workers because of the stress of the work given the staffing level challenges. She said her facility was a five-star facility, but was struggling, and asked for no cuts.

Mike Dreyer from United Food and Commercial Workers International Union (UFCW), representing workers in Minnesota and Wisconsin, said that nursing facilities are suffering worse than he had ever seen in terms of staffing. He said that the VBR strategy was a good thing when it was launched. He worried what would happen if cuts were made.

Al Newman from the Midwest Association for Medical Equipment Services (MAMES) said that competitive bidding in the Medicare program has been a “train wreck,” especially in rural regions of the United States. He said that Medicare eventually recognized this and finally made rural rate adjustments. He said the CURES Act then implemented price caps. He asked why the State would want to go below the federal match, and explained that Medicare is completely different from Medicaid. Al Newman said most DME providers in Minnesota are not participating in Medicare and are instead doing cash business with Minnesotans who can pay, adding that 45 percent of DME providers nationally went out of business because of Medicare’s policies. He explained that health plans raise administrative costs to DME providers. He asked that the Commission look in areas other than DME for savings.
Cost savings strategies related to long-term services and supports for older adults (Cont’d)

- Beth Waldman reviewed the strategy, **Value-Based Reimbursement in Nursing Facilities**, reminding the Commission that in 2015 the legislature enacted Value-Based Reimbursement (VBR) aimed at nursing facilities and intended to increased worker pay. Under the model, direct care-related costs are actual costs, subject to a quality-linked limit. Beth Waldman stated that this strategy was developed because there is an opportunity to limit cost growth and strengthen the quality incentive.
- Lisa Weed disclosed a conflict of interest with this strategy.
- Gayle Kvenvold clarified that for DHS the term “other operating costs” includes some staff, e.g., nutritional, facility staff. Lisa Weed said these staff have not seen the same pay increases that have benefited direct care staff.
- Representative Liebling asked that public comment follow presentation of strategies and not precede it. She then asked for an understanding of the VBR rate methodology, which Val Cooke briefly provided, explaining that every facility receives 105 percent of the median costs in the State.
- Beth Waldman identified the six components to the strategy, as follows:
  1. Redesign rate-setting formula
  2. Establish a cap on annual growth in “other operating costs” to a published inflation factor
  3. Suspend the Critical Access Nursing Facility Program because it is no longer needed
  4. Suspend the Alternative Payment System automatic property inflation adjustment
  5. Eliminate a hold-harmless clause that no longer is relevant
  6. Add an assessment when therapy costs are discontinued so that rates are adjusted when care is no longer needed
- Beth Waldman said the benefits of these changes would include: a greater quality incentive; promotion of operational efficiency; removal of programs that were previously suspended and are no longer needed; and payment for services people are actually receiving. She also identified potential challenges with these strategies, the most significant being that nursing facilities will see this strategy as producing a rate cut.
- Senator Klein asked about the savings associated with this strategy. Beth Waldman responded that each component was worth $1-2M, and the group of them together about $10M.
- Senator Klein asked about suspension of the Alternative Payment System automatic property inflation adjustment. Val Cooke explained that previously there was something akin to a cost-of-living adjustment until it was suspended. The suspension ran out recently. This proposed strategy is to suspend it again.
- Representative Liebling asked about the underlying property rate. Val Cooke said the daily rate has five components, the property rate being one, and that it covers capital costs. The current property rate didn’t reflect the current value of the building, and reflected assessments that had been adjusted for 30+ years. She added that the property rate is a relatively small proportion of the overall nursing facility rate.
- Lisa Weed asked for evidence that operational efficiency would result from the recommended changes. Val Cooke replied that operating within a growth cap should lead to efficiency, but said there is no evidence that it will.
- Representative Liebling asked whether, and if so, how, the changes would impact hourly wages. Val Cooke said that the nursing facility would be able to increase wages up to the increase in the other operating cost growth cap, but there is no guarantee that the nursing facility will use those dollars to increase wages.
- Julia Freeman asked about property appraisal and who performs it. Val Cooke said DHS is just now resuming appraisals after 30 years of not performing them. She said the proposal is that the State would contract with an appraiser.
- Gayle Kvenvold said wages and benefits count for about 65 percent of nursing home expenses. She stated that, therefore, any payment change will impact wages and benefits.
- Shauna Reitmeier asked for a primer on VBR, including how nursing facilities are being paid currently, and an explanation of how the proposal differs from the status quo.
- Val Cooke described the VBR nursing facility rate components as follows:
  1. **Operating rate**: This is the largest component of the rate ($217 of the $270 per day rate, the later representing the average statewide rate as of January 2020), and includes the following services:
i. Direct care-related: nursing, over-the-counter drugs, training, consulting, food - all case mix-adjusted

ii. Other care-related: activity staff, social services - not case mix-adjusted

iii. Other operating: laundry, dietary, and plant staffing and facility operations - not case mix-adjusted

2. External fixed rate: For costs that the facility doesn’t have control over and that are treated as pass-through costs, e.g., taxes, health insurance.

3. Property rate

- Gayle Kvenvold said that prior to 2015 the rates had no relationship to costs, and thus fell behind actual costs by about $35/day. She said VBR was developed cooperatively by providers and DHS. She said the system is still fairly new, but has brought a “fragile stability” to the nursing facility sector, bringing up wages and benefits. Gayle Kvenvold noted concern as to whether the quality incentive is structured in the right way, and said that rates have been going down the last few years. She also stated that there are already savings (i.e., a change in the fiscal year budget forecast) in this budget line of $84M for SFY20, which unfortunately can’t be counted by the Commission. Gayle said that while facility costs get covered, it takes 24 months for the reimbursement.

- Representative Liebling asked for spending on nursing facilities. Val Cooke said it’s about $1B per year.

- Commissioner Harpstead asked whether facilities wouldn’t put all available dollars into wages given the workforce shortage. Commissioner Liebling said that hasn’t happened in the overall economy, and so it might not be happening with nursing facilities. She noted that with an increasing number of for-profit facilities, owners must be taking money out of the facilities.

- Gayle Kvenvold said that the median nursing facility margin in 2019 was 0.9 percent.

- Val Cooke explained that VBR is a cost-based system, so taking out as profit will bring down a facility’s costs and its rates.

- Jennifer DeCubellis said she saw this as a cost-based strategy with quality and guardrails. She thought that the recommendations could get to a “sweet spot” and generate savings if they address outliers.

- Jennifer DeCubellis questioned whether an assessment when therapy costs are discontinued was necessary. Val Cooke explained that the assessment is not arduous and is needed to assign a person to the right case mix group.

- Beth Waldman identified recommendations #1 and #2 as those for which concerns had been voiced.

- Beth Waldman asked about strategy #3. Shauna Reitmeier said she would have concern only if strategies #1 and #2 proceeded without an adjustment for rural areas.

- Beth Waldman asked about strategies #4 through #6. Commissioners did not voice concern with any of them.

- Commission members focused their discussion on strategy #1. Val Cooke explained concerted efforts with the industry during the last legislature session on this strategy, and said that DHS is committed to working with this strategy again to strengthen quality and reward efficiency. Jennifer DeCubellis recommended viewing this as a quality investment (a fund) rather than an incentive. Val Cooke said that the current Performance Improvement Program (PIP) for nursing facilities operates just this way.

- Gayle Kvenvold confirmed that her association, LeadingAge Minnesota, and Care Providers of Minnesota had pledged to work with DHS, but for transformation and not for cost savings. Her concern was that providers not have to incur costs and then wait two years for payment.

- Val Cooke said it’s difficult to estimate savings for strategy #1. To generate maximum savings, the strategy would have to be implemented immediately. Savings would be $0 to $3.2M depending upon timing and form of implementation. Gayle Kvenvold said that care would be affected if it were implemented immediately.

- Beth Waldman asked for discussion of strategy #2. Representative Liebling asked about the growth of the operating rate. Val Cooke said CPI is about 3 percent, and the operating rate has been growing about 3.5 percent. Val Cooke said this strategy could generate $4.7M savings for the next biennium.

- Lisa Weed said she opposed strategy #2. She added that for-profit owners of nursing facilities aren’t giving pay increases to workers.
• Commissioner Harpstead asked for the savings associated with strategies #3, #4, #5 and #6. Val Cooke said they were estimated at $6.5M.
• Beth Waldman asked whether the Commission wanted to keep strategies #1 and #2 for continued consideration.
• Representative Liebling said she wanted to see an alternative approach to the cap on operating cost growth. Sheila Kiscaden said she did not see a big risk to carrying forward this strategy and asked Gayle Kvenvold to reconsider it with her members. Gayle Kvenvold said she could not support strategy #1 or #2.
• Julia Freeman said that she opposed the strategy as a long-term care worker and because the cuts would be on the back of black and brown and low-income people.
• Jennifer DeCubellis suggested that additional work be done with state staff to refine strategies #1 and #2.
• Debra Krause noted that the Commission already discussed a growth cap for spending on disability services. She expressed a belief that there was a means to implement a cap.
• Representative Liebling encouraged continued discussion of strategies #1 and #2.
• Michael Bailit proposed that Commission staff do additional work on these strategies and they be presented again at a future meeting. Commission members voiced support for the proposal.
• Commission members did not have sufficient time to discuss the final strategy on the agenda, Repeal Nursing Facilities’ First 30 Day Rate Adjustment. As a result, this strategy will be discussed at the March 20 Commission meeting.

Public comment

• Mike Marchant spoke for Villa Healthcare, which treats approximately 900 nursing facility residents in the Twin Cities. He said that 72 percent of his residents were served by Medicaid. He stated that the strategy, Repeal Nursing Facilities’ First 30 Days Rate Adjustment, would negatively affect his organization. He described the work that needs to be performed with new residents. He described one facility serving homeless and mentally ill residents. He said at one facility the financial operating margin was at or under zero, and stated that the proposed strategy would harm his organization’s margin. He said his organization serves disadvantaged individuals not served by other providers.
• Reverend Doctor Jean Lee spoke in favor of home repair, provision of medical and non-medical devices, First Alert-type systems, service plans involving families and friends, and delivery of the right type of services especially for people who are uninsured. She expressed concern with disparities, and with racism among service providers.
• Toby Pearson spoke on behalf of Care Providers of Minnesota. He asked the Commission to remember that nursing home services are an entitlement. He recalled that VBR passed the legislature and with Governor Dayton’s support in 2015. He noted that the VBR program in 2020 was just stabilizing. He said his organization was ready to work with the Commission and the Department.

Meeting wrap-up

• Michael Bailit presented a recommendation to remove from consideration at the next Commission meeting a strategy that had been previously prioritized through the staff review process. Strategy #145 addressed the problem of poor coordination between MDH and DHS for the state’s HIV prevention and care administration programs. That problem has been largely resolved. In addition, the two agencies and Hennepin County are near completion of system-wide change to centralize the eligibility process for Ryan White services.
• Commission members accepted the recommendation.
• Sheila Kiscaden encouraged a public health perspective be applied in future Commission conversations as the population ages to prevent disability. She asked that this be woven into the transformation strategy discussion.

Next meeting

• Date and time: Friday, March 20, 2020, 9:00 a.m. – 3:00 p.m.
• Location: Orville L Freeman Building, 625 Robert Street North, St. Paul
• Focus: Waste, including fraud and program integrity