



April 9, 2008

To: Members of the House of Representatives

On behalf of the Minnesota Medical Association (MMA) and its more than 10,000 members throughout the state, I am writing to urge you to support House File 3391.

The MMA has been calling for state action on comprehensive health care reform since 2005 when the MMA published its *Physicians' Plan for a Healthy Minnesota* report. House File 3391, while not perfect, wisely addresses most of the key factors that must be addressed in order for comprehensive reform to advance – primary prevention through public health improvement; increased insurance coverage through eligibility changes and affordability thresholds; quality improvement through focused, expanded incentives; and opportunity for more innovative and flexible care delivery through realistic payment reform.

During the past several weeks, the issue of payment reform has generated significant controversy and confusion – and rightly so. The financial incentives inherent in our system today, which most acknowledge tend to limit adoption of innovative care models and encourage visits and procedures instead of value, are very complex. Any effort to unravel the current payment system and replace it quickly with a single solution should be rejected. The “level 3” proposal that was included in the report from the Governor’s Transformation Task Force, the Senate bill, and in earlier versions of House File 3391, called for providers alone to be accountable for the “total cost of care.” The MMA believes that a total cost of care approach to payment reform is a step backward to failed capitation models that patients soundly rejected. Such an approach fails to recognize the complexity of providers, services, and patient needs. **The MMA strongly opposes a payment system based on total cost of care that turns physicians into insurers and managers of risk. The MMA will vigorously oppose any efforts by the conference committee to move in that direction.**

The MMA believes that House File 3391 strikes the right balance between immediate action and thoughtful progression on payment reform. The health care home model would be implemented by July 1, 2009. This model, which has been shown to be effective, would enhance the patient-physician relationship that is essential to high-quality care and well-informed patient decision-making. The model also focuses on the area where the bulk of the health care dollars are spent and where the greatest cost savings opportunities exist – providing care to patients with chronic and complex illnesses. The MMA strongly supports the health care home model and is pleased to see it positioned as the foundation of payment reform.

Payment for quality, sometimes referred to as pay for performance, builds on the health care home model. This bill would establish a system to link payments to explicit measures of quality by January of 2010. While there is little evidence to date confirming that paying for quality is indeed effective, the MMA does recognize the role that quality-based financial incentives could play in improving quality and has established principles to support implementation of effective pay-for-performance programs.

Finally, the House bill replaced the controversial “level 3” proposal with a voluntary option for providers to innovate on bundled or package pricing for services. This concept would support development of new and innovative delivery and payment models by focusing on discrete packages of services.

I urge you to support House File 3391.

Sincerely,



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