

Feb. 25, 2009

**Health Care and Human Services Policy and Oversight Committee
Chair Rep. Paul Thissen**

HF 135--Minnesota Health Act.

Testimony of John M. Schwarz, Director, United Health System

1. Absolute opposition: Non-single-payer reforms allowed for in MN Health Act

Allowance for alternatives in lieu of obtaining federal approval:

Art. 4. Sec. 2. [62V.20] REVENUE SOURCES Subd. 3

Subd. 4. Federal preemption. (b) In the event that a repeal or a waiver of law or regulations cannot be secured, the board shall adopt rules, or seek conforming state legislation, consistent with federal law, in an effort to best fulfill the purposes of this chapter.

Empowering the Board created to—potentially single-handedly—enacts changes it deems appropriate is like writing a blank check to the Board for some health policy in the state.

2. Barriers to Incorporation of Federal spending and programs, including Medicaid.

No single-payer waiver programs exist for incorporation of federally funded or regulates health spending into a state—based single-payer system.

The most significant barriers will be those that require changes in federal law, i.e. Medicare, VA, military, Medicaid. For the latter, there is a possible but unidentified ability to gain changes in CMS regulations to allow for partial incorporation.

- A. Full incorporation of federal programs requires the elimination of Medicare and Medicaid.
- B. All changes in statutes or regulatory agency rules are subject to political approval.
- C. There is not a significant amount of Congressional support for single-payer.

With 35% of health spending being non-incorporated, those duplicate systems prevent a single payer system from being established. That 35% plus some amount of private spending, estimated range of 10-15%, means that only 50-55% of state spending can be used in a state public pool. That is also not a single-payer system.

3. Single-payer policy dialogue

The single-payer dialogue needs to take into consideration the significant, unprecedented, and most far reaching federal health reforms in American history; this is not currently the case. Responsible advocacy for a state-based single-payer system requires informing the audience that a state bill cannot enact a single-payer system, that the noted federal reforms are necessary as well. The bill—the central document in the single-payer debate--itself inadequately communicates the unprecedented scope of changes in federal health policy.