



Updated July 29, 2009

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HF 1362, Article 13, section 3, subdivision 6, paragraph (d): line item veto of the General Assistance Medical Care (GAMC) program appropriation in FY 2011.

Local Fiscal Impact				
Net Expenditure Increase*				
Dollars in Thousands, State Fiscal Years				
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Statewide	\$0	\$41,411	\$49,911	\$53,065
*This analysis assumes the line item veto of HF 1362, Article 13, section 3, subdivision 6, paragraph (d) eliminates program funding in FY 2011 and subsequent years.				

Explanation of the Bill

The line item veto of HF 1362, Article 13, section 3, subdivision 6, paragraph (d) eliminates the appropriation for General Assistance Medical Care (GAMC) for FY 2011. GAMC is a state funded program that pays for certain health care services for low-income Minnesotans who meet certain eligibility requirements. The line item veto of the FY 2011 GAMC appropriation would save the state \$381 million in FY 2011. The most direct local government impact of eliminating the GAMC appropriation in FY 2011 is reduced payments to public hospitals. Public hospitals receive reimbursement for providing inpatient and outpatient services to individuals on GAMC, either on a fee-for-service basis or through managed care contracts.

Local Impact Analysis Methodology

The line item veto will reduce payments to non-state public hospitals an estimated \$41.4 million in FY 2011. This includes \$31.3 million in reduced fee-for-service payments for inpatient and outpatient services and \$10.1 million in reduced managed care payments.

Fee-for-Service Payments

Per the February 2009 forecast, expected fee-for-service hospital payments (both inpatient and outpatient) for GAMC total \$82.3 million in FY 2011. Of this total, approximately 38%, or \$31.3 million, will go to public hospitals. DHS determined each public hospital's share of fee-for-service inpatient hospital payments in CY 2007, and then applied it to total expected fee-for-service hospital payments for FY 2011.

Managed Care Payments

Public hospitals also receive reimbursement for services through managed care contracts. Total GAMC HMO payments for FY 2011 amount to \$245.2 million based on the February 2009 forecast. DHS assumes that 75% of managed care payments will continue to be made as GAMC enrollees who are on managed care plans transition to MinnesotaCare managed care plans and that the 8% managed care withhold will be added back. Approximately 40% of these payments go to hospitals for inpatient and outpatient services. In total, \$26.7 million in GAMC managed care payments to hospitals are estimated to be eliminated in FY 2011; \$10.1 million is the share that

would go to public hospitals, again using each public hospital's share of fee-for-service inpatient hospital payments in CY 2007.

A spreadsheet outlining anticipated reductions by public hospital is included in the appendix to this memo.

Fiscal Year 2011 Statewide local cost estimate of the line item veto HF 1362, Article 13, section 3, subdivision 6, paragraph (d):

\$41.4 million

Other Considerations

It should be noted that county human service agencies currently determine eligibility for GAMC and are thus responsible for the costs of administering the GAMC program at the local level. Due to the line item veto of HF 1362, Article 13, section 3, subdivision 6, paragraph (d); counties would not administer the program during this period.

In addition, some offenders placed in county jails are eligible to receive GAMC benefits. If some of these offenders do not receive medical benefits, there could be an impact on local correctional resources.

Finally it should be noted that no payment effects are shown in FY 2010 based on the following assumptions: (1) GAMC coverage ends effective April 1, 2010 and (2) the typical time of two to three months from date of service to date of payment for hospital care means that very little cash-basis effect on payments would occur in the period April - June 2010.

Appendix: Payments Reductions to Non-State Local Hospitals

Name	City	Share of Total	GAMC FFS Hospital Payment Reductions			GAMC HMO Hospital Payment Reductions		
			FY 2011 (000)	FY 2012 (000)	FY 2013 (000)	FY 2011 (000)	FY 2012 (000)	FY 2013 (000)
NON-STATE PUBLIC HOSPITALS								
State Total			\$82,326	\$102,388	\$108,299	\$26,655	\$28,958	\$31,347
APPLETON MUNICIPAL HOSPITAL	Appleton	0.0045%	\$4	\$5	\$5	\$1	\$1	\$1
WEINER MEMORIAL MEDICAL CENTER INC	Marshall	0.0280%	\$23	\$29	\$30	\$7	\$8	\$9
WHEATON COMMUNITY HOSPITAL	Wheaton	0.0000%	\$0	\$0	\$0	\$0	\$0	\$0
CLEARWATER COUNTY MEMORIAL HOSPITAL	Bagley	0.0120%	\$10	\$12	\$13	\$3	\$3	\$4
MEEKER COUNTY MEMORIAL HOSPITAL	Litchfield	0.0486%	\$40	\$50	\$53	\$13	\$14	\$15
DOUGLAS COUNTY HOSPITAL	Alexandria	0.1940%	\$160	\$199	\$210	\$52	\$56	\$61
BIGFORK VALLEY HOSPITAL	Big Fork	0.0282%	\$23	\$29	\$31	\$8	\$8	\$9
REDWOOD AREA HOSPITAL	Redwood Falls	0.0467%	\$38	\$48	\$51	\$12	\$14	\$15
KANABEC HOSPITAL	Mora	0.2013%	\$166	\$206	\$218	\$54	\$58	\$63
MONTICELLO BIG LAKE COMMUNITY HOSP	Monticello	0.2378%	\$196	\$243	\$258	\$63	\$69	\$75
HENNEPIN COUNTY MEDICAL CENTER	Minneapolis	25.2612%	\$20,797	\$25,864	\$27,358	\$6,733	\$7,315	\$7,919
PERHAM MEMORIAL HOSPITAL	Perham	0.0324%	\$27	\$33	\$35	\$9	\$9	\$10
ST MICHAELS HOSPITAL	Sauk Centre	0.0327%	\$27	\$33	\$35	\$9	\$9	\$10
RICE MEMORIAL HOSPITAL	Willmar	0.3497%	\$288	\$358	\$379	\$93	\$101	\$110
SWIFT COUNTY BENSON HOSPITAL	Benson	0.0142%	\$12	\$15	\$15	\$4	\$4	\$4
SLEEPY EYE MUNICIPAL HOSPITAL	Sleepy Eye	0.0000%	\$0	\$0	\$0	\$0	\$0	\$0
MERCY HOSPITAL & HEALTH CARE CENTER	Moose Lake	0.1332%	\$110	\$136	\$144	\$36	\$39	\$42
PAYNESVILLE AREA HOSP KORONIS	Paynesville	0.0117%	\$10	\$12	\$13	\$3	\$3	\$4
MURRAY COUNTY MEMORIAL HOSPITAL	Slayton	0.0118%	\$10	\$12	\$13	\$3	\$3	\$4
GLACIAL RIDGE HOSPITAL	Glenwood	0.0367%	\$30	\$38	\$40	\$10	\$11	\$12
UNITED HOSPITAL DISTRICT	Blue Earth	0.0176%	\$14	\$18	\$19	\$5	\$5	\$6
COOK COUNTY NORTH SHORE HOSPITAL	Grand Marais	0.0046%	\$4	\$5	\$5	\$1	\$1	\$1
VIRGINIA REGIONAL MEDICAL CENTER	Virginia	0.2022%	\$167	\$207	\$219	\$54	\$59	\$63
WINDOM AREA HOSPITAL	Windom	0.0168%	\$14	\$17	\$18	\$4	\$5	\$5
REGIONS HOSPITAL	St. Paul	10.2338%	\$8,425	\$10,478	\$11,083	\$2,728	\$2,964	\$3,208
RENVILLE COUNTY HOSPITAL	Olivia	0.0100%	\$8	\$10	\$11	\$3	\$3	\$3
SIBLEY MEDICAL CENTER	Arlington	0.0053%	\$4	\$5	\$6	\$1	\$2	\$2
PIPESTONE CTY MED CTR & ASHTON CC	Pipestone	0.0054%	\$4	\$6	\$6	\$1	\$2	\$2
CUYUNA REGIONAL MEDICAL CENTER	Crosby	0.0834%	\$69	\$85	\$90	\$22	\$24	\$26
RIVERS EDGE HOSPITAL & CLINIC	St. Peter	0.0283%	\$23	\$29	\$31	\$8	\$8	\$9
NORTHFIELD CITY HOSPITAL	Northfield	0.0834%	\$69	\$85	\$90	\$22	\$24	\$26
MAHNOMEN HEALTH CENTER	Mahnomen	0.0146%	\$12	\$15	\$16	\$4	\$4	\$5
COOK HOSPITAL	Cook	0.0190%	\$16	\$19	\$21	\$5	\$6	\$6
JOHNSON MEMORIAL HEALTH SERVICES	Dawson	0.0000%	\$0	\$0	\$0	\$0	\$0	\$0
CHIPPEWA CO MONTEVIDEO HOSPITAL	Montevideo	0.0283%	\$23	\$29	\$31	\$8	\$8	\$9
RIDGEVIEW MEDICAL CENTER	Waconia	0.3992%	\$329	\$409	\$432	\$106	\$116	\$125
RICE COUNTY DIST ONE HOSPITAL	Faribault	0.1087%	\$90	\$111	\$118	\$29	\$31	\$34
ORTONVILLE AREA HEALTH SERVICES	Ortonville	0.0150%	\$12	\$15	\$16	\$4	\$4	\$5
GRANITE FALLS MUNICIPAL HOSPITAL	Granite Falls	0.0389%	\$32	\$40	\$42	\$10	\$11	\$12
All Public Hospitals		37.9991%	\$31,283	\$38,907	\$41,153	\$10,128	\$11,004	\$11,912