



Mike Opat, Hennepin County Board Chair

Civic Caucus, 8301 Creekside Circle #920, Bloomington, MN 55437

November 12, 2010

Present: Verne Johnson (Chair, phone); David Broden, Paul Gilje, Jim Hetland (phone), Sallie Kemper, Dan Loritz, Tim McDonald, Clarence Shallbetter, Bob White

Summary of Opat's comments: In this wide-ranging conversation, the chairman of the Hennepin County Board of Commissioners discusses changes to the state's General Assistance Medical Care (GAMC) law that affects the Hennepin County Medical Center (HCMC) and how the hospital is responding to the new funding mechanism for low-income, childless adults.

He addresses the relationship of Hennepin County to out-state counties with significantly different priorities; the choice to elect or appoint county sheriffs; and actions Hennepin County is taking in response to looming budget cuts.

A. Welcome and introductions- Mike Opat is the Chair of the Hennepin County Board of Commissioners, and has served on the board since 1993. Hennepin is the largest county in Minnesota, with more than 1.1 million residents and an annual budget of \$1.7 billion. The County Board governs the delivery of county services, approves Hennepin's budget and property tax levy, establishes ordinances, approves contracts and appoints key staff members.

As chair of the Hennepin County Medical Center (HCMC) Governing Board in 2006, Commissioner Opat led the transition of HCMC to Hennepin Healthcare System, Inc., a governance change that gave the hospital greater autonomy and operational flexibility. Also in 2006, he led the effort with the Minnesota Twins to finance and build the new outdoor ballpark in downtown Minneapolis.

He is a former supervisor at the Hennepin Adult Corrections Facility and a Minnesota Correctional Officer of the Year. He graduated from the University of Minnesota and earned a Masters in Public Policy from the Harvard Kennedy School of Government. He lives with his wife and three children in Robbinsdale.

B. Comments and discussion -

During Opat's visit with the Civic Caucus, the following points were raised:

The chair opened the discussion by explaining to Opat the Caucus format: There have been 200-plus conversations to date on a wide variety of topics of public importance, all listed on the Civic Caucus

website. The Caucus prepares a written summary of each conversation that, once reviewed and approved by the speaker, is emailed to over 2,200 recipients. All state legislators, including those newly elected, receive the summaries.

The focus of the Caucus has been on the redesign of public services, understanding that the state cannot simply cut or tax or grow its way out of the budget shortfall. Rather, we need to find ways to do things more efficiently, short term and long term.

As Hennepin County's \$1.7 billion budget covers such diverse areas as public safety, social services, and the state's largest trauma hospital, we hope to learn of some redesign efforts at the county level that might be replicated elsewhere and serve to lessen the overall deficit.

Changes to GAMC Compelled by Governor's Veto

Recently Peter Nelson from the Center of the American Experiment spoke with the Caucus, and described a redesign of the state's General Assistance Medical Care (GAMC) law that changed hospital reimbursement from a fee-for-service basis to a lump-sum payment. (See: <http://tinyurl.com/2e3nzna>)

"I would submit there was much less policy motivation behind restructuring GAMC than simply a reaction to the Governor's fiat," Opat said. Referring to Governor Pawlenty's line-item veto of GAMC funding, he added, "We were facing a line through the budget item, so we had to quickly salvage something to restore some funding."

The law (and medical practice) requires hospitals to treat emergencies-but not to provide primary care to patients who are unable to pay. The options facing stakeholders were to have no program at all for the care of this target population, a smaller program, or an uncompensated-care pool. After some deliberation, negotiators devised the Coordinated Care Delivery Service (CCDS) model-providing a lump sum payment to participating hospitals for the care of the childless poor.

Seventeen hospital systems had the option to enroll in the CCDS model, and at the end of the day four did, all in the metropolis: Hennepin, Regions, Fairview, and North Memorial. None of the outstate providers wanted to take on the risk of bringing in a high-needs patient without fee-for-service compensation.

Opat related that Hennepin County was active in the law's redesign: "We chose to go in and negotiate the metrics around how much money would be available. I think we ended up using '07 or '08 GAMC data to arrive at the proportions of how much each patient would be reimbursed, and then placed a cap on the number of enrollees." HCMC's cap is under 9,000 enrollees; Regions' is approximately 6,000; and Fairview's and North Memorial's are lower.

GAMC was a 'decent' public payer for services

"In the general scheme of reimbursements, nobody but a Saudi prince pays the retail price for healthcare - Mayo gets some of those patients. Commercial insurance provides sustainable payments. Medicare covers the cost of care and Medicaid results in reimbursements less than the cost of care. GAMC was a decent public payer but not a great public payer."

HCMC is a \$650 million operation each year. When GAMC was in effect, HCMC would receive about \$50 million per year from GAMC to cover single adults, and an additional \$20 - \$25 million per year from a property tax subsidy for others who could not qualify for any program. These funds would help to cover the truly indigent.

There are signs of change in care at HCMC in response to the new model

The goal of the new lump-sum payment scheme is to encourage active outreach and preventative care on the part of the participating hospitals, instead of merely responding to emergencies as they come in the door. A participant asked Opat whether HCMC is changing the way it delivers care to the indigent, one-half year into a change in the model.

"I think so, yes," Opat replied, "but not enough yet." He described that the hospital has two new outpatient clinics, and is attempting to reach out to people to incent preventative care.

He was clear during his remarks that while HCMC is working hard to make the most of the new law, their ability to change rapidly is limited, and the new law was in fact put together in a short amount of time. Once the veto came, changes had to be made quickly.

Managers at HCMC responded to form a response. "I don't know if I would hold it up as a model just yet-maybe we need something more than a new clinic. Maybe we need a van" to go around and find the people who would benefit from preventative care. "But the attitudes around the program are good, and we think we'll continue to improve it."

"We've got to get a bit better at this," he said, "at reaching out to poorer people with chronic conditions who need to manage their health."

There was one major oversight in drafting the new program: excluding dental care. "I think that was a big mistake. When I was working at the County Workhouse most of the medical runs we made with guys in shackles were 20-somethings with bad teeth. This is an area where preventative care is essential."

Switching to primary care for the indigent may not decrease costs

Moving to more primary care with the indigent population will decrease services delivered in the emergency room, a participant observed. But will that save money overall?

Opat replied that he does not think so. "You never un-build a prison, and I've never seen an emergency room get smaller." So while there may be more use of primary care services, the infrastructure of the ER remains intact. Opat also noted that the ER example may not be the best characterization. "Improving the overall health of our population should be the continuing goal."

County governance changed to include an operating board for HCMC

"When I ran for office initially, I had no idea the County Board was the governing board and for the hospital. I believe the same could be said for most or all commissioners."

In the interest of being good stewards, Opat wanted the Board to become more connected with HCMC. "I thought that for an enterprise as big as HCMC, we ought to spend more time at the hospital-get out of the government center, hold meetings at the hospital."

They tried it for a while and it didn't work.

So they set up a separate hospital government task force that evolved into an operating board that is involved much more closely with the hospital than the board of commissioners could ever be. "The HHS Board is going very well-we're more adroit now, more agile, and we're doing a better job running the hospital."

Out-state counties should look to changing their services

Jim Mulder, recent candidate for Lieutenant Governor and executive director of the Association of Minnesota Counties, has proposed (<http://tinyurl.com/39efv5x>) reforms for how counties handle services. "I think those reforms have to do more with counties in greater Minnesota," Opat said. Hennepin County is different and it is a challenge to compare it with outstate counties. "We don't have much in common in terms of volume or character of services. I think 87 counties are too many, but I think the other eighty or so should reach that conclusion." It makes sense to have consolidation of services, Opat said, and noted that he's told Mulder, "You want to consolidate services and administrators but still have 87 sheriffs. That seems inconsistent to me.

Sheriffs should be appointed

In response to a question about public safety, Opat replied that he believes strongly that sheriffs should be appointed. They do not now have sufficient incentive to save money. "They have authority on the expense side but not the revenue side, and that's a bad balance. The crime rate is down, the booking rate is down, but the Hennepin County Sheriff still proposed an increase for 2011 and has more administrators than the previous sheriff had in 2007."

In light of the state budget crisis, the nature of some social services may have to change

Two weeks ago Ember Reichgott Junge told the Caucus that the state is spending \$1.5 billion on services for the developmentally disabled. She said that Lutheran Social Services would be putting forth a proposal to share the responsibility among the state and county governments and move the disabled into private foster homes.

"I'm not aware of it-I'd agree with her that there is a looming cost issue. Getting people out of the state institutions and into the small Supported Living Services (SLS) homes with staff to help them with their daily activities has been a fantastic and quiet success. But there is coming a time when other models than the four-person home model have to be considered.

Hennepin County is working now in anticipation of future cuts in state aid

In the next legislative session everyone is saying there will have to be cuts, a participant observed. One of the areas that seems to be targeted are human services in general, while K-12 is seen as sacrosanct. The counties are very exposed. What do you expect to do about it?

Opat said that the county is trying to save money where possible using a variety of approaches. It is not helpful to make despondent speeches about what's going on in this state. We need to get over chronic worrying and do what's needed."

"We've seen this situation coming, so we've been preparing, controlling costs through attrition, and finding ways to save money." The state has BOTH a revenue problem and an expense problem, he said-it's not just an expense problem. I look at it both ways: Surely revenues are off, but the answer in

recent years has only been to cut on the expense side. "If I were looking at the State budget I'd look for ways to cut bureaucratic costs (and accept more risk by decreasing some oversight), but I'd look for ways to raise revenue, too.

Society's appetite for services grows with time

Note, he cautioned, that the appetite of society for human services grows over time: "A few decades ago, no one spoke of ADHD (Attention Deficit Hyperactivity Disorder). We didn't talk about supportive housing for people with special needs as we do now. We didn't have as many disability diagnoses. Our appetite has also grown for longer prison sentences.

State government could reorganize by setting targets for others to meet

Should we try something like Denmark, a participant asked-where the central government sets certain budget targets by regions, then asks the local regions to figure out how they will consolidate?"

"It's a thought," Opat thought aloud; "there are a few things I'd be willing to give up."

Visions for a changing role of the county

Opat told the Caucus that he believes there is a larger role for the counties to play in economic development-and that the Itasca group is looking at that now. "In addition, I think there is a role for us to play in Convention and Visitors work." However, there are limits; he doesn't think the county should be involved in running the airport.

We've also got to do better with the lakes in Hennepin County," said Opat.

It is a 'long-shot' that the county will get involved with a Vikings stadium

A participant asked whether the county is going to get into the work on the Vikings stadium. "I think it's a long shot that we would get into it any time soon. The problem is that they play only 10 games per year, it is twice as expensive (as the Twins' stadium), and only the state receives the revenues (taxes) the Vikings generate. There is little upside for the county in this project."

C. Closing

The chairman thanked Mr. Opat for the visit, and for the good discussion.