

# ewaldatthecapitol

February 20, 2015

## Capitol Activity

The capitol was buzzing with activity this week, as Gov. Mark Dayton's staff continues to lay out his budget proposal in House and Senate committees. The legislature is getting ready for the updated February forecast which is due out next week, and that will provide the legislature with a framework for fiscal policy. Other matters of note at the capitol this week included a presentation of the evaluation of MNsure and a funding deficiency bill that was more controversial than previously expected.

## MNsure Evaluation

In spring 2014, the Office of the Legislative Auditor (OLA) was tasked with evaluating the first year of the rollout of Minnesota's online health insurance exchange, MNsure. The evaluation was directed to look at the various issues experienced by consumers, state and local officials, and insurers. Jim Nobles and Joel Alter from the OLA agreed that MNsure's problems in the first year outweighed its successes. Nobles and Alter were joined by MNsure CEO Scott Leitz and Department of Human Services Commissioner Lucinda Jesson in testimony before House and Senate committees to detail the report findings and to respond to questions from legislators.

The OLA stated that MNsure "over-promised and under-delivered" on its capacity as an online insurance exchange. They discussed how Minnesota was one of 13 states that

created a state-based insurance exchange as opposed to using the exchange created by federal government. Alter explained that Minnesota's exchange is governed by a seven-person board made up of the commissioner of the Department of Human Services and six others appointed by the governor. The MNsure Board is then able to appoint a Chief Executive, and because of this process, Alter explained, there is a lack of accountability for the CEO of MNsure. For this reason, the Legislative Auditor suggested making the MNsure CEO a position appointed directly by the governor to increase accountability throughout the MNsure Board.

In October 2013, MNsure staff projected that 133,153 people would participate in enrollment through the insurance exchange, and that number was exceeded by over 50,000 enrollees. The auditor's evaluation determined that the initial projection was based on erroneous information that drastically underestimated how many people would participate in Medical Assistance (MA), Minnesota's Medicaid program. The initial projection estimated 12,240 people would participate in MA, while the number was actually closer to 100,000. The auditor's report went on to say that if the projection had included a more accurate estimation of people enrolling in MA then, "for the first open enrollment period [MNsure] would have fallen far short of the overall projection." Had this projection been more accurate, it would have been evident from early on that MNsure was not delivering services as intended.

## They said it:

*"I'm trying to figure out if there's a way to do this that would get everyone on board."*

*- Speaker of the House Kurt Daudt (R-Crown), referring to brokering a deal among the House, Senate, and governor's office over commissioner pay increases and the funding deficiency bill*

## Ewald Government Relations Team

Feel free to contact any member of our team:

David Ewald  
651-290-6276  
[davide@ewald.com](mailto:davide@ewald.com)

Nick de Julio  
651-290-6286  
[nickd@ewald.com](mailto:nickd@ewald.com)

Valerie Dosland  
651-265-7857  
[valeried@ewald.com](mailto:valeried@ewald.com)

Eric Ewald  
651-290-6266  
[erice@ewald.com](mailto:erice@ewald.com)

Patrick Lobejko  
651-290-7473  
[patrickl@ewald.com](mailto:patrickl@ewald.com)

Jess Myers  
651-290-7465  
[jessm@ewald.com](mailto:jessm@ewald.com)

Becca Pryse  
651-265-7858  
[beccap@ewald.com](mailto:beccap@ewald.com)

Katie Wilkerson  
651-288-3427  
[katiew@ewald.com](mailto:katiew@ewald.com)

Owen Wirth  
651-288-3438  
[owenw@ewald.com](mailto:owenw@ewald.com)

## Key Legislative Contact Info

House Information Office  
651-296-2146

Senate Information Office  
651-296-0504

State Legislature Website  
[www.leg.mn](http://www.leg.mn)

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Another major issue identified by the OLA's report was the widespread misuse of IT and the lack of communication throughout the agency. Staff knew problems were occurring but did not warn the board. In 2011, Minnesota created a state agency called Minnesota Information Technology (MN.IT) that integrated the state's information technology staff into one body. The report details how MNsure was exempted from ongoing oversight from MN.IT and how that contributed to the many technical problems experienced at the beginning of the rollout. The auditor's report says MNsure staff did not properly test the site and also withheld important information regarding the status of the website from the board. The OLA suggested the legislature put in law that MNsure is under the oversight of MN.IT.

There were many questions, thoughts, and suggestions from the House and Senate committee hearings, but it remains to be seen what actions the legislature will pursue based on the Legislative Auditor's recommendations.

## Funding Deficiency

One of the first bills passed through the legislature most years is a bill that accounts for deficient funding for state agencies and programs from the previous year. This year the legislature took up a funding deficiency bill that will supply the Minnesota Zoo, the Department of Human Services, and St. Peter Security Hospital with increased funding to allow those programs to continue to provide their services. The Minnesota Zoo has a budget deficit due to depressed attendance last winter and spring plus increased costs of utilities and worker pay, so the legislature plans to allocate \$1.35 million to allow them to keep the workers they have and prevent entrance fee increases. The Department of Human Services faced an unforeseen crisis from the Ebola virus crisis last year, so they had to spend an unbudgeted \$2 million to prepare for any possible spread of the virus in the state. Lastly, \$10.4 million will be allocated to the St. Peter Security Hospital, Minnesota's largest psychiatric hospital. This facility houses dangerous and mentally ill people, so allowing it to remain open has been a high priority for many legislators.

A more controversial aspect of the funding deficiency bill has been an amendment included by the Senate that would

restrict Gov. Dayton's proposed increases in state commissioner salaries. Last week, Gov. Dayton announced 5 to 15 percent increases in pay to his commissioners, which drew the indignation of some legislators, including Senate Majority Leader Tom Bakk (DFL-Cook) and Speaker of the House Kurt Daudt (R-Crown). The governor has the legal right to raise commissioners' pay without approval from the legislature, but the amount of Gov. Dayton's increases raised eyebrows across party lines. In an effort to compromise, the House passed a bill that would restrict the governor's ability to raise commissioners' pay as of July 2 and suspend the current pay raises until July 1 — meaning the pay raises are delayed until July 1, when Gov. Dayton can choose to reenact them. On July 2 and after, the legislature will retain the power to determine pay rates of the governor's cabinet. The bill passed off the House floor on Thursday and will be heard on the Senate floor on Monday, Feb. 23.

## Teacher Layoff Bill Advances

State Rep. Jenifer Loon (R-Eden Prairie) is carrying a bill ([HF 2](#)) through the House that would change the policies for school districts when they lay off teachers and other employees. This week the bill passed out of the House Education Finance committee and was referred to the General Register. This means that at any point the House can take the bill up for debate on the House floor to be passed to the Senate. [Subscribing to the House Rules committee email list](#) will allow you to be updated as soon as bills are added to the House floor schedule.

## Early Voting

The Senate passed through a bill ([SF 414](#)) that would allow for citizens of Minnesota to vote 15 days prior to an election. As current law stands, citizens can absentee vote in person or by mail, but this process is criticized as complicated and burdensome on election officials. This bill would open voting centers 15 days before an election so citizens can vote at any time. Some senators were reluctant to support early voting because of concerns about encouraging increased spending on elections, as campaign spending is highest at the end of a campaign and this may only exacerbate that problem. The proposal has yet to be acted on by the House.