



Protecting, Maintaining and Improving the Health of All Minnesotans

May 8, 2018

The Honorable Joe Schomacker
Chair, Health and Human Services Reform
Committee, Minnesota House of
Representatives
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Saint Paul, MN 55155-1606

The Honorable Matt Dean
Chair, Health and Human Services Finance
Committee, Minnesota House of
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The Honorable Tina Liebling
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Committee, Minnesota House of
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The Honorable Erin Murphy
DFL Lead, Health and Human Services Finance
Committee, Minnesota House of
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The Honorable Michelle Benson
Chair, Health and Human Services Finance &
Policy Committee, Minnesota Senate
Room 3109, Minnesota Senate Building
95 University Ave W.
Saint Paul, MN 55155-1606

The Honorable Jim Abeler
Chair, Human Services Reform Finance & Policy
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Room 3215, Minnesota Senate Building
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The Honorable Tony Lourey
DFL Lead, Health and Human Services Finance &
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The Honorable Jeff Hayden
DFL Lead, Human Services Reform Finance &
Policy Committee, Minnesota Senate
Room 2209, Minnesota Senate Building
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To the Honorable Chairs and Ranking Members:

We wanted to alert you that, while researching questions about our health plan network analysis, we identified an error in our analysis for the public interest review of the Regions Hospital proposal for an exception to the bed moratorium. We were incorrect in stating that in 2018 there were health plans offered by HealthPartners in Minnesota's individual and small group markets under which patients

would have access only to Regions Hospital but not United Hospital or St. Joseph's Hospital. In our revised analysis, we found that all of the plans offered by HealthPartners in the individual and small group markets offered access to at least one of the other two hospitals.

Our preliminary finding from May 1, 2018, that the full proposal is not in the public interest based on the statutory criteria, still stands. Our error does not impact the assessment that the east metro region already has significant unused capacity, and that the models used by Regions Hospital in their proposal likely overestimate future bed need in the east metro. We also still find it likely that the proposal has a financial impact on other hospitals. The impact, however, would be limited to changes in patient mix in terms of Regions Hospital attracting a greater share of higher-profitability services; we don't have any empirical evidence on which to directly assess whether Regions Hospital's overall market share would be affected by trends in network design.

Our final report to the Legislature, which we expect to deliver by the end of May, 2018, will correct our observations from the preliminary findings related to the impact of network design on market share. Again, the finding that the proposal in its full form is not in the public interest will not change.

We regret the mistake and apologize for any confusion it may have introduced at this busy time. Please contact Stefan Gildemeister (stefan.gildemeister@state.mn.us) if you have any additional questions before the final report is released.

Sincerely,

A handwritten signature in black ink that reads "Diane Rydrych". The signature is fluid and cursive, with a long horizontal stroke at the end.

Diane Rydrych
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