



Minnesota Department of **Human Services**

September 7, 2010

The Honorable Thomas Huntley
Minnesota House of Representatives
585 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155

The Honorable Linda Berglin
Minnesota Senate
Capitol Building, Room 309
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155

The Honorable Paul Thissen
Minnesota House of Representatives
351 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155

The Honorable Erin Murphy
Minnesota House of Representatives
413 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155

Dear Senator Berglin and Representatives Huntley, Murphy and Thissen:

I am writing on behalf of my colleagues, Commissioners Wilson and Magnan, in response to your August 31, 2010, letter regarding the process for complying with the requirements of Minnesota Laws 2010, 1st Special Session, chapter 1, article 22, section 5.

At the Governor's direction, his Legislative and Cabinet Affairs Department has established a process for reviewing federal grant opportunities associated with the Patient Protection and Affordable Care Act (PPACA), Public Law 111-148. This process is very similar to the review of legislative initiatives and bills used for the past eight years.

Accordingly, our agencies are identifying PPACA grant opportunities as they become available so that the Governor may review them in accordance with Executive Order **10-12, "DIRECTING STATE DEPARTMENTS AND AGENCIES REGARDING DISCRETIONARY PARTICIPATION IN THE FEDERAL HEALTH CARE LAW."**

In regards to the Governor's decision to not apply for a grant related to health benefit exchanges, several factors played a role in this decision. Among them are:

1. Minnesota Laws 2010, 1st Special Session, chapter 1, article 22, section 5, subdivision 1 does not require our agencies to apply for all health exchange grants, but is limited to "...one or more planning grants..."

Minnesota Laws 2010, 1st Special Session, chapter 1, article 22, section 5, subdivision 1 states ***(emphasis added)***:

Federal planning grants. *The commissioners of commerce, health, and human services shall jointly or separately apply to the federal secretary of health and human services for **one or more** planning grants, including renewal grants, authorized under section 1311 of the Patient Protection and Affordable Care Act, Public Law 111-148, including any future amendments of that provision, relating to state creation of American Health Benefit Exchanges.*

2. The current grant opportunity available to states relating to creation of American Health Benefit Exchanges under the patient Protection and Affordable Care Act, Public Law 111-148 will not be the only federal grant opportunity of this kind. In fact, this is contemplated in this federal law, which states in Part II, Sec. 1311 (a) (2):
AMOUNT SPECIFIED.—For each fiscal year, the Secretary shall determine the total amount that the Secretary will make available to each State for grants under this subsection.

Thus, federal grants for this purpose will be available for consideration by the next governor's administration.

3. As noted in your letter, in 2008 the Minnesota Department of Health studied health exchanges, which included the conclusion that health exchanges "would likely have only a minimal impact on the cost of health insurance coverage."

It is the Governor's view that applying for grants simply because federal money is available does not protect taxpayer interests – federal money is still Minnesota taxpayer money. This is especially true when the grant is for work that has, in large part, already been done.

Thank you for your interest in this matter.

Sincerely,



Cal R. Ludeman
Commissioner

cc: Commissioners Glenn Wilson and Sanne Magnan