**Session**

Friday was the second committee deadline. This marks the end of work for the policy committees in the House and Senate. That doesn’t necessarily mean however, that all policy initiatives not passing through those committees yet are dead. They would now need a special hearing in a policy committee (which usually means that leadership approves of the measure) or they would need to become an amendment to another bill that is moving.

**Budget**

The legislature now pivots to focus on the biennial budget. The Governor has proposed his budget and amended it to reflect the $500 million reduction in projected revenues in the February forecast. He proposes spending $49.4 billion over the next biennium, the House DFL proposes spending $49.8 billion, and Senate Republicans propose spending $47.6 billion. The Republican proposal contains no increases in taxes and fees. The House DFL and Governor both propose to increase the sick tax (currently scheduled to sunset at the end of this year) by $948 million and as gas tax and tab fee increase of $1.4 billion. Governor Walz proposed income tax increases of $765 million and the House DFL proposes $1.3 billion in new income taxes. Both are mostly on business and are accomplished by conforming with the federal changes from the 2017 tax law, but without offsetting the broadening of the base with lower rates.

The two sides start far apart. Their budget proposals do not have much detail at this point other than listing the amounts that they plan to spend in each of the broad categories of spending (Health & Human Services, E-12 Education, Public Safety, etc). House and Senate will now build their budget and provides details on how they plan to spend the money. Most of these proposals will be unveiled this week.

**Paid Family & Medical Leave**

HF5 (Halverson, DFL – Eagan)/SF1006 (Kent, DFL-Woodbury)

This bill would provide a 12-week paid medical leave and a 12-week paid family leave program. An employee may access both types of leave in any 12-month period. It will be paid for by a payroll tax of .65%. Up to 50% of that can be charged to the employee. An employer who elects to opt out and go with a private insurance plan must still pay a 5% fee of what their share of the payroll tax would have been. This will clearly interfere with the short-term disability marketplace in yet another attempt by lawmakers to take over what the private sector is currently providing. The bill has been moving through the House being scheduled for it seventh committee hearing. The bill is not moving in the Senate.

Health Insurance Proposals

The House and Senate are gearing up for a fight over the direction of the individual market. The House DFL and Governor Walz sense the opportunity to establish a foothold for a government run plan with his OneCare proposal that will create a “public option” with a Platinum plan that would be offered statewide in 2023, but without the premium load for all of the regulations that insurance companies must comply with, without a premium load for reserves (which will instead by paid for by taxpayers) and using Medicare rates, which providers accept as part of their mission to treat the elderly. This gives the plan a huge advantage over private sector plans which pay 187% of Medicare rates.

They also propose replacing the successful reinsurance proposal with a 20% premium subsidy to be paid directly to the insurance companies to give a 20% premium credit on their invoices. Another part of the plan would create a state-based premium tax credit that would hold premium to just 9.86% of income for those over 400% of the federal poverty guidelines, who don’t get any subsidy now.

Senate Republicans plan to continue the reinsurance program, which it turns out will only cost the state about $8 million for 2018. The program does not need an additional appropriation for the next three years based on how much funding was appropriated in the last biennium. The program has cost about half of what was expected and had a bigger impact on holding premiums down.

Once both sides pass their proposals, they will go to conference committee where the final details will be worked out. Session is scheduled to end May 20th, so there is a long road ahead. Be prepared to engage your legislators and let them know MAHU’s positions on these key issues.