



3/24/2021

Re: Opposition to SF694

Dear Chair and members of the committee,

Our organizations share the concerns that drove the creation of Minnesota's reinsurance program, namely that out-of-control health insurance premiums are pricing many people out of access to care in the individual market. But the cost of the reinsurance program has been too high for its impact. These costs include:

1. Reinsurance lowered the federal contribution to MinnesotaCare, Minnesota's BHP. Per-person federal contributions to Minnesota's BHP have been slashed by 36% since 2018. As a result, \$300 Million dollars are slated to transfer from the HCAF to the BHP Trust Fund in FY 22-23 and the one-year extension in SF694 would take an additional \$113 million from the HCAF.
2. The impact of reinsurance on insurance premiums is not transparent. Exactly how much savings the program creates, and for which consumers, is uncertain.
3. Reinsurance subsidizes a market that is over 50% Bronze plans, with deductibles so high many still cannot afford the healthcare they need. This means the value of Minnesota's investment has largely accrued to insurers, not the public, and not providers who still face growing uncompensated care.
4. State and federal reinsurance dollars displace federal premium tax credits (PTCs) that otherwise subsidize many individual market enrollments. Targeting state contributions to wrap around existing PTCs or to expand public coverage for those without federal assistance would make it possible to help more people. This is only more true with the increased PTCs and elimination of the PTC "cliff" passed in the recent American Rescue Package.

Despite Minnesota's low rate of un-insurance, a fall 2020 poll from Altarum showed that almost half (45%) of Minnesota residents delayed care due to cost in the previous year, including 22% who skipped a recommended medical test or treatment, and 21% who cut pills in half, skipped doses of medicine, or did not fill a prescription. More than a quarter struggled to pay for care they did receive.¹

COVID-19 has left health plans with surplus, at the exact moment that Minnesotans are in the greatest need. There is reason to believe plans can weather the end of the state's reinsurance program without raising premiums. We urge you to invest instead in expanded access to comprehensive coverage

¹ "Minnesota Residents Struggle to Afford High Healthcare Costs; COVID Fears Add to Support for a Range of Government Solutions Across Party Lines," [Altarum Health Care Value Hub Data Brief No. 87, Jan. 2021](#)

through a MinnesotaCare public option, or to other more targeted subsidies that get more people into insurance without displacing federal PTC and BHP dollars. Please oppose SF694.

TakeAction Minnesota is a grassroots organization representing 55,000 individual Minnesotans in every county in the state and 22 organizational members advocating together for racial, gender, and economic justice at the local, state, and federal level.

SEIU Healthcare Minnesota represents 50,000 healthcare workers in hospitals, clinics, nursing homes, and self-directed homecare.

The Minnesota Nurses Association is 22,000 dedicated RNs and other healthcare professionals in Minnesota, Wisconsin, North Dakota, and Iowa, who promote the professional, economic, and personal well-being of nurses through collective action. Our members care for patients in hospitals, clinics, nursing homes, and other healthcare settings.