March 20, 2024

Senator Melissa Wiklund, Chair
Senate Health and Human Services Committee
Minnesota Senate Building
95 University Ave W.
Saint Paul, MN 55155

Chair Wiklund and Committee Members,

With 22,000 members, the Minnesota Nurses Association (MNA) represents 80 percent of all active bedside hospital nurses in Minnesota and is the largest voice for professional nursing in the state. We are a leader in nursing, labor, and healthcare, and a voice for nurses and patients on issues relating to the well-being of the public – including our state healthcare delivery system.

MNA believes that healthcare is a right, not a privilege, and we need large scale healthcare reforms that explicitly seek to remove profit motives from our healthcare system to ensure that healthcare is affordable and accessible to all. Senator Marty's SF 3543, which bans for-profit companies from participating as Health Maintenance Organization (HMO) plans in Minnesota, is a necessary step in this reform work as a means of directly prohibiting for-profit companies from serving as HMOs, reducing financial or service access barriers for patients that might otherwise be gauged or blocked by an overtly for-profit entity with a clearer incentive to prioritize their bottom line.

Minnesota has a strong history of providing for a state healthcare system that relies mostly on not-for-profit service providers, which has been shown to lead to better patient outcomes. However, previous steps that allowed for-profit HMO plans to come to our state was the wrong choice for Minnesota. Data shows that HMO plans profit by reducing access to providers, increasing denials for medically necessary services, and removing individuals' ability to make their own healthcare decisions. These issues are further exasperated with for-profit health insurance plans, who are incentivized to engage in such behavior. For-profit health insurance further removes transparency from the process and requires public funding to pay private insurance companies to manage these important benefits without ensuring they are improving the quality of patient care and healthcare access.

Nurses are concerned about the additional harms that may be brought by for-profit HMOs, especially since HMOs currently manage coverage for the lowest income Minnesotans, who have little choice and power over the healthcare
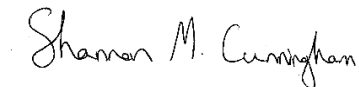
sectors that serve them. However, all health plans, regardless of their structure or tax status, need oversight to ensure that they deliver value to Minnesotans. Nonprofit status is beneficial if it is leveraged (by its leadership and regulators) to ensure community benefit, maximize accountability to community rather than shareholders, and minimize costs that do not improve health (such as excessive executive salaries, shareholder profit, and business decisions designed to improve profit margins rather than prioritizing access).

Though we think SF 3543 is an important step to reform, returning to only nonprofit HMOs does not eliminate the need to pass regulations for what would happen if a for-profit company bought a nonprofit company. A moratorium or requirement for providers to be a non-profit is easy to strike down in the dark of night, as is what happened in 2017. Yet, as we've seen over the past seven years, conversion regulations and protections for Minnesota's public assets are hard to get passed into law. We need this legislation passed into Minnesota law to disincentivize closed-door dealmaking and reduce the needless corporate profiteering off the backs of patients and taxpayers.

We appreciate and are grateful for Senator Marty's work to provide this necessary change in our healthcare market and service delivery system.

Thank you,

Shannon M. Cunningham
Director of Governmental and Community Relations
Minnesota Nurses Association