



March 9, 2022

Dear Members of the Minnesota Senate,

On behalf of the Minnesota Chamber of Commerce, representing 6,300 employers and their more than 500,000 employees across the state, we urge your support for SF 3472 (Dahms), extending the state's individual market reinsurance program.

Health insurance is an increasingly important benefit, allowing employers to attract and retain talent and to ensure their employees stay healthy and productive at work. The majority of Minnesota Chamber members offer health insurance to their employees. And yet, improving access to affordable health care is among the top issues Chamber members say the Legislature must address. This reflects the reality that employers – especially small employers – are struggling with the high cost of health insurance.

The individual health insurance market provides coverage for many Minnesotans who are self-employed entrepreneurs. But increasingly, the individual market is also becoming an important source of coverage for very small employers and their employees. This is especially true now, given action by the federal government permitting employers to help their employees buy their own coverage through defined contribution arrangements using Health Reimbursement Arrangements (HRAs). While this option has only been available to employers since 2020, our members have shown strong and growing interest.

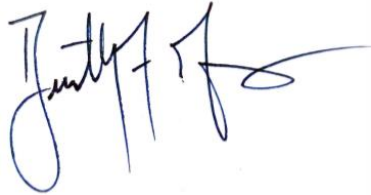
To underscore this point, in a survey of our members, **6%** are already providing coverage to their employees through these defined contribution arrangements – helping their employees buy their own insurance through the individual market. **One in ten** of our members who currently offer coverage reported they would begin to consider this type of defined contribution approach if continually rising health care costs challenge their ability to maintain the coverage they provide today. Similarly, nearly **30%** of those who are not currently offering any kind of coverage to their employees indicated they are looking at these types of defined contribution arrangements to help their employees buy their own coverage.

Such emerging trends provide even more reason to maintain a healthy and stable individual health insurance market in Minnesota.

Reinsurance has done just that – brought stability to the individual market. Depending on the metal level of the product purchased in the market, rates are twenty to more than thirty percent lower than they would otherwise be without reinsurance. And we know that rates would increase significantly in 2023 if the program is not extended.

Timely action on SF 3472 is necessary to ensure the benefits of reinsurance will be reflected in the 2023 plan year rates that are being developed and will soon be filed by Minnesota's health insurance companies with the Department of Commerce. The Minnesota Chamber of Commerce respectfully asks for your "yes" vote on SF 3472.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bentley Graves", with a stylized flourish extending to the right.

Bentley Graves
Director, Health Care & Transportation Policy