



## CCHF Testimony on SF 1037

Minnesota Senate Commerce and Consumer Protection Committee

March 8, 2023

Dear Chairman Klein and Members of the Committee,

We are submitting this testimony in opposition to Senate File 1037. This legislation proposes to require the Minnesota Commissioner of Commerce to “defray costs to health plan companies” if the state’s evaluation of a proposed health benefit mandate “increases premiums.” As a health freedom organization that supports the affordability that would come from competitive free markets in coverage (e.g. restoring access to medical indemnity insurance), we oppose this bill for at least four reasons:

1. **INCREASED COSTS** – The bill will increase the cost of government programs and health plan premiums.
2. **HIDDEN TAX** – Taxpayers will pay the cost of each mandate. The Department of Commerce does not pay health plans anything that it does not first get from taxes paid by taxpayers.
3. **BAD PRECEDENT** – If the state of Minnesota begins to pay for the cost of each new mandated benefit, there will be pressure from interest groups at every level to add more mandated benefits each year, causing the price of coverage to rise regardless of how each mandate is paid for (premium increase or hidden tax). Third party payment almost always leads to higher costs. In addition, it could encourage a change in the 62J.26 statute to fund all current and new mandated benefits. Per CMS, there are at least **61** mandated benefits in Minnesota.<sup>1</sup>
4. **ENRICHING HEALTH PLAN PROFITS** – regardless of how many people take advantage of the mandated benefit, taxpayers will pay for the increased cost of coverage for every health plan enrollee in Minnesota, allowing health plans to keep a significant portion of these tax dollars.

If passed, this legislation will socialize the increased costs of coverage for mandated benefits, while privatizing the profits to health plans.

The “2021 Medica Health Plans Financial statement” reports “Change in net assets” to be **\$171,091,000 in 2021** and **\$78,208,000 in 2020**. How much higher would this number be if taxpayer funds are transferred to health plans with every new benefit mandate increase health plan profits?

As noted in a Berkley study published by the **California Health Policy Roundtable** in 2002, now available on Kaiser Family Foundation’s website, *“Considered individually, a mandate to add a benefit to a health insurance policy may add only one or two percent to the total cost, but the accumulation of coverage mandates over time could add considerably to the total annual cost of a health insurance premium.”*<sup>2</sup>

Therefore, CCHF opposes SF 1037. Thank you for your attention to our concerns.

Sincerely,  
Twila Brase, RN, PHN  
President and Co-founder

<sup>1</sup> <https://www.cms.gov/CCIIO/Resources/Data-Resources/Downloads/mn-state-required-benefits.pdf>

<sup>2</sup> <https://files.kff.org/attachment/Issue-Brief-Mandated-Health-Insurance-Benefits-Tradeoffs-Among-Benefits-Coverage-and-Costs>