



380 St. Peter St. Ste. 750
St. Paul, MN 55101

651-293-1283
NFIB.com/MN
Twitter: @NFIB_MN

April 30, 2024

Senate File 4778 (Wiklund)

Dear Chair Klein and Senate Commerce Committee Members,

The National Federation of Independent Business (NFIB) represents more than 10,000 small businesses across Minnesota. Our mission is to promote and protect the right of our members to own, operate, and grow their businesses.

NFIB strongly opposes SF 4778, which establishes a government-controlled public option.

With our nation-leading reinsurance program set to expire after 2025, Minnesotans who purchase individual market health coverage will be severely harmed beginning in 2026.

A RAND Healthcare analysis of Minnesota's individual market shows premiums could increase by up to 50% in 2026 – a staggering hike exceeding the disastrous increases of 2016 and 2017. Leaving nearly 200,000 Minnesotans exposed to this cost cliff will likely spike the uninsured rate and erode the individual market before the public option is fully running in 2030.

There is no guarantee a public option will fill the void – if it's even approved by the federal government – left by the end of reinsurance for high-cost medical claims. Other states that have tried a public option have struggled to attract customers and provider participation.

In the meantime, a public option means health insurance will get more expensive for everyone else – including those who get coverage from work and buy it on their own – for three reasons.

First, since Minnesota is headed toward a budget deficit and the HCAF balance is projected to dwindle, tax increases are likely necessary to subsidize the government plan.

Second, no high-cost claim management program – to help offset a concentration of people with serious medical conditions like cancer, diabetes, and rheumatoid arthritis – will exist to control premiums for non-public option enrollees.

Third, we'll all pay more to offset hospital and clinic losses from the government plan.

We urge the committee to reject the public option and adopt a real plan to control costs for small business owners, employees, and others who buy health coverage on their own.

Sincerely,

A handwritten signature in dark ink, appearing to read 'John L. Reynolds'.

John L. Reynolds
Minnesota State Director
National Federation of Independent Business
john.reynolds@nfib.org