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April 30, 2024

Senate File 4699 (Wiklund)

Dear Chair Marty and Senate Finance 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 the creation of a government-controlled public option in Senate File 4699. 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.

Even if it secures the necessary federal approval, there's no guarantee a government-controlled plan will fill the void left by the end of reinsurance for high-cost medical claims. The few other states with 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 remove 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
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