

Senator Melissa H. Wiklund
Chair, Health and Human Services Committee
2107 Minnesota Senate Bldg.
St. Paul, MN 55155

Senator Alice Mann
Vice Chair, Health and Human Services Committee
3225 Minnesota Senate Bldg.
St. Paul, MN 55155

Senator Paul J. Utke
Ranking Minority Member, Health and Human Services Committee
2403 Minnesota Senate Bldg.
St. Paul, MN 55155

Re: AHIP Comments Opposing SF 4778, Establishing MinnesotaCare Public Option

Dear Senators,

On behalf of AHIP, thank you for the opportunity to provide our concerns on SF 4778, legislation establishing a MinnesotaCare public option program. AHIP stands ready to work with state policymakers on private market solutions to ensure that all Minnesotans have affordable coverage and access to high quality care.

We are concerned with the speed at which this legislation is moving through the process without critical stakeholder feedback and a thorough understanding of how the pending proposal will impact patients, providers, health insurance plans, and taxpayers. Key areas that must be considered include:

- The impact on the individual market;
- The impact on hospitals and providers;
- The impact on the state budget; and
- The impact on existing health disparities.

Last month, the Minnesota Department of Commerce and the Department of Human Services released a statutorily required report conducted by Milliman, analyzing a public option program in Minnesota. The Milliman Report recommends the Legislature to continue its analysis of a

public option and raised several outstanding issues that should be explored further addressed before moving forward.

AHIP's specific concerns focus on key areas the Milliman Report raised as warranting further analysis in order to fully comprehend how a public option will impact Minnesota.

Impacts to the Individual Health Insurance Market Must Be Studied. AHIP's agrees with the Milliman Report which noted implementation of a MinnesotaCare public option program could destabilize the individual health insurance market. Specifically, the Report states, "...it is important to note that, because a large number of enrollees may exit from the individual risk pool under Model 1, ***the stability of the remaining individual market may be compromised.*** This could result in an increase or decrease to premium rates of QHPs on MNsure that could impact the federal funding for Minnesota's BHP." Further it is important to note, approximately two-thirds of Minnesota's uninsured population will be ineligible for the proposed public option due to immigration status or eligibility for other coverage.

Financial Analysis is Needed. The Milliman Report was prepared for the specific purpose of evaluating the enrollment changes and financial impacts as a result of a public option program. The Report does not provide a fiscal note or cost impact to the state, including the administrative and operational costs of such a program.

Further, the Milliman report applied a 10% margin to projected state revenue funding needed with the goal of accounting for unknown contingencies. Recent experiences, such as Hepatitis C drugs or the COVID-19 pandemic, indicates that such a margin can often prove to be inadequate - unforeseen events will significantly alter projected estimates. As a result, there is a high likelihood for the state of Minnesota having to finance the proposed public option at levels substantially higher than the models estimate.

Provider Reimbursements. SF 4778 proposes to implement a public option program based on the Medicare Fee Schedule. The modeling contained in the Milliman Report has not demonstrated how the proposed public option can effectively build an adequate network of providers by offering them lower rates than found elsewhere. This has been extremely problematic in the few states that have attempted public option coverage. The State should thoroughly understand how these policy decisions will impact the state's providers, including rural and behavioral health providers.

If the public option fails to build adequate provider networks due to low reimbursement, it could acquire the public perception as providing sub-standard or difficult-to-access care, invalidating the enrollment projections in the report. Ensuring providers are reimbursed at competitively negotiated prices is critical to having a quality provider network.



601 Pennsylvania Avenue, NW T 202.778.3200
South Building, Suite 500 F 202.331.7487
Washington, D.C. 20004 ahip.org

Health Disparities. AHIP is committed to ensuring that American's diversity is reflected in all aspects of the health care system. Health insurance providers are committed to working with state leaders to improve health equity and the state should conduct an analysis to understand how the public option would address existing health disparities by race, ethnicity, gender, sexual orientation, immigration status, and geographical location. As the Milliman Report states, health equity was not within its scope to study and report on, leaving a gap for this critical information. Continued dialogue and an equity analysis needs to be completed before SF 4778 moves forward.

AHIP and our member health insurance providers are committed to delivering affordable, high-quality coverage for every Minnesotan, but as drafted SF 4778 could ultimately deliver higher health care costs with fewer choices, harming patients, consumers and the providers that serve them.

We urge the Senators of the Health and Human Committee to oppose this bill. We stand ready to be your partners in delivering high-quality health care coverage to all Minnesotans. Thank you.

Patrick Lobejko
Midwest Regional Director
AHIP

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.