



January 30, 2025

Dear Members of the Senate Commerce and Consumer Protection,

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 333 (Dahms), providing state funding for Minnesota's individual market reinsurance program for plan years 2026 and 2027, backfilling funds taken from the program during the past two legislative sessions.

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. For both families and businesses, costs matter.

The individual health insurance market provides coverage for many Minnesotans who are self-employed entrepreneurs. But the individual market is also an important source of coverage for very small employers and their employees, given the ability of employers to help their employees buy their own coverage through defined contribution arrangements using Health Reimbursement Arrangements (HRAs).

In any given year, roughly **5%** of our members are already providing coverage to their employees through these defined contribution arrangements – helping their employees buy their own insurance through the individual market. Another **5%** 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, more than **20%** 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. The Department of Commerce reports that premiums in the individual market are about twenty-five percent lower than they would otherwise be without reinsurance. And we know that rates would increase significantly in 2026 and 2027 if state funding for the program is not provided this session.

Timely action on SF 333 is necessary to ensure the benefits of reinsurance will be reflected in the 2026 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 333.

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