

3/17/25

RE: Support for SF 1024 – Replacing Reinsurance with Direct Consumer Subsidies

Dear Chair Klein and Members of the Senate Commerce Committee,

We urge your strong support for SF 1024, a bill that would replace Minnesota's reinsurance program with direct financial assistance to enrollees who do not receive federal Advanced Premium Tax Credits (APTCs).

Minnesota's reinsurance program has been a costly approach to stabilizing the individual insurance market, receiving nearly a billion dollars in general fund and Health Care Access fund dollars since 2018. Half of the program's funding merely offsets federal APTCs rather than providing real additional savings to consumers - in other words many of the people we are paying insurers to help actually see no difference in their premiums from the program, and those who lower deductible plans may even pay more due to interactions with APTCs. Additionally, under the policies of the first Trump administration, over \$700 million was diverted from MinnesotaCare, a critical safety-net program serving lower-income Minnesotans. **We cannot afford to risk the reinstatement of cuts to MinnesotaCare under a 1332 waiver reinsurance extension.** Instead of continuing this inefficient spending, SF 1024 would ensure that premium relief reaches those who need it most—middle-class Minnesotans who are ineligible for federal subsidies.

By redirecting these funds to direct subsidies, SF 1024 offers a more targeted, equitable, and fiscally responsible solution. At a time that federal attitudes toward healthcare are uncertain at best, this approach wisely does not depend on federal approval nor put MinnesotaCare at risk. **The individual market needs and deserves support, and this bill would effectively target resources to supplement, not displace, federal subsidies.**

In this time of federal instability, we would encourage the adoption of a payment mechanism such as an MCHA assessment or other source of new revenue in order to continue to support this market while conserving state resources for lower income, elderly and disabled Minnesotans. Insurers benefit from the market stability offered by state and federal subsidies of the private market, even when the subsidies are more directly targeted as in this proposal.

We strongly urge the committee to support SF 1024 and advance policies that prioritize affordability and financial relief for Minnesota families. Thank you for your leadership and commitment to improving health care accessibility in our state.

Sincerely,

AFSCME Council 5
Committee to Protect Care
ISAIAH
MAPE
Minnesota Farmers Union
SEIU Healthcare MN & IA
Unidos MN