MINNESOTA COUNCIL of HEALTH PLANS

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Senate Finance Committee
Minnesota Senate Office Building
Saint Paul, Minnesota 55155

Dear Chair Marty, Lead Pratt, and Members of the Committee,

The Minnesota Council of Health Plans, the trade association for Minnesota's nonprofit health plans (Blue Cross and Blue Shield of Minnesota, HealthPartners, Medica, Sanford Health Plan of Minnesota, and UCare) works every day to support access to high-quality affordable health care. We are writing to express our concern over the proposal in SF 2669 to discontinue the successful reinsurance program and replace it with a subsidy program that has not been subject to actuarial or market review.

No Plan for 2026: It is important to note that MNsure's analysis of the subsidy proposal concluded it could not be fully operable until 2028, with a manual process in place for 2027. Despite that logistical shortcoming, this bill still sunsets reinsurance for 2026. Without continued premium support next year, thousands of Minnesotans can be expected to become uninsured.

Premium Impact: Reinsurance has a 20% premium impact *on average*, with a study commissioned by CMS concluding the impact to be as much as 36%. Reinforcing that conclusion is an actuarial study commissioned by the Council specifically to model the impact on premiums if reinsurance is not extended. The study, conducted by RAND Health Care, found benchmark premiums can be expected to increase by as much as 44% for 2026, meaning an attempt to mirror the program with a 20% subsidy is likely to have the unintended consequence of a significant net premium increase for Minnesotans. Further exasperating that initial gap, is the proposal to replace the broad funding source used for reinsurance with a new tax on the insurance companies that serve the individual market, with the combined premium impact of a subsidy approach and a new tax remaining unknown. The Council therefore strongly encourages an actuarial and market study be completed on the subsidy proposal prior to any further consideration by the legislature. MNsure has similarly submitted a formal recommendation to complete an actuarial and market study of the subsidy alternative "to understand the long-term fiscal considerations, how consumer behavior will shift, along with the population for the individual market at MNsure and outside of MNsure."

Administrative Complexity: The premium subsidy program would not be fully operational until 2028. MNsure would also require 44 new FTEs to administer the program. The reinsurance program only requires funding and would not need any new FTEs. Reinsurance is positioned to continue providing effective premium relief to Minnesotans without any delay or additional administrative burden.

Leaving Federal Money on the Table: The reinsurance program leverages federal funding to provide a subsidy for all Minnesotans purchasing insurance on their own. Historically, the federal government has funded over half of the program costs. In the subsidy proposal, not only does it rely on a new health care tax, but it also would allow for Minnesotans to choose to forgo a federal APTC subsidy to receive a state-funded subsidy instead – effectively leaving federal money on the table with no mechanism to be able to otherwise direct it to the state.

At a time of federal uncertainty around enhanced premium subsides and with the costs of care ever increasing – now is not the time to enact an untested subsidy program or to assess more taxes on Minnesotans' health care. We strongly urge the committee to continue with the proven reinsurance approach.

Sincerely,

Lucas Nesse
President and CEO