



Monday, April 28, 2025

Dear Senator:

Health care affordability is an issue of critical importance for Minnesotans. According to the Minnesota Department of Health, Minnesota families have reported among the highest median health care spending in the country since 2017. In a recent KSTP poll, Minnesotans predictably ranked health care as a top issue for the legislature to address, second only to lowering taxes.

One way the legislature directly impacts the cost of health care in Minnesota is through the health care taxes it levies. **Three proposals being considered this session would increase health care costs for Minnesotans by adding a total of \$559* million in new and increased taxes in the next two years.** These proposals are in addition to existing health care taxes and assessments, illustrated in Figure 1 on the back of this letter.

Premium Subsidy Assessment: The Senate Health and Human Services bill funds a premium subsidy with a new assessment on insurance carriers. We appreciate the intent to support the individual market. Nevertheless, we do not support paying for it with a tax hike. This funding mechanism will reduce the benefit of a subsidy program to the consumer and requires 44 new state employees. The current fiscal note reflects a start date of 2027, and an updated fiscal note is needed to reflect accurate costs.

MCO Assessment of Health Plan Companies: Raises physician and professional services reimbursement rates for Medicaid and MinnesotaCare. While we support the goal of sustainable rates for public health care programs, we are concerned about the part of this proposal that undermines the benefits of the bill's rate increases by funding them through a new tax. This tax will increase the cost of health insurance for those who rely on coverage in the state-regulated, fully-insured market. There is no fiscal note for this provision and the fiscal tracking sheet only contains zeros for this line item, so costs are based on estimates provided by bill advocates.

Provider Tax: This bill also raises the provider tax from 1.8% to 2% without a hearing.

Any effort to lower health care costs by raising taxes is at cross-purposes with itself – and the result will be increased health care costs for many in Minnesota. We urge you to support health care affordability for Minnesotans as you finalize your budget decisions.

Thank you for your consideration of the impact of these proposals.

Sincerely,

Minnesota Business Partnership

Minnesota Chamber of Commerce

Minnesota Council of Health Plans

National Association of Benefits & Insurance Professionals Minnesota Chapter (NABIP MN)

National Federation of Independent Business (NFIB)

*Estimated based on currently available fiscal information.

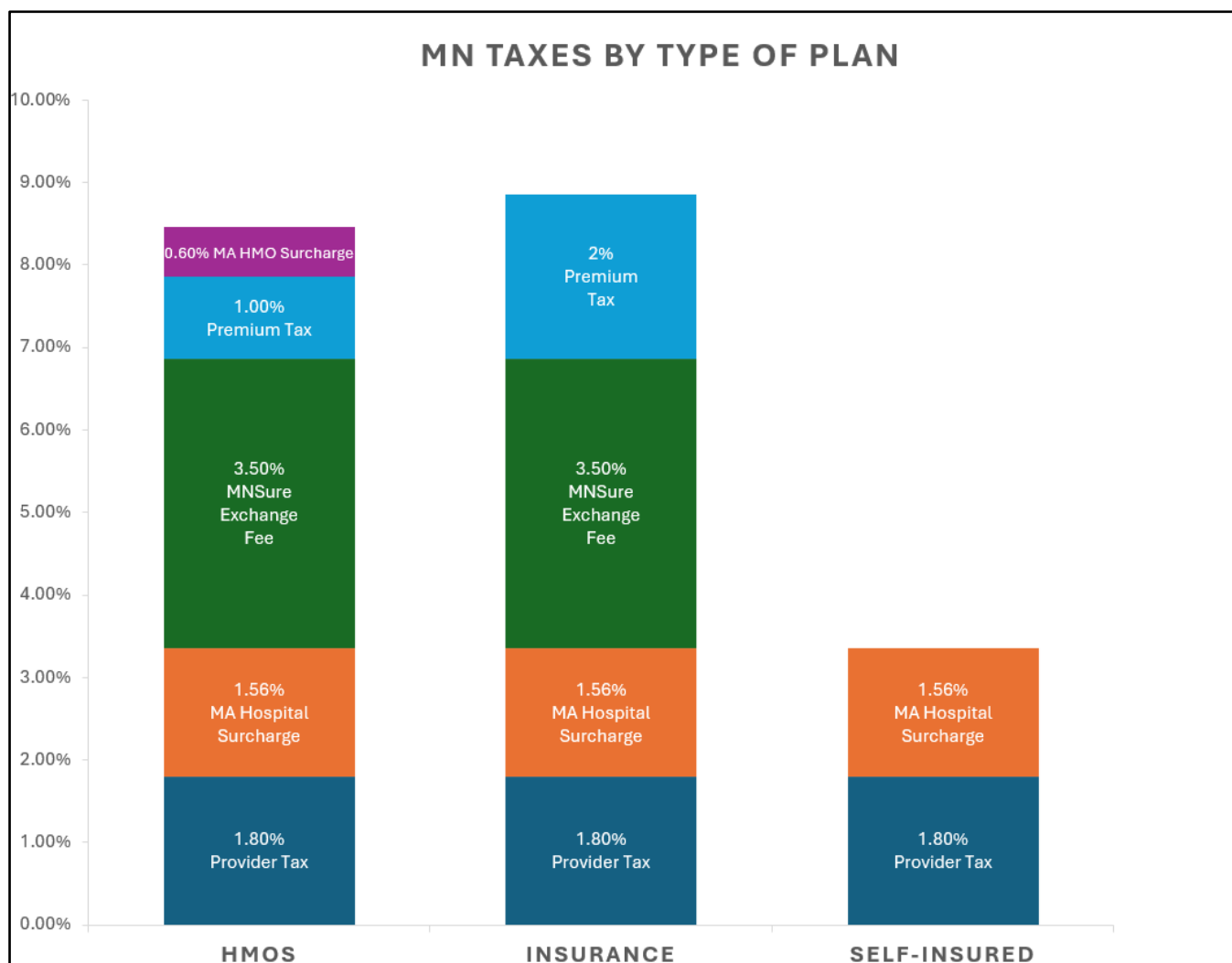


Figure 1. Minnesota Health Care Taxes by Type of Plan. Data from Minnesota Center for Fiscal Excellence, *Health Care Taxes in Minnesota*, March 2024.