

SF1024 - 0 - Premium Subsidy Program Established

Chief Author: **Melissa Wiklund**
 Committee: **Health And Human Services**
 Date Completed: **3/10/2025 3:59:59 PM**
 Lead Agency: **MNsure**
 Other Agencies:
 Commerce Dept Human Services Dept
 Minn Management and Revenue Dept
 Budget

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
MNsure					
General Fund	-	6,248	112,541	242,043	279,437
Minn Management and Budget	-	-	-	-	-
General Fund	-	-	(32,800)	-	-
Restrict Misc Special Revenue	-	-	32,800	-	-
State Total					
General Fund	-	6,248	79,741	242,043	279,437
Restrict Misc Special Revenue	-	-	32,800	-	-
Total	-	6,248	112,541	242,043	279,437
Biennial Total			118,789		521,480

Full Time Equivalent Positions (FTE)		Biennium			Biennium
	FY2025	FY2026	FY2027	FY2028	FY2029
MNsure					
General Fund	-	27.5	46	47	44
Minn Management and Budget	-	-	-	-	-
General Fund	-	-	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-
Total	-	27.5	46	47	44

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/10/2025 3:59:59 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
MNsure						
General Fund	-	6,248	112,541	242,043	279,437	
Minn Management and Budget	-	-	-	-	-	-
General Fund	-	-	(32,800)	-	-	-
Restrict Misc Special Revenue	-	-	32,800	-	-	-
Total	-	6,248	112,541	242,043	279,437	
Biennial Total			118,789		521,480	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
MNsure						
General Fund	-	6,248	112,541	242,043	279,437	
Minn Management and Budget	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-
Transfers Out	-	-	32,800	-	-	-
Total	-	6,248	145,341	242,043	279,437	
Biennial Total			151,589		521,480	
2 - Revenues, Transfers In*						
MNsure						
General Fund	-	-	-	-	-	-
Minn Management and Budget	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Revenues	-	-	-	-	-	-
Transfers In	-	-	32,800	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-	-
Total	-	-	32,800	-	-	-
Biennial Total			32,800			-

SF1024 - 0 - Premium Subsidy Program Established

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 Date Completed: **3/10/2025 3:59:59 PM**
 Agency: **MNsure**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
	General Fund	-	6,248	112,541	242,043
	Total	-	6,248	112,541	242,043
	Biennial Total			118,789	521,480

Full Time Equivalent Positions (FTE)		Biennium			Biennium
		FY2025	FY2026	FY2027	FY2028
	General Fund	-	27.5	46	47
	Total	-	27.5	46	47

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/10/2025 11:25:44 AM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	6,248	112,541	242,043	279,437
Total	-	6,248	112,541	242,043	279,437
Biennial Total			118,789		521,480
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	6,248	112,541	242,043	279,437
Total	-	6,248	112,541	242,043	279,437
Biennial Total			118,789		521,480
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill (SF 1024) establishes a state-administered premium subsidy program through MNsure. Beginning January 1, 2026, eligible individuals who do not qualify for Advance Premium Tax Credit (APTC) and are not enrolled in Medical Assistance or MinnesotaCare will receive a state-funded subsidy equal to 20% of their monthly health insurance premium.

The bill directs MNsure to reimburse health carriers for the subsidy, ensuring that financial assistance is applied directly to enrollees' premiums. It also includes provisions for retroactive subsidies for individuals who are required to repay federal premium tax credits due to income fluctuations.

In addition to creating this new program, SF 1024 repeals the Minnesota Premium Security Plan, the state's reinsurance program, which will cease making payments after December 31, 2025, with final disbursements occurring by August 15, 2026. The bill repeals the statutory framework for the reinsurance program, shifting Minnesota's approach from insurer-based stabilization to direct consumer assistance.

This bill also establishes data privacy protections and allows for limited data sharing between MNsure, the Department of Human Services (DHS), and health carriers for subsidy administration. Funding for the premium subsidy program will be appropriated from the state's general fund, ensuring continued affordability support for individuals purchasing private health coverage.

Assumptions

MNsure shared technical assistance on this proposal and assume further clarification will be incorporated.

The individual market population is 187,125, as of June 2024. As of February 2025, MNsure's share of the market is 143,365. In 2020, the estimated take-up of the 20% subsidy was 70,640 out of the 80,000 eligible for it (88.3%). MNsure's enrollees represent 77% of the entire market.

For purposes of this fiscal note, MNsure understands this state funded premium subsidy program would replace the reinsurance program in Minnesota. MNsure understands the state funded premium subsidy would reduce an even percentage for all consumers on the individual market, specifically 20%. Enrollees who take APTC must enroll for insurance through MNsure. MNsure enrollees who receive APTC are not eligible for the premium subsidy. This proposal is not implementable for plan year 2026. This fiscal note reflects beginning the program for plan year 2027. For purposes of this fiscal note, MNsure assumes a phased implementation approach of this program for plan year 2028 with technology support. This is due to staffing and vendor support.

The estimated average premium on the MNsure marketplace without reinsurance is \$619 in 2025, \$650 in 2026, and \$682 in 2027.

As drafted, this premium subsidy would apply across the entire individual market. MNsure does not currently interact with health plan carriers or consumers who purchase health insurance outside of the marketplace. This fiscal note accounts for a level of uncertainty for expanding data-sharing and program oversight, including a robust audit program of premium payments to issuers, on and off-marketplace.

Enrollees may elect to take APTC or the premium subsidy; currently, 40% of enrollees take APTC but with the introduction of a premium subsidy, MNsure assumes this percentage will decrease to 30% because of the simplicity of the premium subsidy and the cost of premiums when compared. Therefore, MNsure assumes 70% of the population will elect the 20% premium subsidy. Following prior year trends, MNsure assumes an increase in enrollees taking premium subsidy of 5% every 6 months. In addition, MNsure assumes that premiums will increase by 5% every year.

For eligibility purposes, it is assumed that Minnesotans are not enrolled in public program coverage as defined in the bill and verified by DHS for any month they receive a premium subsidy. Further eligibility criteria apply:

- An individual submitted by a carrier for a premium subsidy qualifies as a Minnesota resident
- An individual enrolled in Qualified Health Plan coverage through MNsure must meet the residency requirements in § 155.305(a)(3) to be eligible for this program
- Carriers must provide MNsure with sufficient data, as defined by DHS, on each individual they submit for premium payment to verify if the individual has public program coverage as defined by the bill

MNsure assumes it will need to determine policy and eligibility rules for scenarios. MNsure assumes no costs for these eligibility functions because we assume verification of these elements is not included in this proposal:

- Medicaid coverage from another state is not an eligibility factor
- Receipt of APTC from another state-based exchange or federal marketplace is not an eligibility factor
- MNsure is unable to implement the eligibility criteria in 62V.15, Subd.2, (b) and 62V.16, Subd.4 due to lack of access to United States Treasury data.
- MNsure does not have insight into state or federal tax implications for consumers who receive the premium subsidy. Until policy makers can verify whether the subsidy is considered income for tax purposes, MNsure assumes no change to our 1095-A reporting calculations from this proposal. If federal partners require MNsure to recalculate 1095-A reporting, then this will have additional resource needs and IT costs, including how MNsure would calculate 1095-A reporting for consumers who purchase health insurance directly through a carrier. Because MNsure does not have individual data on off-exchange enrollees, MNsure assumes the costs and complexity of developing processes, technical support, and audit capability for such a program could be significant.

MNsure does not currently have the technology resources to administer the program and assumes no system support in either the eligibility or enrollment systems for plan year 2027. Instead, the program will be run with a more manual process with the health carriers for plan year 2027. The full technology will be in place for plan year 2028.

MNsure will establish a payment schedule to health carriers in Minnesota

MNsure currently does not have the staff to develop and implement the premium subsidy program. In order to do this, it would have to add Full Time Equivalents (FTEs) across the following business units in addition to costs for updated information technology, rulemaking, consultants, and other administrative costs. Please find an overview of FTEs in addition to a table that outlines MNsure's costs. MNsure would also need to do significant communications with consumers regarding the new program. MNsure would also need to set up an appeals process, including for consumers who purchase health insurance outside of MNsure.

MNsure FTEs for Premium Subsidy Program

- Individual Market Eligibility and Enrollment: 4 FTEs
- Contact Center: 21 FTEs

- Plan Management: 5 FTEs
- Business Solutions Office: 2 FTE
- Policy and Privacy: 1 FTE
- Compliance and Audit: 4 FTEs
- Legal and Appeals: 3 FTEs
- Finance: 3 FTEs
- Consumer Assistance Program: 1 FTE
- Administration: 3 FTEs

MNsure anticipates contracting with a vendor related to the IT work to implement this program. The initial IT costs are estimated to be \$3,000,000 in FY26 with ongoing maintenance costs of \$62,000 beginning in FY27. Initial administrative costs include equipment purchases estimated to be \$40,000, with ongoing costs related to accessibility and print/mail activity totaling \$7,000 a year starting FY27. Compliance and Audit costs around contracts and software licensing totaling \$300,000 a year after on ramping. Initial marketing and communications costs of \$100,000 for FY26 and \$50,000 for FY27 are anticipated for promotional materials.

MNsure anticipates 27.5 FTE in FY26 as onboarding begins related to this program. MNsure anticipates 46 FTE as the program rolls out to the public in FY27. MNsure anticipates adding an additional FTE during FY28. MNsure anticipates the FTE going down to 44 in FY29 as implementation is completed.

Expenditure and/or Revenue Formula

Population, Premiums, Subsidy					
	Member Months	Average Premium	Realized average premium after 20% subsidy	20% subsidy per average premium	20% subsidy cost
Jan-June 2027	785,925	682	546	136	107,226,184
July-Dec 2027	825,221	682	546	136	112,587,493
Jan-June 2028	866,482	716	573	143	124,127,711
July-Dec 2028	909,806	716	573	143	130,334,096
Jan-June 2029	955,297	752	602	150	143,693,341
July-Dec 2029	1,003,062	752	602	150	150,878,008

Summary of All Expenses				
	FY26	FY27	FY28	FY29
Premium Subsidy	\$ -	\$ 107,226,184	\$ 236,715,204	\$ 274,027,438
Nonpersonnel expenses	\$ 3,419,328	\$ 419,000	\$ 369,000	\$ 369,000
Personnel	\$ 2,828,722	\$ 4,896,100	\$ 4,959,748	\$ 5,041,038

Total	\$ 6,248,050	\$ 112,541,284	\$ 242,043,952	\$ 279,437,476
FTEs	27.50	46.00	47.00	44.00

Long-Term Fiscal Considerations

MNsure expects premiums to increase annually, which in turn will increase the premium subsidy; this fiscal note reflects an increase in premium subsidy of over 15% year over year. Personnel and nonpersonnel costs will also continue to rise. Long-term considerations will depend on information about APTC continuation and eligibility, changes to federal tax laws, necessary IT systems development and/or upgrades, and changes to the health insurance market impacting individuals seeking health insurance in Minnesota. MNsure recommends performing an actuarial and market study to understand these long-term fiscal considerations about how consumer behavior will shift, along with the population for the individual market at MNsure and outside of MNsure.

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Pete Engler

Phone: 651-247-0247

Date: 3/10/2025 10:54:53 AM

Email: pete.engler@state.mn.us

SF1024 - 0 - Premium Subsidy Program Established

Chief Author: **Melissa Wiklund**
 Committee: **Health And Human Services**
 Date Completed: **3/10/2025 3:59:59 PM**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Shannon Zila **Date:** 3/6/2025 12:50:50 PM
Phone: 651-296-6053 **Email:** shannon.zila@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Senate File 1024 eliminates the Minnesota Premium Security Plan (MPSP), also known as reinsurance, following the 2025 plan year and establishes a premium subsidy program operated by MNsure.

Section 1 of the bill directs the Minnesota Comprehensive Health Association (MCHA) to make payments to health carriers for claims incurred prior to December 31, 2025 by August 15, 2026 and ends the availability of payments for claims incurred after December 31, 2025.

Section 2 defines the premium subsidy program.

Section 3 establishes the premium subsidy program and sets the requirements for payments to health carriers.

Section 4 requires premiums applicable taxes to be calculated on the gross premium.

Section 5 appropriates funds to MNsure for the operation of the premium subsidy program.

Section 6 repeals the existing reinsurance program.

Assumptions

Background

The MPSP was created in 2017. Payments directed to the program are intended to reduce premiums for Minnesotans who buy their own insurance from what they otherwise would be absent the existence of the program. The Minnesota Comprehensive Health Association (MCHA) is responsible for administering the program. Commerce serves as the fiscal agent for state appropriations and federal payments directed to the program.

State expenditures for the program are for transfers to MCHA for the operational and administrative costs of the program as well as reinsurance payments to health insurers for eligible expenses.

The reinsurance program operates via a Section 1332 waiver approved by the federal government. The State's current 1332 waiver is approved through December 31, 2027. However, state funds have only been appropriated through 2025. Under the specific terms and conditions of the waiver, the State receives federal pass-through funds in the amount of foregone premium tax credits that Minnesota residents would have been entitled to absent the waiver. Federal funding for the program is contingent upon state funds being available to cover the state's share of the reinsurance program in each plan year of operation.

Assumptions

Commerce assumes that SF1024 would have no additional fiscal impact on the agency. The work required by the bill would not substantially add to or deviate from the existing overall role agency staff have in the oversight of the premium security plan or its corresponding federal 1332 waiver reporting. Commerce assumes the reinsurance program will continue as currently operated through August 15, 2026.

Commerce assumes that any funds remaining in the premium security account after August 15, 2026 will transfer back to the general fund at the end of FY2027. The February 2025 forecast estimates that the balance of the premium security account at the end of FY2027 will be \$32.8 million.

Commerce assumes that while the reinsurance program ends, MCHA remains in place, and funding appropriated to Commerce for grants to MCHA for the administrative and operations funding will continue.

Commerce assumes that, with the end of the reinsurance program, the state will no longer draw down federal funds under the existing 1332 waiver for reinsurance or related to the basic health program. Commerce assumes that the Department of Human Services will address any impacts to the basic health program in their note.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

Phone: 651-539-1517

Date: 3/6/2025 12:46:48 PM

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SF1024 - 0 - Premium Subsidy Program Established

Chief Author: **Melissa Wiklund**
 Committee: **Health And Human Services**
 Date Completed: **3/10/2025 3:59:59 PM**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Kate Schiller **Date:** 3/4/2025 10:29:00 AM
Phone: 651-296-6052 **Email:** kate.schiller@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Section 1 of this bill sunsets the state reinsurance program as of December 31, 2025.

Section 2 of this bill establishes a MNsure premium subsidy program for a qualified health plan (QHP) for individuals who are not receiving an advance premium tax credit.

Section 3 of this bill outlines that a premium subsidy amounting to 20% of an eligible individual's monthly gross premium must be paid by MNsure to health carriers during the months for which the individual has paid the net premium amount.

Section 4 of this bill outlines the premium base to calculate any applicable premium taxes.

Section 5 of this bill establishes the necessary appropriation from the general fund to the Board of Directors of MNsure to administer the premium assistance program.

Assumptions

The effective date for this bill is assumed to be August 16, 2026.

DHS assumes that the intent of this bill is to preclude individuals who are eligible for a Minnesota Health Care Program (MCHP) from being considered an eligible individual for the premium subsidy program, including MA-EPD enrollees outlined in Minn. Stat. 256B.057.

To implement this bill, DHS also assumes that it will not be able to share certain data with MNsure related to public program requirement given federal and state regulation that restrict the use and disclosure of applicant and recipient information to purposes directly related to the administration of the Medicaid state plan (SSA 1902(a)(7) and 42 CFR § 431.300).

Since one-time General Fund Transfer to the MNsure Board of Directors to administer the Premium Subsidy Plan does not impact MCHPs, the Minnesota Department of Human Services (DHS) assumes no cost for its health care programs.

Expenditure and/or Revenue Formula**Long-Term Fiscal Considerations**

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chris Zempel

Phone: 651-247-3698

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SF1024 - 0 - Premium Subsidy Program Established

Chief Author: **Melissa Wiklund**
 Committee: **Health And Human Services**
 Date Completed: **3/10/2025 3:59:59 PM**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	(32,800)	-	-
Restrict Misc Special Revenue	-	-	32,800	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 3/10/2025 3:58:40 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

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Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	(32,800)	-	-
Restrict Misc Special Revenue	-	-	32,800	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	-	-	-
Restrict Misc Special Revenue					
Expenditures	-	-	-	-	-
Transfers Out	-	-	32,800	-	-
Total	-	-	32,800	-	-
Biennial Total			32,800		-
2 - Revenues, Transfers In*					
General Fund					
Revenues	-	-	-	-	-
Transfers In	-	-	32,800	-	-
Restrict Misc Special Revenue	-	-	-	-	-
Total	-	-	32,800	-	-
Biennial Total			32,800		

Bill Description

SF1024-0 eliminates the Minnesota Premium Security Plan (MPSP), also known as reinsurance, following the 2025 plan year and establishes a premium subsidy program operated by MNsure.

Section 1 of the bill directs the Minnesota Comprehensive Health Association (MCHA) to make payments to health carriers for claims incurred prior to December 31, 2025 by August 15, 2026 and ends the availability of payments for claims incurred after December 31, 2025.

Section 2 defines the premium subsidy program.

Section 3 establishes the premium subsidy program and sets the requirements for payments to health carriers.

Section 4 requires premiums applicable taxes to be calculated on the gross premium.

Section 5 appropriates funds to MNsure for the operation of the premium subsidy program.

Section 6 repeals the existing reinsurance program.

Assumptions**Background**

The MPSP was created in 2017. Payments directed to the program are intended to reduce premiums for Minnesotans who buy their own insurance from what they otherwise would be absent the existence of the program. The Minnesota Comprehensive Health Association (MCHA) is responsible for administering the program. Commerce serves as the fiscal agent for state appropriations and federal payments directed to the program.

State expenditures for the program are for transfers to MCHA for the operational and administrative costs of the program as well as reinsurance payments to health insurers for eligible expenses.

The reinsurance program operates via a Section 1332 waiver approved by the federal government. The State's current 1332 waiver is approved through December 31, 2027. However, state funds have only been appropriated through 2025. Under the specific terms and conditions of the waiver, the State receives federal pass-through funds in the amount of foregone premium tax credits that Minnesota residents would have been entitled to absent the waiver. Federal funding for the program is contingent upon state funds being available to cover the state's share of the reinsurance program in each plan year of operation.

Assumptions

Minnesota Management and Budget (MMB) assumes that SF1024-0 would have no additional fiscal impact on the agency. The work required by the bill would not substantially add to or deviate from the existing overall role of agency. MMB assumes the reinsurance program will continue as currently operated through August 15, 2026.

MMB assumes that any funds remaining in the premium security account after August 15, 2026 will transfer back to the general fund at the end of FY2027. The February 2025 forecast estimates that the balance of the premium security account at the end of FY2027 will be \$32.8 million.

This bill repeals the authority for MHCA and Commerce to have a 1332 waiver to operate a reinsurance program after plan year 2025. MMB may have some work related to cleaning up accounts and transferring balances left at the end of FY 2026, but that is related to our normal course of duties.

MMB's role would be pretty limited in implementation of SF1024-0 as MNsure not MMB is tasked with running the program. The program is designed very similar to the 2017 program, except the premium subsidy in this bill is 20% not 25%.

Technical Note

MMB notes there appears to be some ambiguity about whether this is a forecasted program or a capped appropriation, which would raise some forecast obligation questions for what should be reflected in future forecasts.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Ronika Rampadarat 651-201-8115

Agency Fiscal Note Coordinator Signature: Ronika Rampadarat

Phone: 651-201-8115

Date: 3/10/2025 3:50:42 PM

Email: ronika.rampadarat@state.mn.us

SF1024 - 0 - Premium Subsidy Program Established

Chief Author: **Melissa Wiklund**
 Committee: **Health And Human Services**
 Date Completed: **3/10/2025 3:59:59 PM**
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joel Enders **Date:** 2/19/2025 5:17:04 PM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill sunsets the Minnesota premium security plan and establishes a premium subsidy program administered by MNsure.

Assumptions

The Department of Revenue assumes no impact from this bill.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chelsea Magadance

Date: 2/19/2025 3:03:56 PM

Phone: 651-556-6308

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