Erica Zurek

October 1, 2025 12:23 PM

Minnesota health insurance premiums will rise sharply in 2026

Health insurance premiums for thousands of Minnesotans will increase in 2026 due to rising health care costs and uncertainty around the future of enhanced Affordable Care Act subsidies, which are currently set to expire at the end of the year.

The Minnesota Department of Commerce has released the final rates for individual and small group health insurance plans for 2026. The average premium increase on the individual market will go up 22 percent, while the small group market sees a 14 percent increase. This is the most significant rate hike since 2017.

Medica, one of the state's carriers, has proposed the highest individual market increase at 31 percent, while others, including Blue Plus, UCare and HealthPartners, are requesting adjustments between 18 percent and 27 percent.

About 202,000 Minnesotans have health insurance through the small group market, which includes businesses with two to 50 full-time employees. Additionally, around 190,000 state residents are covered by the individual health insurance market which is available to those who do not qualify for employer-sponsored plans or public programs like Medicare or Medicaid.

Individuals, families, farmers, retirees and small business owners who purchase insurance directly from insurance companies or through MNsure, Minnesota's health insurance marketplace, could be most impacted by these changes.

The rate increases follow uncertainty over whether the Republican-controlled Congress will reinstate federal tax credits that are intended to make health insurance coverage more affordable.

The tax credits that help people pay premiums are central to the debate over government funding. Democratic members of Congress have prioritized renewing the enhanced tax credits in the ongoing standoff over funding the government.

President Donald Trump's extensive tax and spending package did not allocate funds for enhanced premium tax credits. However, Congress still has the opportunity to reinstate these subsidies this fall.

"It's a step backward on both affordability and access," said Grace Arnold, Minnesota's commerce commissioner. "It's raising costs. It's reducing the value of the plan that you get, and it's making it harder to stay in coverage, or to get into coverage to begin with."

In 2021, during the COVID-19 pandemic, Congress and the Biden administration enacted subsidies as part of a relief package and eliminated the income cap. These subsidies were intended to help individuals earning up to 400 percent of the federal poverty level maintain their health insurance coverage. The aim was to ensure that no one would have to spend more than 8.5 percent of their income on health insurance.

Libby Caulum, the CEO of MNsure, said that over half of the enrollees in MNsure receive federal financial assistance that lowers their health insurance costs. She explained that the premium tax credits act as an immediate discount, reducing the cost of monthly premiums for eligible households.

“The enhanced tax credits have supported record enrollments through MNsure and a historic uninsured rate in our state,” Caulum said.

MNsure estimates that nearly 90,000 Minnesotans will see an increase on their monthly premium bill, and over 19,000 will lose access to all financial help in 2026 if Congress does not extend the tax credits.

Residents throughout the state can expect to pay an average of approximately $180 more each month, although this amount varies based on the federal poverty threshold.

Caulum said families will be forced to make difficult choices about whether to pay for groceries, gas, rent or medicine in order to stretch every dollar, as health insurance coverage for many working families may suddenly become unaffordable.

Minnesota’s bipartisan reinsurance program was established in 2017 to keep premiums from skyrocketing even further. The program addresses rising health care costs and helps lower premiums for individuals in the insurance market, contributing to the stabilization of premium prices in recent years. Caulum and Arnold said that without recent legislative efforts to extend this program, premiums would have been an additional 47 percent higher in 2026, resulting in increased monthly costs for consumers.

“MNsure will be here to help Minnesotans find a plan that works for their health needs and their family budgets,” Caulum said. “But we're very concerned that these federal policy choices will have negative impacts, not just for Minnesotans personal health, but also for wider reaching consequences across our health care system and our economy.”

Open enrollment for 2026 health insurance plans begins Nov. 1.

Source: https://www.mprnews.org/story/2025/10/01/minnesota-health-insurance-premiums-set-to-rise-in-2026