MINNESOTA COUNCIL of HEALTH PLANS

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Senate Commerce and Consumer Protection Committee
95 University Avenue W.
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Chair Klein 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, and Sanford Health Plan of Minnesota), appreciates the opportunity to provide feedback on the Omnibus Commerce bill. Throughout this legislative session, the Council has expressed support for policies that maintain stability in the market, lower costs, increase access to high-quality care, and to prevent waste, fraud, and abuse.

We appreciate the inclusion of some of the technical changes requested by the Minnesota Comprehensive Health Association (MCHA) to ensure continued efficient operation of the reinsurance program. We urge the Department to work with MCHA to ensure their concerns are fully addressed.

We likewise appreciate the compromise language prohibiting the use of artificial intelligence (AI) in final adverse prior authorization determinations. This language allows plans to continue to use AI to expedite approvals for Minnesotans while reinforcing our existing practice of ensuring any adverse determinations are only made by a licensed medical professional.

We would also like to draw to your attention to four areas of concern included in the Omnibus language.

Medicare Supplement Guaranteed Issue Changes
Last year's commerce omnibus included extensive changes to Medicare Supplement plans that will go into effect this August. The original proposal would have resulted in an almost 90% increase in premiums for Minnesota seniors. Through the Legislature's work in the 2025 session, changes were made to reduce that premium impact by about half. However, we remain deeply concerned about premium increases and market stability.

This year, UCare exited the market statewide and another large for-profit carrier reduced its market presence from 72 counties down to 27 counties. It is important to note that individuals who involuntarily lose coverage, already have guaranteed-issue protections. While seemingly small, the language included in the omnibus will have a long-term impact on the risk mix in plans. Case mix unpredictability exacerbates the challenges with accurate pricing of products and can lead to increased premiums.

Now is the time to shore up the market, not add new uncertainty. We urge consideration of delaying the effective date of the 2025 law by two years to protect seniors from significant premium increases and promote greater stability.

Home Care Nursing Coverage

We remain committed to working with the families, legislators, and agencies to ensure the families impacted by home care coverage limitations have access to the care they need. However, we are concerned that removing the ability to have any limitation on commercial coverage will make it difficult to keep premiums from rising even further and maintain access to care. Home care is covered by Medicaid, and like many other issues, increasing Medicaid payment to cover needed services would solve the underlying challenge.

The current products in the fully-insured market which cover home health care services with limitations, were reviewed and approved by the Department of Commerce. Committee testimony called attention to the high costs of these home care nursing services that range in cost from $300,000 to $1,000,000 per year for the approximately 250 patients in Minnesota.

As the Committee is well aware, there are already significant cost challenges in the individual market due to rising healthcare costs. In recent years, those high costs have resulted in significant losses for carriers, fewer plan options in some counties, the insolvency of UCare, and premium increases. We are committed to working to find a solution to maintain access to these important services while also safeguarding affordability for those on the individual market.

Commerce Health Plan Oversight

We do not have concerns regarding the consolidation of Health Maintenance Organization (HMO) regulation under the Department of Commerce. We do, however, have concerns regarding the Department of Commerce's proposal which would insert a requirement for approval from the Department of Commerce around compensation or benefits of health plan officers or directors. Health plan employee compensation and benefits was not the reason for closure of one of our member plans and is an overreach of oversight.

Extending Reinsurance

We are disappointed to not see language from SF 3936 included in the omnibus, which would extend reinsurance into the future past its sunset at the end of 2027. With the loss of federal enhanced premium tax credits at the end of 2025, it is not a stretch to say reinsurance saved the individual market this year. Past analysis have concluded that premiums have been 22-36% lower as a result of reinsurance. For this year, the Department of Commerce has stated that premiums

were 47% lower because of the changes we saw with the federal enhanced premium tax credits. The reinsurance program allowed thousands of Minnesotans to have access to needed care that they otherwise would not have had. In a time of major changes at the Federal level, including Medicaid eligibility changes, preserving the affordability of the individual market is more important than ever. The Minnesotans who buy insurance on their own, like farmers, entrepreneurs, small business owners, and daycare providers, deserve certainty that this vital program will continue. We urge it be included.

We appreciate the opportunity to provide feedback on the omnibus bill language and look forward to continuing to work together on our joint goals of health care affordability and accessibility.

Sincerely,



Lucas Nesse
President and CEO