





To: Minnesota Senate Commerce and Consumer Protection Committee
From: Better Health Collective and Minnesota Healthcare Consortium
Date: Monday, April 27, 2026
Re: Minnesota Service Cooperatives perspectives on Senate File 2909

Minnesota Service Cooperatives were created by this Legislature to help public entities collaborate and deliver services more efficiently. One of the most successful examples of that mission are the two statewide public employee health insurance pools that have been created by the Minnesota Service Cooperatives (MSC), the Better Health Collective (BHC) and the Minnesota Healthcare Consortium (MHC). Together, these health insurance pools currently serve approximately 20,000 school employees and their family members across the state. These pools serve another 28,000 city and county employees and their families.

The BHC and MHC insurance program pools exist because school districts voluntarily came together to leverage collective purchasing power while preserving local control, flexibility, and accountability. They are not theoretical models; they are proven, functioning systems delivering strong benefits that meet the unique needs of individual school districts and their employees at competitive costs. SF 2909 would negatively impact these successful public options with a single, state-administered insurance pool, raising several significant concerns, including:

First, mandating participation in a single, statewide pool is inherently anticompetitive. It eliminates existing public-sector options that have demonstrated success and removes the market pressures that drive innovation, responsiveness, and cost discipline. Competition in the marketplace is not a flaw—it is a strength. Having multiple high-quality public options allows employers and employees to select coverage that best meets their needs. In practice, eliminating choice also removes a key check on performance: the ability of districts to compare premiums, administrative costs, benefit value, and service levels across competing options.

Second, the assumption that "bigger is always better" in insurance pooling is not guaranteed. While scale can offer advantages, such as stability, the loss of competition can negatively impact innovation and affordability. Scale does not automatically translate into lower costs or better outcomes. In fact, large, centralized pools could dilute accountability, reduce flexibility, and introduce new inefficiencies that offset any theoretical gains from size.

Third, eliminating school employees from the MSC sponsored pools reduces bargaining power for city and county groups, which is a critical tool for many local units of government and their employees. These plans are locally designed, locally governed, and negotiated through established labor-management relationships.

**Other Solutions:**

Rather than reducing the market footprint for these successful pools, we believe the Legislature should build upon them. For example, allowing Service Cooperative school district members to implement a longer participation period—such as the four-year enrollment period like that given to the Public Employee Insurance Program (PEIP) participants—would enhance stability and improve risk management.

Additionally, a school employee reinsurance program across all the school districts could accomplish the goal of smoothing out rate spikes while preserving local plan design and network access considerations. Furthermore, state financial support to improve district contributions to health coverage can improve employee access and stabilize participation.

Options in the marketplace are an advantage, not a disadvantage. A diverse ecosystem of public insurance solutions fosters competition, innovation, and better outcomes for educators and taxpayers alike. BHC and MHC urge the Legislature to preserve the flexibility, competition, and local control that have made the Service Cooperative sponsored public option health plans successful, and to consider other solutions instead of aggregating current risk into a single, state administered plan.