

January 10, 2017

Senator Michelle Benson
3109 Minnesota Senate Building
St. Paul, Minnesota 55155

Re: Senate File 1

Dear Senator Benson,

On behalf of our more than 660,000 Minnesota members, AARP supports health care premium subsidy relief for Minnesotans faced with sharply rising premium costs in the individual market. Affordability of premiums and cost-sharing is essential to the success and long-term sustainability of health reform.

Thus, we applaud the House and Senate leadership and the Governor for offering proposals to address the urgent needs of the 125,000 Minnesotans experiencing sticker shock in their insurance rates. AARP believes that many of the individuals impacted by these higher rates are older Minnesotans due to the current age-rating allowed under law that lets insurers to charge them three times the rate of younger individuals regardless of income. As a result, enhanced subsidies are likely necessary if these older Minnesotans are to maintain health coverage.

AARP recognizes that while there is consensus that relief is necessary, there are substantive differences in approach. As the Governor and legislative leadership hammer out a final solution, we suggest that the overriding factor should be the delivery of meaningful and timely premium relief. Please consider the following:

- Because Minnesotans must make enrollment decisions by January 31st, time is of the utmost importance. If those individuals struggling with affordability believe that relief is not forthcoming or at best is uncertain, they may make the decision to forgo insurance altogether.
- While AARP is generally more supportive of a targeted approach to relief in order to ensure that public dollars go to those most in need, we are overly concerned that creation of an eligibility income-based program could drastically delay the implementation of the program and the delivery of relief to those in need. No doubt, taxpayers should question the value of giving subsidies to those with higher incomes without any means-testing, but given the size of premium increases (some up to 67%) and the fact this is a one-time relief package, timeliness must take precedence. Ideally, lawmakers would craft a solution to provide subsidy relief

through means-testing, as spelled out in the House and Senate plans, but without an overly complicated and delayed process. But in lieu of that, the first priority must be to provide relief in a timely manner so that older Minnesotans do not risk losing coverage altogether.

- As it stands today, we believe the Governor's proposal most effectively meets the test of timeliness due to the role of the Health Plans in administering the program.

Additionally, AARP supports the continuity of care provisions in the House and Senate bills. We also support other pro-consumer insurance reforms such as the unauthorized and balanced billing provisions but suggest dealing with these issues separately so as not to delay the passage of the subsidy relief package.

Thus, AARP respectfully urges the Governor, and House and Senate Members to agree to a subsidy relief package and a quick passage of legislation that delivers premium relief expeditiously to the many Minnesotans facing significant challenges affording basic health coverage.

Thank you again for your leadership on this important issue. If you have any questions or need further information please contact Mary Jo George, Associate State Director – Advocacy, at mjgeorge@aarp.org or 651-271-6586.

Sincerely,



Will Phillips
AARP Minnesota State Director

Cc: Senate Majority Paul Gazelka
Governor Mark Dayton
Senate Minority Leader Tom Bakk
Minnesota Senate