

# #RenewReinsurance

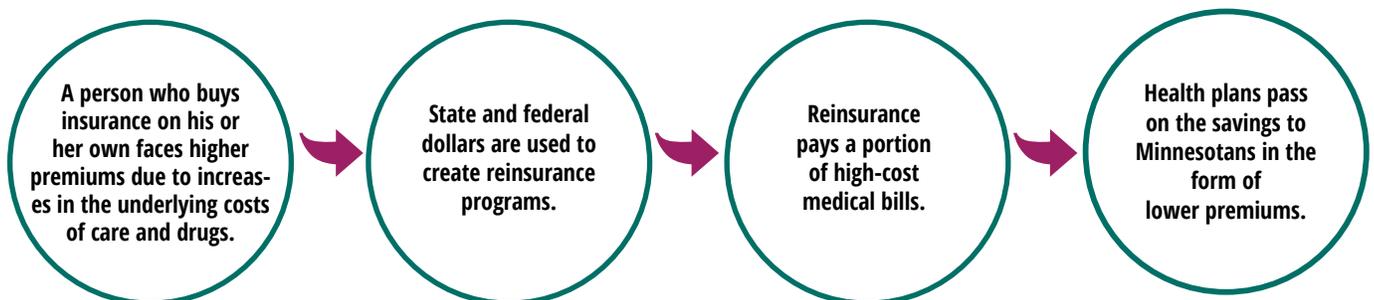


## AT A GLANCE:

- Reinsurance is a program that pays a portion of high-cost medical bills — costs that are otherwise built into monthly premiums.
- The program has successfully lowered premiums by up to 20%.
- 10,000-15,000 Minnesotans are projected to drop coverage if reinsurance is not renewed.
- Reinsurance programs exist in 15 other states.

The Minnesota Legislature passed reinsurance as part of the Minnesota Premium Security Plan in 2017 to address spiking health care costs and market volatility. This program plays an integral role in giving Minnesotans who buy health insurance on their own a much-needed break on premiums, allowing them to find a plan in every county in the state.

## How Reinsurance Works Each Year



### *Where does the money for reinsurance come from?*

The reinsurance program is a joint program between the federal government and the state. Most of the funds come from the federal government with the remainder funded by the state, which has a forecasted \$81.66 million surplus in the Premium Security Plan Account. The program is administered by the Minnesota Comprehensive Health Association, which has retained an independent actuarial consultant firm and publishes quarterly reports on the finances of the program. All reinsurance funds are used to pay claims and cannot be used by insurance companies for administrative purposes.





### ***What happens if the program isn't extended another year?***

The program has reached the end of its five-year waiver, but it can be renewed for another five years through action by the legislature. Recently, Colorado extended its program. Based on a recent actuarial analysis, without reinsurance, 2023 premiums could increase more than 25% when rates are released in October. This could make insurance unaffordable for thousands of Minnesotans, as well as cause instability within the insurance market. **An estimated 10,000-15,000 Minnesotans are projected to drop coverage if reinsurance is not renewed.**



### ***Who does reinsurance help?***

**Reinsurance helps everyone who purchases health insurance on their own instead of receiving it as a benefit from an employer or through a state public program.** This includes farmers, small business owners, lower-income workers who do not have access to employer-sponsored coverage, Minnesotans who are in-between jobs, and those who retire early and are not yet eligible for Medicare. In Minnesota, this is usually around 150,000 people each year. There are around 225,000 Minnesotans who are uninsured and we need a stable insurance market to encourage these individuals to sign up for health coverage.



### ***Why should the Minnesota Legislature #RenewReinsurance?***

**With the rising costs of care to pay for doctors, hospitals and prescription drugs, Minnesotans often struggle to pay medical bills.** A recent Gallup poll from December 2021 found that 30% of respondents did not seek treatment for a health care issue because of cost.<sup>1</sup> Without reinsurance, Minnesotans will be paying a greater share of health care costs through their insurance premiums. Reinsurance has shown to be a proven success to lower premium costs — and now is not the time to end this market-stabilization program. All Minnesotans should have affordable access to health care. Renewing reinsurance will be a vital step in ensuring that accessibility. For more information on reinsurance and buying insurance on your own, please visit [mnhealthplans.org](https://mnhealthplans.org).

<sup>1</sup> <https://news.gallup.com/poll/357980/increased-avoidance-care-drugs-due-cost-amid-pandemic.aspx>.

