



March 20, 2024

Professional Distinction

Personal Dignity

Patient Advocacy

Representative Zack Stephenson, Chair
House Commerce Finance and Policy Committee
Minnesota State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Chair Stephenson and Committee Members,

With 22,000 members, the Minnesota Nurses Association (MNA) represents 80 percent of all active bedside hospital nurses in Minnesota and is the largest voice for professional nursing in the state. We are a leader in nursing, labor, and healthcare, and a voice for nurses and patients on issues relating to the well-being of the public – including our state healthcare delivery system.

MNA believes that healthcare is a right, not a privilege, and we need large scale healthcare reforms that explicitly seek to remove profit motives from our healthcare system to ensure that healthcare is affordable and accessible to all. Representative Reyer’s HF 3529, which bans for-profit companies from participating as Health Maintenance Organization (HMO) plans in Minnesota, is a necessary step in this reform work as a means of directly prohibiting for-profit companies from serving as HMOs, reducing financial or service access barriers for patients that might otherwise be gauged or blocked by an overtly for-profit entity with a clearer incentive to prioritize their bottom line.

Minnesota has a strong history of providing for a state healthcare system that relies mostly on not-for-profit service providers, which has been shown to lead to better patient outcomes. However, previous steps that allowed for-profit HMO plans to come to our state was the wrong choice for Minnesota. Data shows that HMO plans profit by reducing access to providers, increasing denials for medically necessary services, and removing individuals' ability to make their own healthcare decisions. These issues are further exasperated with for-profit health insurance plans, who are incentivized to engage in such behavior. For-profit health insurance further removes transparency from the process and requires public funding to pay private insurance companies to manage these important benefits without ensuring they are improving the quality of patient care and healthcare access.

Nurses are concerned about the additional harms that may be brought by for-profit HMOs, especially since HMOs currently manage coverage for the lowest income Minnesotans, who have little choice and power over the healthcare

345 Randolph Avenue
Suite 200
St. Paul, MN 55102
Tel: 651.414.2800
800.536.4662
Fax: 651.695.7000
Email: mnnurses@mnnurses.org
Web: www.mnnurses.org



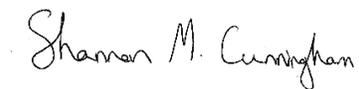
AFL-CIO

sectors that serve them. However, all health plans, regardless of their structure or tax status, need oversight to ensure that they deliver value to Minnesotans. Nonprofit status is beneficial if it is leveraged (by its leadership and regulators) to ensure community benefit, maximize accountability to community rather than shareholders, and minimize costs that do not improve health (such as excessive executive salaries, shareholder profit, and business decisions designed to improve profit margins rather than prioritizing access).

Though we think HF 3529 is an important step to reform, returning to only nonprofit HMOs does not eliminate the need to pass regulations for what would happen if a for-profit company bought a nonprofit company. A moratorium or requirement for providers to be a non-profit is easy to strike down in the dark of night, as is what happened in 2017. Yet, as we've seen over the past seven years, conversion regulations and protections for Minnesota's public assets are hard to get passed into law. We need this legislation passed into Minnesota law to disincentivize closed-door dealmaking and reduce the needless corporate profiteering off the backs of patients and taxpayers.

We appreciate and are grateful for Representative Reyer's work to provide this necessary change in our healthcare market and service delivery system.

Thank you,

A handwritten signature in black ink that reads "Shannon M. Cunningham". The signature is written in a cursive, flowing style.

Shannon M. Cunningham
Director of Governmental and Community Relations
Minnesota Nurses Association



March 20, 2024

RE: Support for HF 3529

Chair Stephenson and Members of the Committee,

TakeAction Minnesota is a grassroots, multi-racial people's organization that believes in a state that works for all of us and where nobody is left out. With our members, we advocate for policies that promote justice and fairness. Our members know that no matter our age, race, or where we live, we all need the freedom to care for ourselves and our families.

We are writing in support of HF 3529 (Reyer) to restore Minnesota's non-profit requirement for HMOs. Healthcare is a public good. Patients and communities suffer when access to healthcare is driven by profit motives rather than the needs of communities across the state. Profit motives and profit extraction endanger the wellbeing of patients as well as the healthcare workforce, and can negatively impact public health, mental health, wellbeing and racial equity, not to mention the state budget.

When for-profit HMOs were allowed into our state in 2017, there was no public campaign for the change and no public debate. As MDH noted in their recent preliminary report on HMO regulations, there were no larger changes made to the HMO statutes to recognize this huge change and ensure proper oversight and regulation.

We do not support contracting HMOs or health plan benefit companies in our public programs, and we have worked for many years to increase oversight and transparency of our non-profit HMOs. But we can certainly agree that introducing national for-profit HMOs is a step in the wrong direction. We encourage you to support this bill, as well as a forthcoming proposal to regulate non-profit HMO conversions (when a for-profit buys a non-profit). As we have seen, it is all too easy to delete the word "non-profit" behind closed doors, and passing this bill alongside conversion regulations should reduce the incentive to do so again.

Sincerely,

Robert Haider
Legislative Director
TakeAction Minnesota