



March 26, 2026

Chair O’Driscoll, Chair Koegel, and members of the committee:

On behalf of the Minnesota Chamber of Commerce and our more than 6,300 member businesses across the state, representing businesses of all sizes and across all industries, we write in support of House File 3388.

Minnesota’s reinsurance program was created in 2017 in response to a severe period of instability in the individual health insurance market. At that time, according to the Minnesota Department of Commerce’s 2016 rate release, premiums in the individual market were projected to increase between 50 percent and 66.8 percent. Reinsurance was designed to stabilize the market and help bring premiums down.

The individual health insurance market provides coverage for many Minnesotans, including self-employed entrepreneurs and early retirees. It is also becoming an increasingly important coverage option for small employers and their employees. Many employers today help their workers purchase coverage in the individual market through defined contribution arrangements using health reimbursement arrangements (HRAs).

In any given year, approximately five percent of Chamber members already provide coverage through these arrangements, helping their employees purchase insurance in the individual market. Another five percent of employers who currently offer group coverage report they may consider shifting to this approach if rising health care costs make traditional coverage more difficult to sustain. Additionally, more than twenty percent of employers who do not currently offer coverage indicate they are exploring these arrangements as a way to help their employees access insurance.

These trends underscore the importance of maintaining a stable and affordable individual market in Minnesota.

Reinsurance plays a critical role in providing that stability by covering a portion of very high-cost claims incurred by individuals in this market. Reinsurance payments go directly toward covering high-cost claims. Quarterly program audits and reporting consistently show that funds are used to cover the cost of care for Minnesotans facing serious conditions such as diabetes, heart and respiratory disease, and cancer.

The results of the program are clear. The Department of Commerce has historically estimated that reinsurance reduces premiums by approximately 20 percent compared to what they otherwise would have been. More recently, the department indicated that extending the program in 2025 prevented a projected 47 percent increase in individual market premiums for 2026.

Today, Minnesota has one of the lowest individual market premium levels in the country. According to the Kaiser Family Foundation, Minnesota ranks third lowest in average benchmark premiums in the Affordable Care Act marketplace. These outcomes reflect bipartisan work over nearly a decade to stabilize the individual market.

The Legislature made a significant change to the program in 2025 by shifting from traditional funding sources to an assessment and credit model applied to group health carriers, not all of which participate directly in the individual market. There are ongoing questions about how this model will operate in practice.

House File 3388 ensures the state retains the authority necessary to support this program going forward.

The Minnesota Chamber respectfully urges your support for HF 3388 and continued support for a policy that has helped stabilize the individual market and keep premiums lower for Minnesotans.

Sincerely,

Jonathan Cotter
Director of Health Care and Commerce Policy
Minnesota Chamber of Commerce