



2026 Governor's Supplemental Budget Recommendations

Commissioner Grace Arnold
April 14, 2026

Commerce Department 2026 Supplemental Budget Overview

FY26-FY27 priorities

- \$1,836,000 (budget neutral) - Enhanced Health Plan Regulatory Alignment
- \$6,000 (Reduction) - Non-Depository Institution Licensing Provisions
- \$0 (budget neutral) - Technical and Date Adjustments to Reinsurance Program
- Prescription Drug Affordability Advisory Council Repeal



Enhanced Health Plan Regulatory Alignment (Cost-Neutral)

The current regulatory structure isn't working:

- Market Instability and Expense
 - Difficult to use
 - Rising costs
- Overlapping Agency Roles
 - MN is one of the only states to oversee HMOs this way
- Consumer Confusion
 - Unrealistic to expect families to navigate multiple agencies for insurance help

Enhanced Health Plan Regulatory Alignment (Cost-Neutral)

Why this proposal?

This proposal strengthens oversight by combining a simplified regulatory structure with unified and enhanced enforcement for all private-market health insurers. Key changes include:

- Requiring prompt notification and engagement when a health insurer experiences substantial year-over-year enrollment growth
- Imposing controls on executive compensation and bonuses
- Streamlining regulatory oversight to provide clearer, more consistent rules for all health plans

Enhanced Health Plan Regulatory Alignment (Cost-Neutral)

Consumer benefits of the Enhanced Health Plan Regulatory Alignment include:

- One stop for consumer complaints in the private insurance market
- Simplified regulatory structure and enhanced enforcement capacity
- Optimized enforcement of mental health parity and other insurance-related laws

Non-Depository Institution Licensing Provisions (Reduction)

Non-Depository Institution Licensing Provisions

- Closes a licensing loophole for entities that arrange payday loans.
- Clarifies the lending authority of mortgage originators and servicers to eliminate the need for dual licensure.
- These changes result in a \$6,000 a year reduction in state revenues starting in FY28. This reduction in revenues is offset by a reduction in expenditures.

Technical and Date Adjustments to Reinsurance Program (Cost-Neutral)

Technical and Date Adjustments to Reinsurance Program

- Does not substantively alter the compromise reached last session on reinsurance.
- Makes technical and date adjustments to the Minnesota Premium Security Plan (MPSP), also known as the reinsurance program.
- Updates statutory language governing the administration of the reinsurance program, including timelines for reinsurance payments and for a one-time 2028 assessment on group health carriers.
- Clarifies that the 2028 assessment on group health carriers must be paid to the Commissioner of Commerce rather than the Minnesota Comprehensive Health Association (MCHA) and that carriers are no longer liable to MCHA for the 2028 assessment.

Prescription Drug Affordability Advisory Council Repeal

Prescription Drug Affordability Advisory Council Repeal

- Repeals Minnesota's Prescription Drug Affordability Advisory Council (PDAAC), Minn. Stat. 62J.88.
- PDAAC has not produced actionable recommendations for the Minnesota Prescription Drug Affordability Board or the Department of Commerce.

Commerce Government Affairs Team

Sam Smith – Director of Government Affairs

Sam.Smith@state.mn.us

Jason Huff – Government Affairs Liaison

Jason.Huff@state.mn.us

Sergio Valle-Rodriguez – Legislative Assistant

Sergio.Valle-Rodriguez@state.mn.us