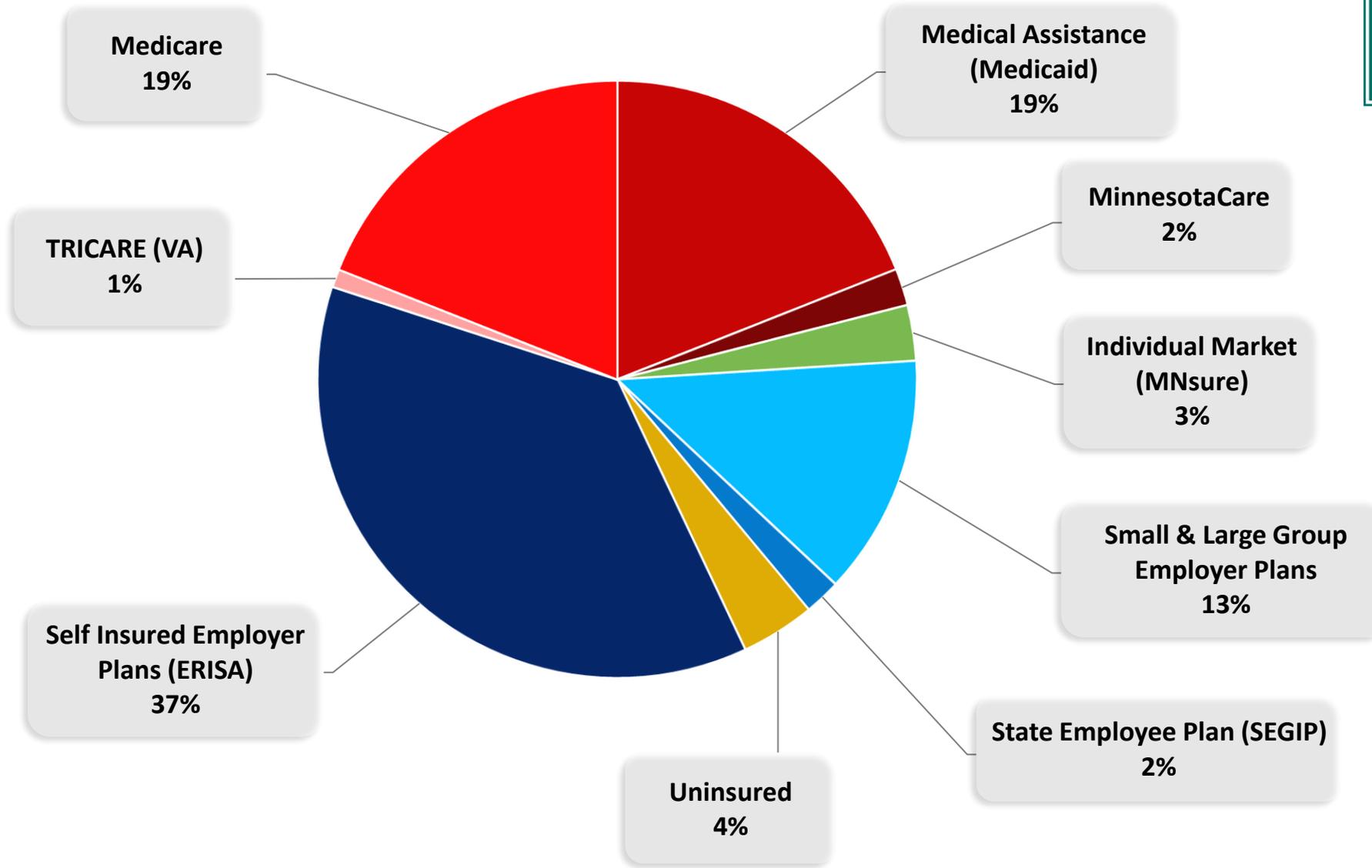


# Individual Health Insurance Market



# WHERE MINNESOTANS GET HEALTH COVERAGE



# WHERE MINNESOTANS GET HEALTH COVERAGE

## FROM AN EMPLOYER

### Self Insured Plans

- Offered by large employers.
- An insurance company is hired to administer health plan services.
- Employer assumes the financial risk of insuring employees.

### Small and Large Group Plans

- Employer purchases coverage for employees.
- Health insurance company assumes the financial risk.

### State Employee Group Insurance Plan (SEGIP)

- Health insurance for state employees and legislators

## ON YOUR OWN

### Individual Market

- A plan purchased directly from an insurance company via MNsure or through an agent or broker.

## FROM THE GOVERNMENT

### Medicare

- People who are ages 65 and older.
- Younger people with disabilities.

### TRICARE

- Active-duty military and veterans.

### Medicaid (Medical Assistance)

- For low-income Minnesotans based on circumstances and finances.
- Managed Care model

### MinnesotaCare

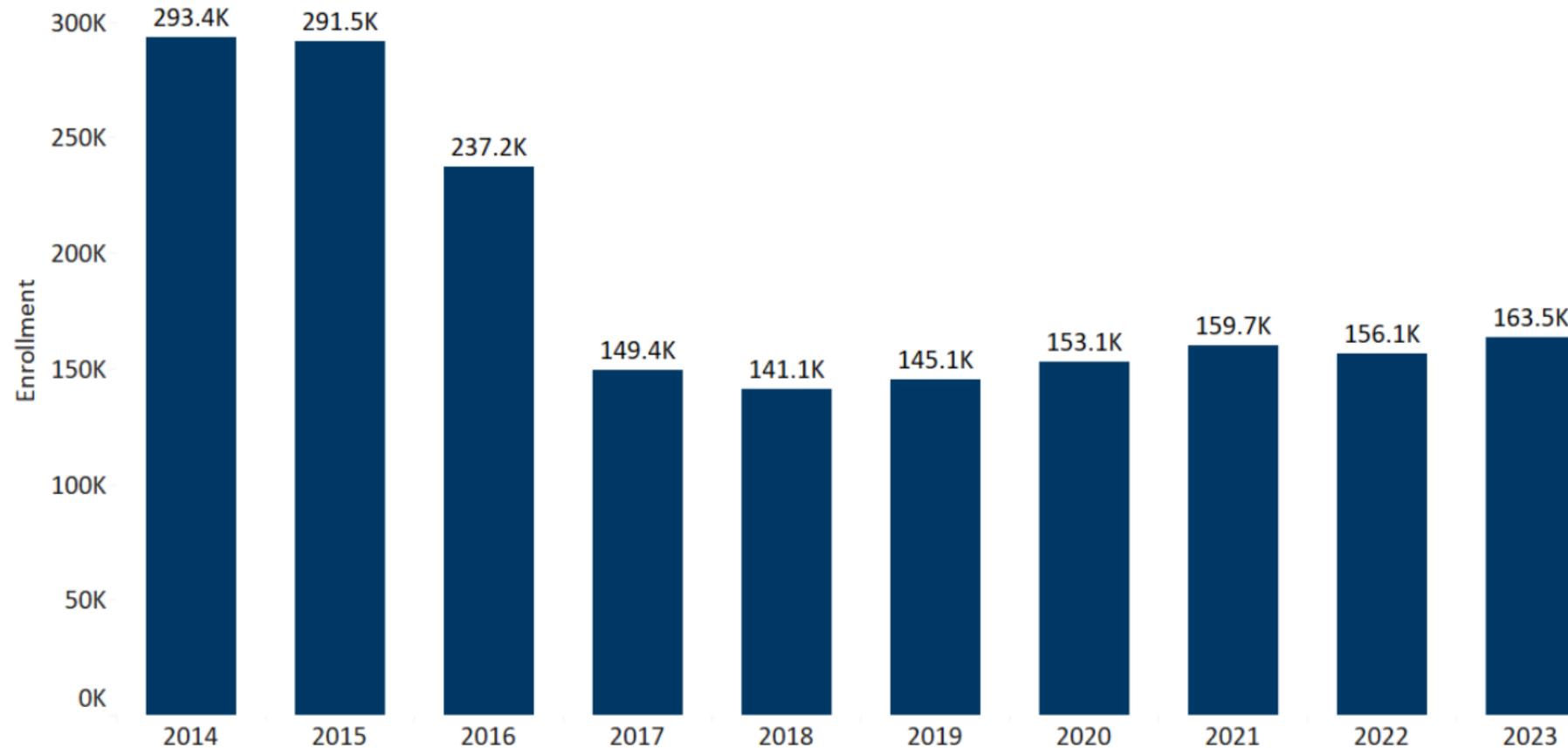
- Lower-income MN not eligible for Medicaid

# CARRIERS IN THE INDIVIDUAL MARKET (2024)



Carrier	Covered Lives	%
Blue Plus (BCBS MN)	57,058	31.17%
HealthPartners Inc	49,414	27.00%
UCare MN	48,878	26.70%
Medica Ins Co	26,130	14.28%
Quartz Health Plan MN	1,557	0.85%
TOTAL	183,037	100%

# ENROLLMENT IN THE IN THE INDIVIDUAL MARKET



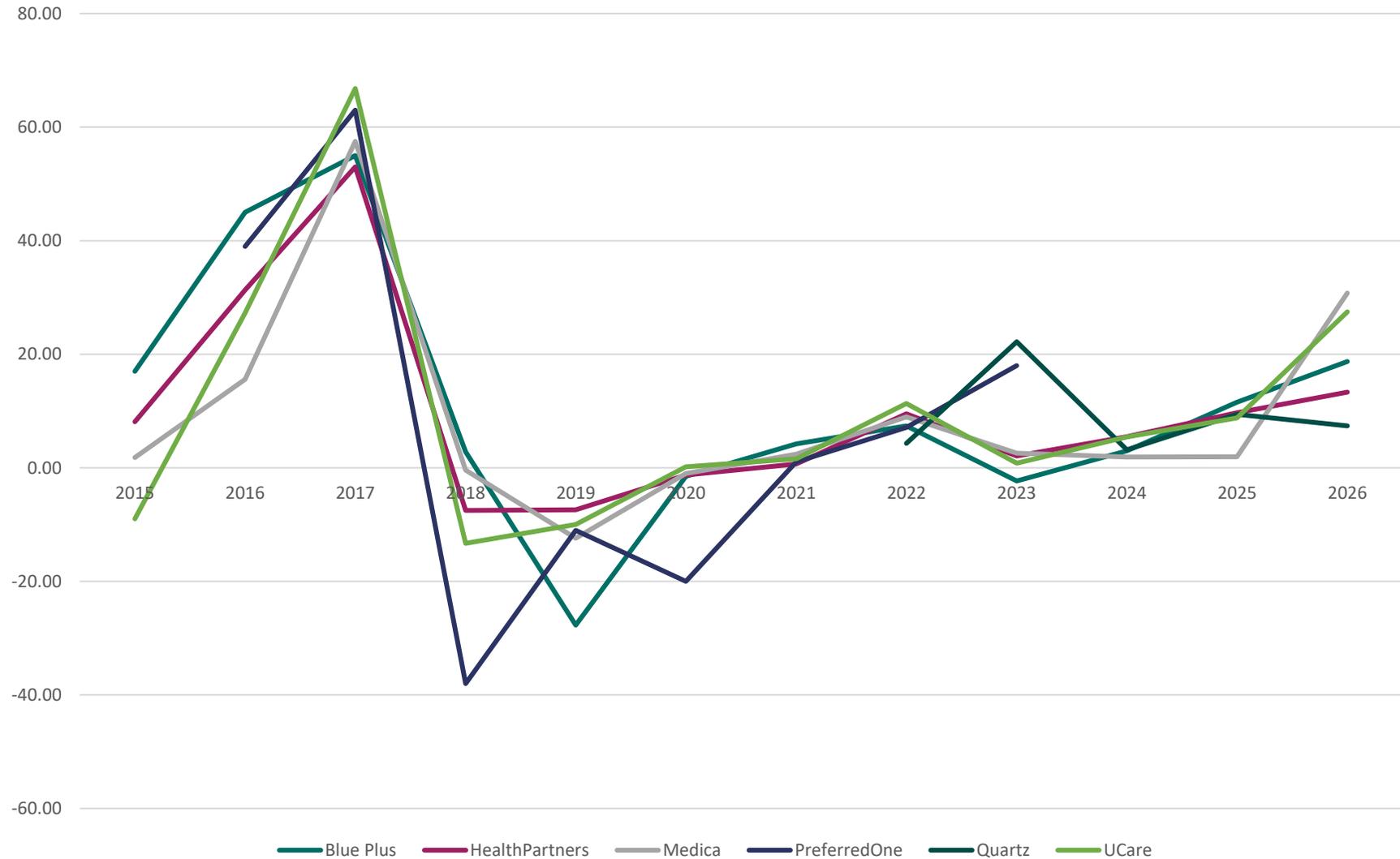
# 2026 INDIVIDUAL MARKET RATES



## Individual Market

Insurer	Final Ave Rate Change
Blue Plus	18.7%
HealthPartners Inc.	13.31%
HealthPartners Insurance Company	19.15%
Medica	30.76%
Quartz	7.4%
UCare	27.48%

# 2026 INDIVIDUAL MARKET RATES



# RATE DEVELOPMENT AND SUBMISSION PROCESS

- Rate Development

- *Insurance products developed a year before a plan year.*
- *Actuaries evaluate health care cost trends and federal and state regulations and requirements.*
- *Rate only on age, smoking status, and geography.*

- Rate Approval Process

- *Initial rates submitted to Commerce early June.*
- *Commerce reviews to ensure that policies comply with state and federal laws and collect enough premiums to pay claims.*
- *Final rates released by October 1.*
- *Open enrollment begins in November.*

- Ongoing Regulations

- *Commerce – ongoing operations*
- *MDH – network adequacy*
- *DHS – Medicaid and MNCare*



# BUILDING A HEALTH INSURANCE POLICY

- Rates Based on Expected Medical Costs
  - *Providers, hospitals, pharmacists, pharmaceuticals.*
- Coverage Requirements
  - *ACA 10 Essential Health Benefits.*
  - *Over 70 additional state mandates.*
- Networks and Drug Formularies
  - *Manages health care safety, quality and costs.*
- Premiums vs Cost Sharing
  - *Affordable Care Act (ACA) Metal Levels.*



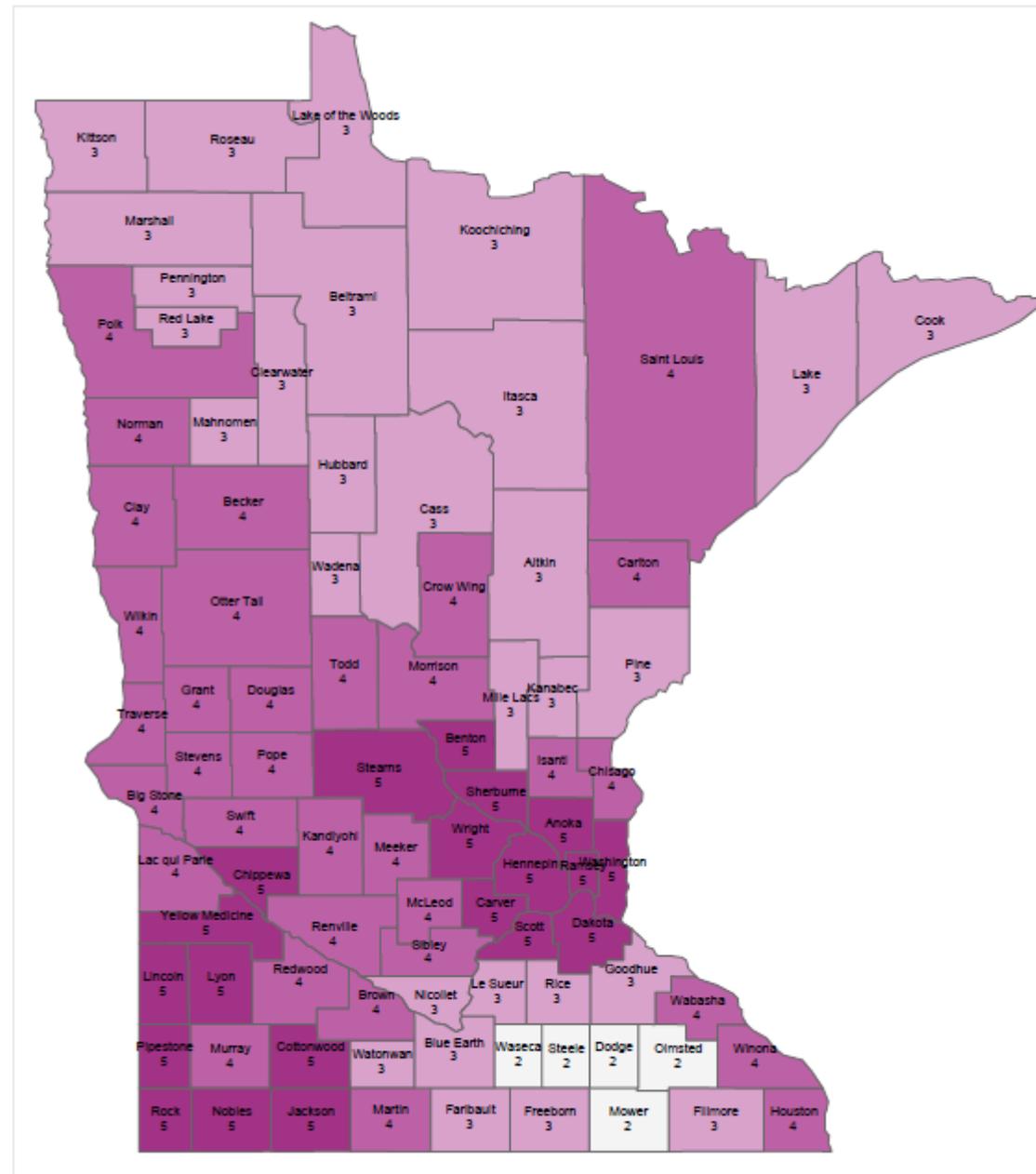
# COST SHARING REQUIREMENTS



- Balancing monthly premiums and cost sharing paid at the time of service.
- ACA required metal levels for the individual market.

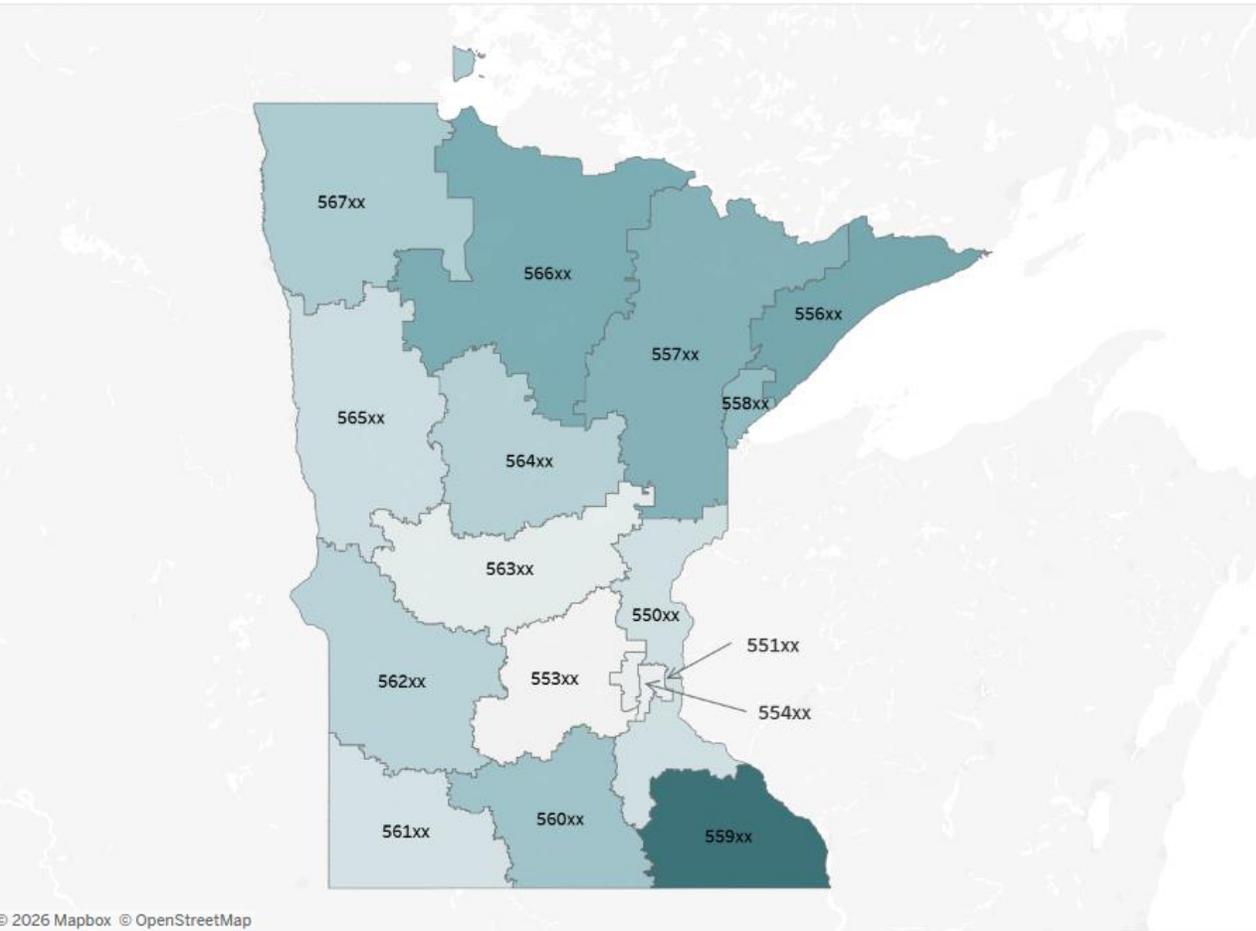
Plan Category	Premiums	Cost Sharing
Bronze	60%	40%
Silver	70%	30%
Gold	80%	20%
Platinum	90%	10%

# NUMBER OF CARRIERS BY COUNTY

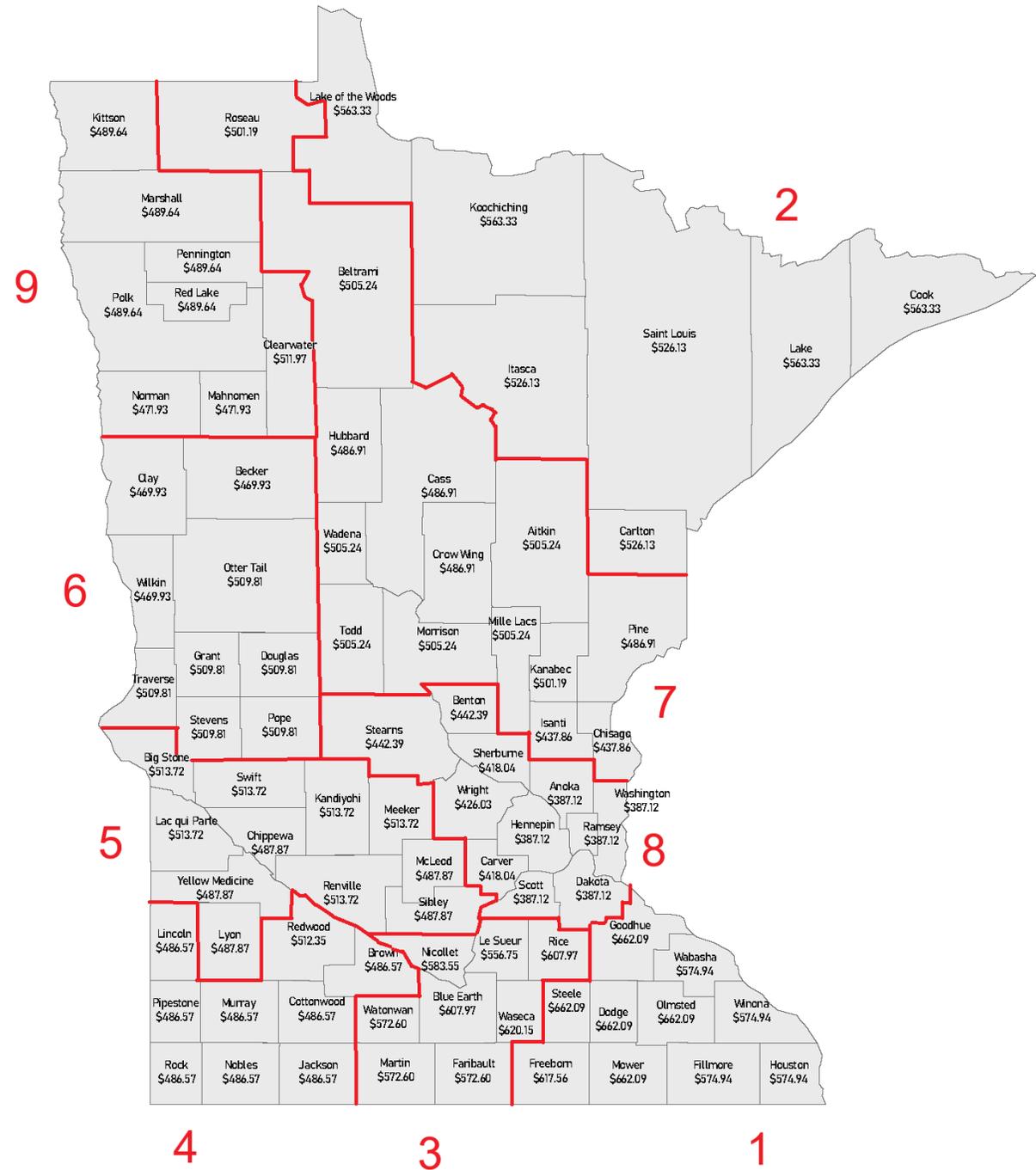


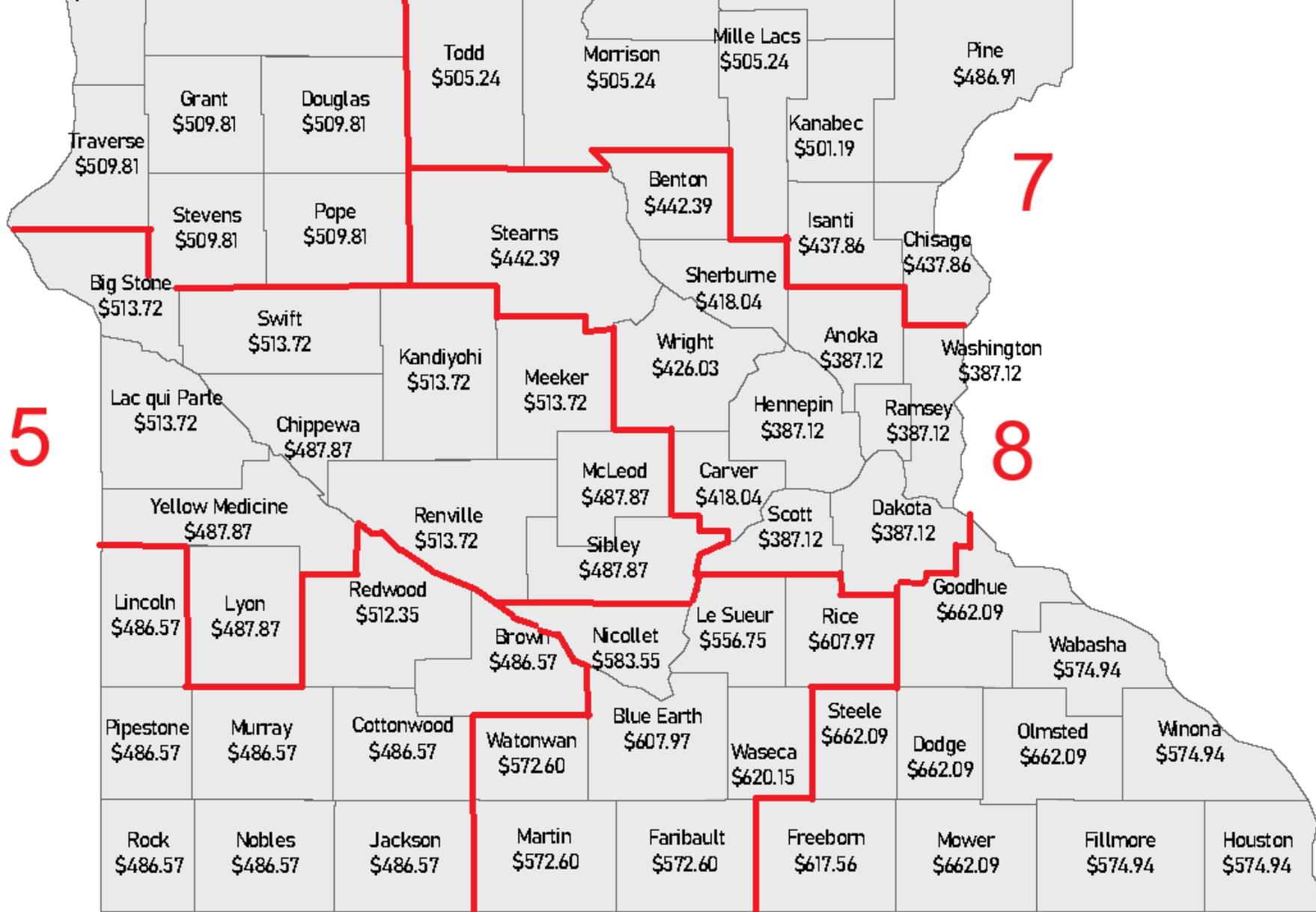
Distinct count of Comp..  
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# GEOGRAPHIC RATING AREAS



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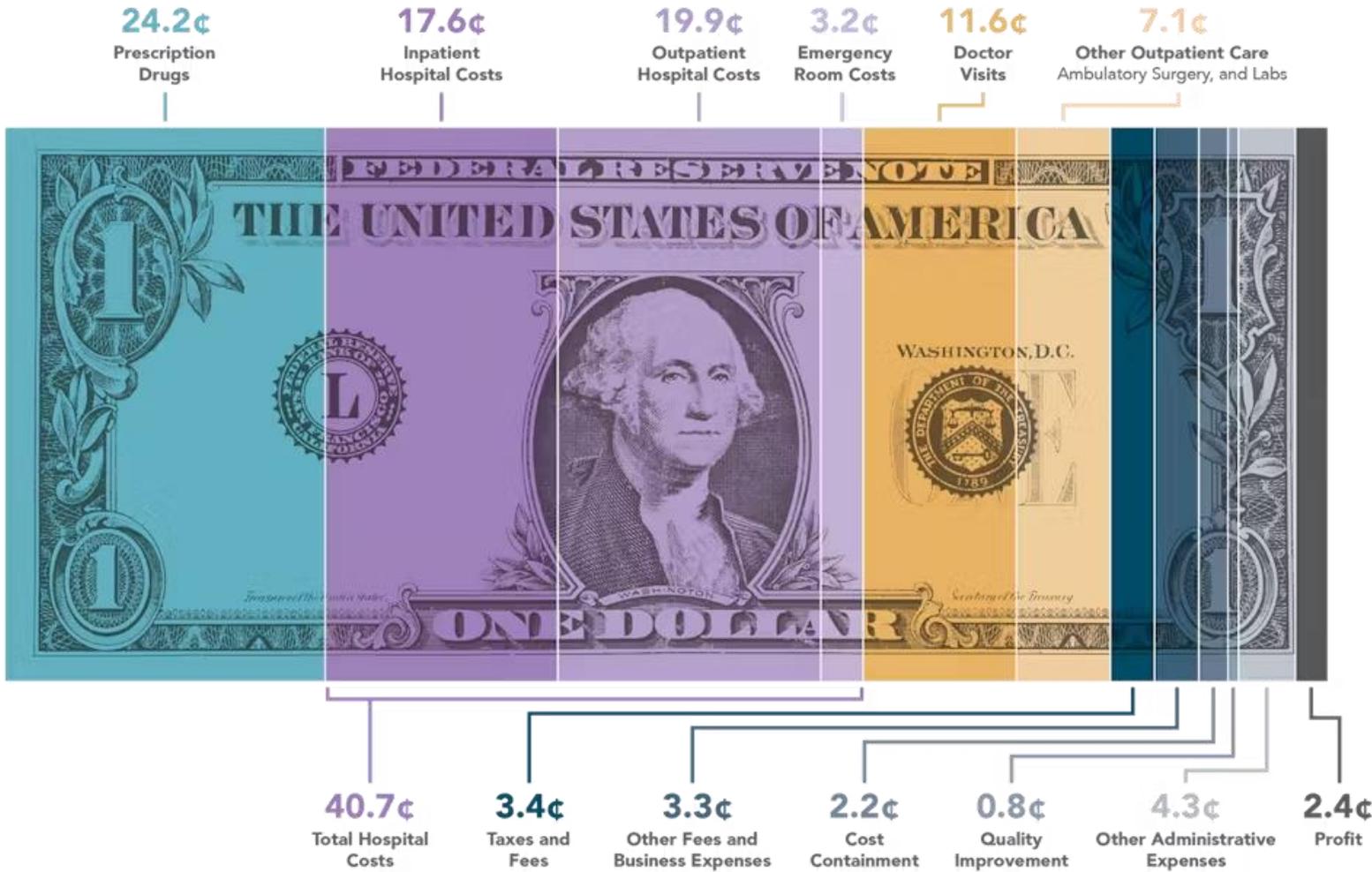
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1

# NATIONAL PLANS VS MINNESOTA NONPROFIT PLANS



Annual Costs	National Plans	Council Plans
Medical Expenses	83.6¢	89.3¢
Administrative Expenses	14¢	9.25¢
Profit	2.4¢	N/A
Margin	N/A	1.45¢

Premiums reflect the expected medical expenses of patients.

# WHY HAVE RESERVES?

- Required by Regulators
  - *To ensure financial stability and solvency.*
- Prepare for the unexpected
  - *Ensures that our health insurers will be able to pay for care in the event of a large-scale medical crisis, like an epidemic illness.*
- Bridge delays in government payments
  - *Payment delays and withholds in Medicaid and MNCare.*
  - *Reinsurance payments.*
- Withstand the uncertainty in health insurance today
  - *Shifts in enrollments.*
  - *Unexpected changes in drug prices.*



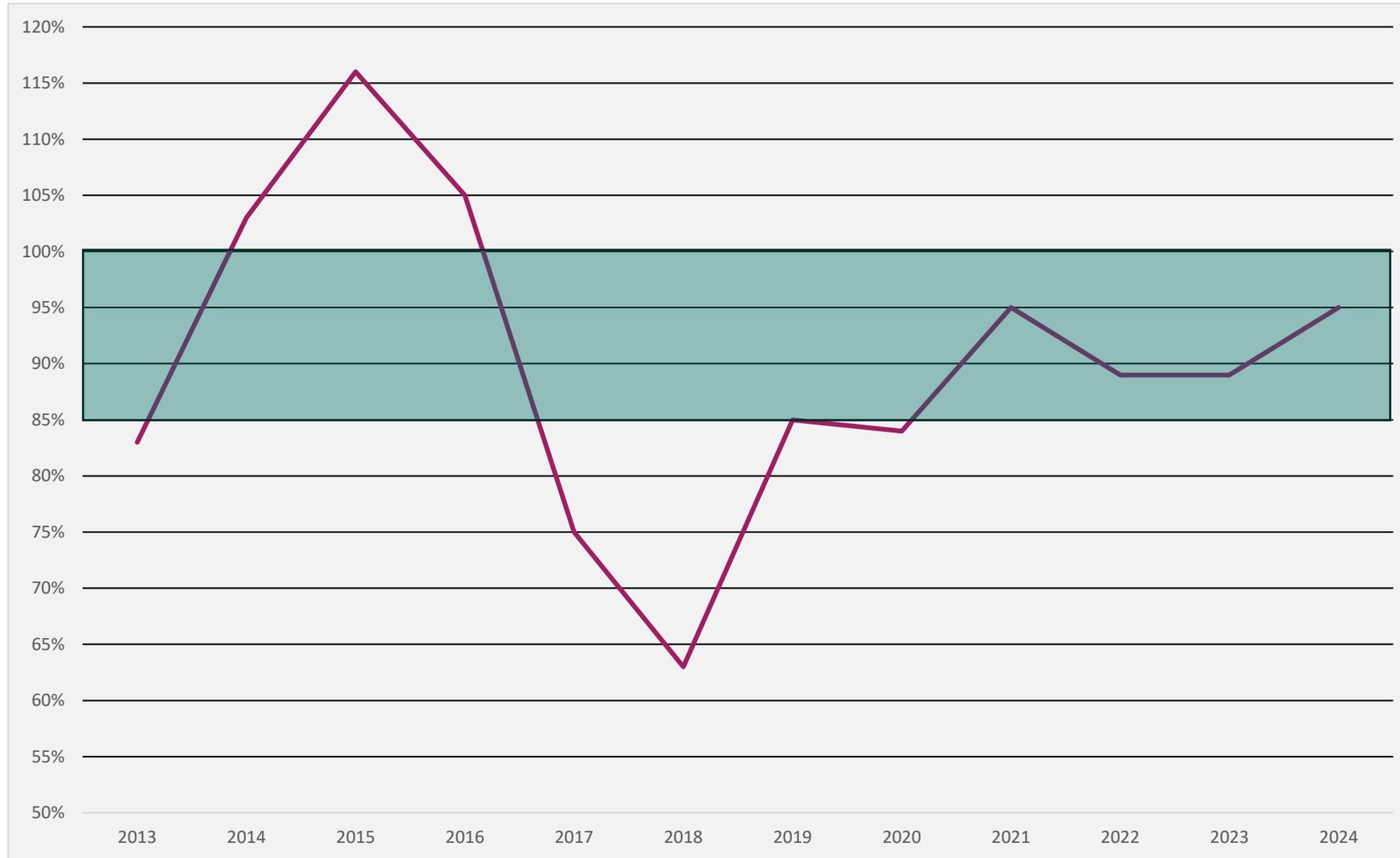
# 2024 INDIVIDUAL MARKET LOSS RATIO



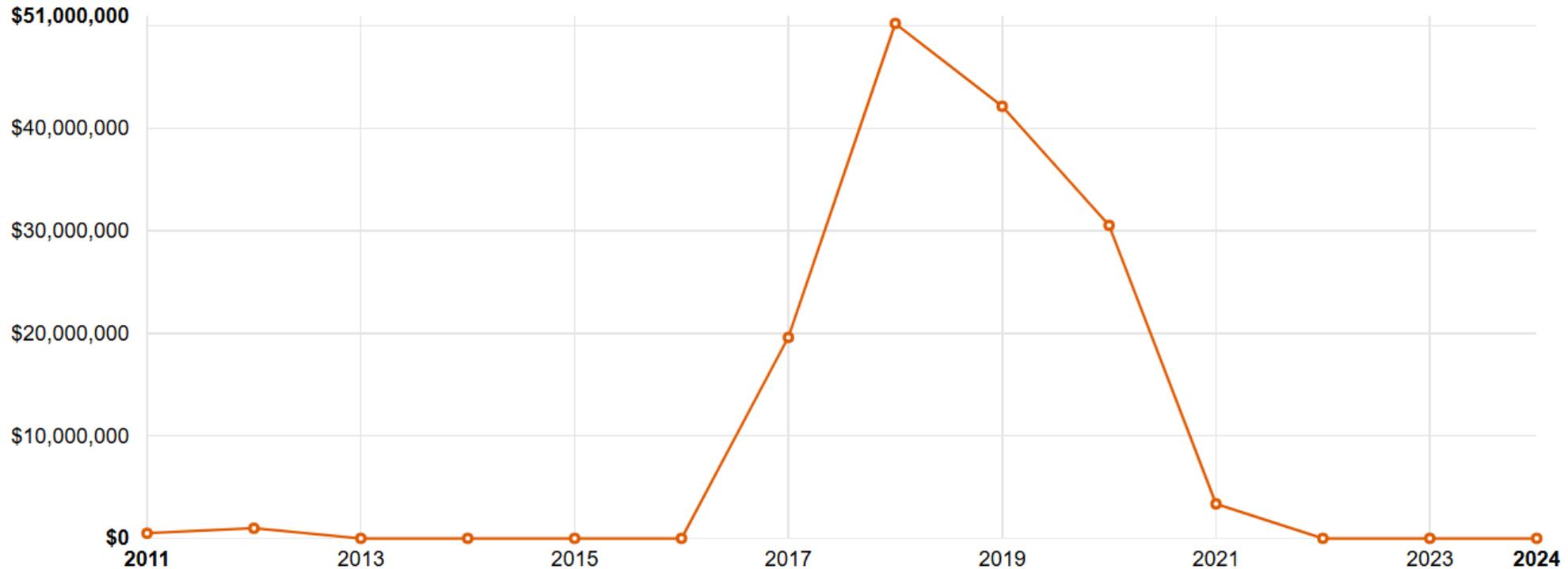
$$\text{Loss ratio} = \frac{\text{Expenditures from claims paid by insurer}}{\text{Income from premiums paid by enrollees}}$$

Group Code	Name	Earned Premium	Incurred Claims	State Loss Ratio	Preliminary ACA MLR*	Covered Lives
461	HMO dba Blue Plus	\$337,899,059	\$302,246,661	89%	90%	57,058
4380	HealthPartners Inc (HPIC aggregated)	\$287,583,010	\$276,636,245	96%	97%	49,414
1258	UCare MN (UCare Health Inc aggregated)	\$261,482,881	\$260,373,029	100%	100%	48,878
1552	Medica Ins Co	\$171,086,415	\$162,538,144	95%	96%	26,130
4870	Quartz Hlth Plan MN Corp	\$8,498,943	\$7,856,967	92%	92%	1,557
	<b>Total</b>	<b>\$1,066,550,308</b>	<b>\$1,009,651,046</b>	<b>95%</b>	<b>95%</b>	<b>183,037</b>

# INDIVIDUAL MARKET TOTAL LOSS RATIOS

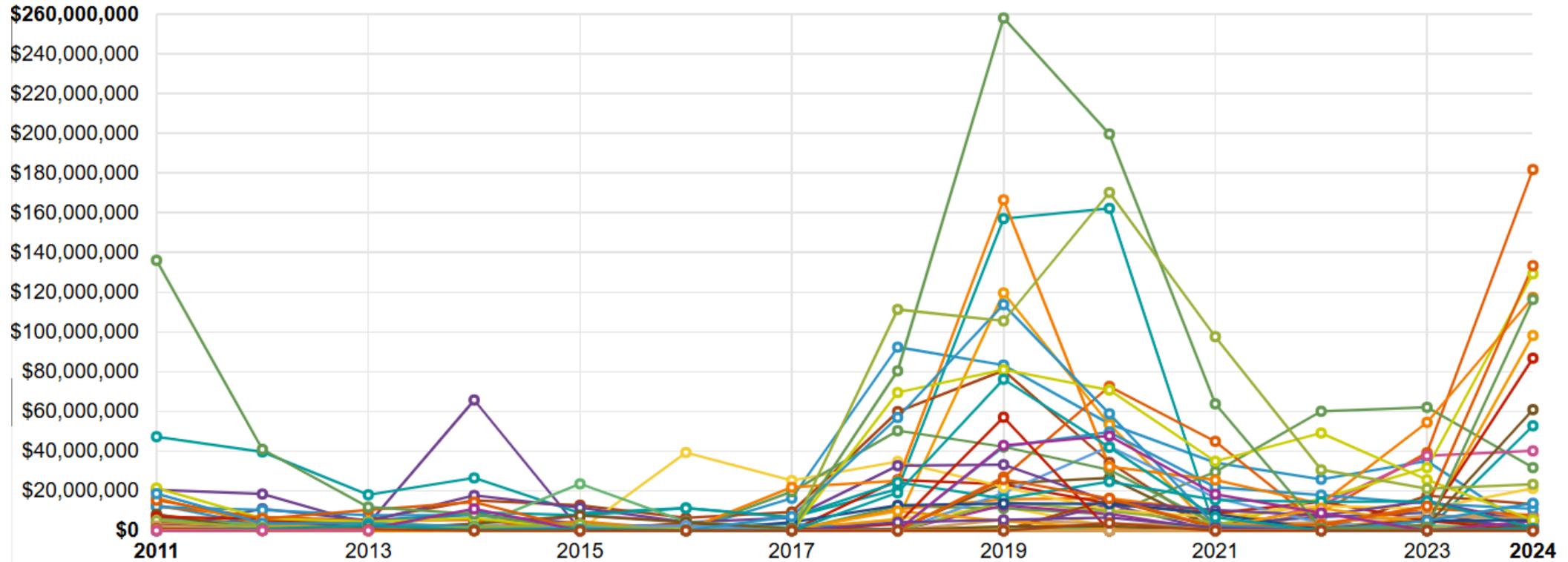


# TOTAL INDIVIDUAL MARKET REBATES PAID



Source: KFF and The Center for Consumer Information & Oversight (CCIIO), Centers for Medicare & Medicaid Services (CMS). ["MLR Refunds by State and Market"](#), as of September 12, 2025.

# TOTAL INDIVIDUAL MARKET REBATES PAID



Source: KFF and The Center for Consumer Information & Oversight (CCIIO), Centers for Medicare & Medicaid Services (CMS). ["MLR Refunds by State and Market"](#), as of September 12, 2025.

# 2024 Health Plan Financials



Carrier	Commercial (Fully-Insured)	Medicare	Medicaid	MinnesotaCare	All Lines
BlueCross BlueShield	\$31.8	(\$42.3)	(\$60.9)	(\$9.4)	\$0.9 0.0%
Health Partners	(\$49.8)	(\$67.7)	(\$77.2)	\$1.7	(\$230.5) (4.1%)
Medica	(\$77.7)	(\$108.5)	(\$62.4)	(\$0.3)	(\$181.5) (4.9%)
UCare	(\$21.1)	(\$267.4)	(\$315)	(\$25.3)	(\$602.3) (9.7%)
<b>Total</b>	<b>(\$116.2)</b>	<b>(\$485.9)</b>	<b>(\$515.5)</b>	<b>(\$33.5)</b>	<b>(\$1,013.4)</b> <b>(18.7%)</b>

NOTE: \$ amounts in millions

# WHY IN THE INDIVIDUAL MARKET EXPENSIVE?

- Lack of Subsidization
  - *Premium Tax Credits for those 100-400% FPL.*
  - *Premium subsidies (2017).*
  - *Reinsurance.*
- State Enacted Requirements
  - *Coverage mandates.*
  - *Prior authorization prohibitions.*
  - *Network adequacy requirements.*
- Health Care Costs Continue to Increase
  - *Increased spending on hospitals and pharmaceuticals.*
  - *Post-Covid higher acuity and an aging population.*
  - *Inflation.*



# WHERE DOES THE MONEY GO?

**Exhibit 1. The U.S. spent \$4,866.5 billion on health care in 2023  
where did it go?**

