



## Agents' Coalition

To: Minnesota House & Senate Members

From: Agents' Coalition

Re: Oppose HF2 (Richardson, DFL – Mendota Heights)/SF2 (Mann, DFL - Edina) Paid Family & Medical Leave

The Agents' Coalition represents members of the Minnesota Association of Health Underwriters (MAHU), the National Association of Insurance and Financial Advisors (NAIFAMN), Professional Insurance Agents of Minnesota (PIA), and the Minnesota Independent Insurance Agents and Brokers (Big I - MN), which collectively represent more than 54,000 licensed agents throughout Minnesota. Our members represent 2.25 million individuals covered by private health insurance in the State of Minnesota and work with more than 80% of employers. Insurance agents represent the interests of insurance consumers, who are our clients.

This bill puts state government in direct competition with the private sector, both tax-paying insurance carriers and insurance agents. The private sector offers numerous affordable disability income plans (what the bill calls Medical Leave) which provides wage replacement for individuals who cannot work due to medical needs.

The pricing noted in the bill is unreliable. It comes from a government agency that has no experience in pricing such a product and it has not been evaluated by an actuary as is required for all private sector insurance products. The bill creates a new unfunded mandate on both businesses and their employees, with a new \$1 billion payroll tax. The current tax rate in the bill is lower than that of similar programs in other states whose coverage is narrower. This points to the high likelihood of large tax increases to fund the benefits promised. Minnesota employers and employees are struggling to recover from the pandemic, inflation, and an economy that is slowing down.

When Minnesotans are insured by private-sector products, they know they can rely on the Department of Commerce and the courts for consumer protection. When the state is the insurer, consumers have nowhere to turn when a disagreement arises other than judges who work for the same department that administers the program. In addition, the private sector already has the expertise and infrastructure to provide these benefits, so there is no need for the state to recreate the wheel.

We recommend the following changes:

1. Let the private sector to serve the market for short-term disability or Medical Leave. Mandate employers with over 50 employees offer short-term disability coverage and provide financial incentives for employers with 50 or less employees to provide that coverage to their employees. Outline more flexible minimum coverage requirements under which private plans would qualify under the mandate.
2. Focus the bill on providing a Family Leave program since there is not currently a well-developed private market. Recognize the employee shortage and the differences between large employers and small employers (those 50 or fewer employees) ability to handle longer absences of key employees.

Without such changes, we ask members to vote no.