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March 1, 2021

Chair Liebling and Members of the Minnesota House Health Finance and Policy Committee:

The Minnesota Council of Health Plans — the trade association representing Minnesota’s nonprofit health plans — works every day to support access to high-quality care at a lower cost. The Council respectfully opposes bill HF 633, which will require health plans in the individual market to offer a pre-deductible, flat copay on prescription drugs. This could lead to higher premiums for consumers enrolled in the individual market plans.

The price of prescription drugs has grown to become the costliest item of all health care spending, now making up about a fifth of the total cost of every premium dollar. While this bill has the laudable goal of limiting consumer exposure to drug price increases, it does not address the root of the problem — pharmaceutical companies relentlessly increasing the price of high-demand, lifesaving drugs.

If plans are required to offer a pre-deductible flat copay product, other plan benefits would need to change because the bill does not decrease pharmaceutical prices. Additionally, our enrollees’ health care needs change throughout the year and a payment towards a deductible includes all health care costs, not just pharmaceutical costs. This bill, therefore, may result in an insurance product that has a significantly higher premium in exchange for a flat drug copay. This could be considered a requirement to offer a gold or platinum level product, which is no longer found in the marketplace because consumers choose not to purchase those products with higher premiums.

Finally, we must be mindful of the impact this proposal could have on market stability. The Council of Health Plans and our nonprofit members have long supported policies like reinsurance that promote lower premiums and thereby have broader participation and accompanying market stability. This proposal, however, would increase premiums for the fully insured market and likely have the effect of healthier people opting out due to the increased expense. A thorough actuarial analysis of the impact that this type of requirement will have should be a requirement before moving this bill forward.

The Council would like to thank Representative Bierman for his continued willingness to hear our concerns on this bill and look forward to collaborating with him in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Lucas Nesse", written over a white background.

Lucas Nesse
President and CEO