



March 26, 2026

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

On behalf of the Chamber's 6,300 member businesses, we support HF 4106, which ensures Minnesota can continue accessing federal support for its reinsurance program.

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, premiums were projected to increase between 50 percent and 66.8 percent. Reinsurance was designed to stabilize that market and help bring premiums down, and it has done so with remarkable success.

Today, the individual market continues to play an important and evolving role. It provides coverage for self-employed Minnesotans and early retirees and is becoming an increasingly important option for employers and their employees.

Many employers are using defined contribution arrangements, such as health reimbursement arrangements, to help workers purchase coverage in the individual market. In any given year, roughly five percent of our members already provide coverage this way, with additional employers considering it as health care costs continue to rise. These trends underscore the importance of maintaining a stable and affordable individual market in Minnesota.

Reinsurance has been a key part of that stability. The Department of Commerce has estimated that the program reduces premiums by about 20 percent compared to what they otherwise would have been without reinsurance. More recently, the department indicated that extending the program in 2025 reduced premiums in the individual market by approximately 47 percent heading into the 2026 plan year, compared to what they otherwise would have been.

This bill does not change the structure of the reinsurance program or authorize additional funding. Instead, it ensures that Minnesota retains the authority needed to continue operating the program by maintaining the authority for the Department of Commerce to seek the needed federal waiver. This step is essential. Without renewal of the federal waiver, the state risks creating avoidable uncertainty for the individual market going forward.

While broader questions around program funding may continue to be discussed, preserving the state's ability to access federal support is a necessary first step. Absent this authority, the state

would be unable to pursue continuation of the program, regardless of future legislative decisions on funding. Minnesota's reinsurance program reflects years of bipartisan work to stabilize the individual market and keep coverage more affordable. HF 4106 helps ensure that work can continue.

Thank you, and we respectfully ask for your support.

Sincerely,

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