



March 27, 2018

Mr. Charles Johnson
Acting Commissioner
Minnesota Department of Human Services
P.O. Box 64998
St. Paul, Minnesota 55164

via electronic delivery

Mr. Johnson,

Thank you for your letter dated today. Minnesotans are tired of false hope and false promises about affordable healthcare. As you may recall, our constituents were promised the moon and stars when Minnesota Democrats brought Obamacare and MNsure to Minnesota. Instead, families and the self-employed were stuck with skyrocketing premiums and a \$450,000,000 broken website. The public option is just another empty promise.

When the enacting legislation for MNsure was unveiled, its architects promised major relief for families. They claimed the average family would save hundreds, MNsure would enroll 450,000 individuals and 150,000 small business employees, and the experience would be Travelocity for health insurance. The reality is far different. The website is a dysfunctional, sunk cost in need of near-total replacement in the next few years. Less than a quarter of people originally projected actually enrolled in the individual market. The small business exchange no longer exists because there are no plan options.

Now, those who brought us MNsure and Obamacare seek to bring Minnesota the public option – an idea considered too extreme even by Democrats in Washington, D.C. Under the guise of expanding MinnesotaCare, the Dayton Administration proposes to turn the Minnesota Department of Human Services into an unlicensed insurance company. The idea is illusory and depends on the unlikely prospect of the Trump Administration granting waivers for a government-run public option.

Contrary to your letter, Governor Dayton's supplemental budget makes clear that premiums will not be sufficient to fund cover all costs. In addition to millions in start-up and ongoing costs, the public option will require a \$100,000,000 taxpayer-funded reserve to start. Given the recent history of individual market turbulence and, more importantly, that DHS's projected public option premium increased by 46 percent just since last year – to nearly \$8,000 per year for an individual – it is unlikely premiums estimated by DHS will cover medical claims. How the reserve would be replenished is left to the imagination.

Moreover, DHS's recent history of failing public program enrollees should concern every lawmaker. Not long ago, DHS was routinely sending Medical Assistance and MinnesotaCare enrollees inaccurate

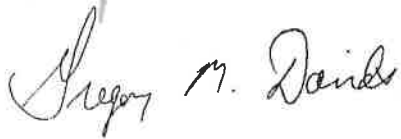
information, incorrectly terminating their enrollment, and failing to collect MinnesotaCare premiums. The latter issue is particularly concerning given the premise that the public option is self-funding after \$100,000,000+ in taxpayer-funded start-up costs.

From 2014 to 2016, DHS failed to accurately bill tens of thousands of MinnesotaCare enrollees. The exact amount of uncollected premium was never made clear by DHS, but was estimated at \$30,000,000 or higher. DHS is embarking on a multi-year, no-bid IT overhaul that will likely cause disruption similar to MNsure, and the probability of public option billing errors will jeopardize the entire program.

Finally, the public option promises a silver or gold benefit set at a price that may or may not be actuarially justified. This is achieved by cutting reimbursement rates to hospitals and clinics. At a time of massive healthcare consolidation and provider access issues throughout Greater Minnesota, it is incomprehensible that the administration's solution is to further cut reimbursement to rural health providers.

I look forward to our discussion in today's House Health & Human Services Finance Committee.

As always yours, your friend,

A handwritten signature in cursive script that reads "Greg M. Davids".

Representative Greg Davids
Chair, Taxes Committee
Minnesota House of Representatives
District 28B – Preston