



To: Minnesota House Members

From: Agents' Coalition for Health Reform

Re: Oppose HF11 - Public Option

The Agents' Coalition for Health Reform 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 Big I - Minnesota, 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. More than any other group, insurance agents best represent the interests of health insurance consumers, who are our clients.

HF11 will eventually eliminate Minnesotan's private insurance options in both the individual and small group markets by creating an uneven playing field by giving the government an unfair price advantage:

- 1) The biggest advantage for this "Public Option" is from the much lower reimbursement rates MinnesotaCare, and all government programs, pay to doctors and hospitals. These providers are then forced to shift costs onto the remaining private sector payers covered by commercial insurance which further exacerbates the price disparity. Expanding the number of patients paying low reimbursement rates to these providers threatens the financial solvency of our community hospitals and clinics and must be considered by policymakers. Reimbursement rates for services are the main component that goes into setting insurance premiums. Because commercial carriers must pay providers a higher rate, they must charge higher premiums for consumers. Government reimbursement rates designed to finance programs for low-income Minnesotans pay lower rates.
- 2) Private insurers are required by law to meet minimum capital requirements for solvency. HF11 has no such requirement for the state. The taxpayers are used as the backstop for program solvency.
- 3) Private insurance carriers pay the cost of compliance with numerous regulations & consumer protections such those in Chapters 62A, 62D, 62K, 62Q and 62V. MinnesotaCare does not have to comply with these laws.
- 4) MinnesotaCare does not pay a number of taxes that all other private insurers participating in MNSure must pay.

Private insurance will not be able to compete in the long-term with these unfair financial advantages the state creates for public programs. Ultimately, HF11 does not create more choice for consumers; it eliminates choice by eliminating private insurance options through unfair competition.

**Agents Coalition for Health Care Reform**

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