



February 19, 2025

Chair O'Driscoll and Members of the Commerce Finance and Policy Committee,

On behalf of our thousands of activists and supporters across Minnesota, we thank you and your colleagues having an important discussion about reinsurance that would significantly help hold down the cost of health insurance for Minnesota families without new taxes or government mandates.

Health care costs too much, and we must do all we can to combat high prices and medical inflation, in ways that allow competitive market forces to flourish.

We urge you to support the continuation of the Minnesota Premium Security Plan (MPSP), our state's highly successful section 1332 federal reinsurance waiver. Reinsurance reduces the amount of total financial liability for health plans offering individual insurance policies, resulting in lower premiums and more options. MPSP has helped reduce health insurance prices in the individual-purchase market by more than one-third, and this has helped dampen inflationary pressures arising from the federal Affordable Care Act¹. MPSP helps hold costs down, offering a critical lifeline to Minnesota families.

While the program is not without taxpayer costs, and must be renewed in a fiscally responsible way, allowing it to expire in 2028 would be a setback, forcing thousands of Minnesotans to face higher insurance prices. Many would find themselves without affordable options.

We note that reinsurance is just one tool to help address the high cost of health care. We also need to empower patients and their trusted doctors in ways that force health plans, hospitals, drugmakers, and other providers to compete to keep costs low. We should, for example, safeguard access to direct primary care arrangements, remove regulatory barriers to new facility construction, and streamline licensure pathways for international medical graduates to practice in our state. Reinsurance provides a solid foundation to build on.

We are pleased to support reinsurance because it moves us closer to a Personal Option (www.personaloption.com) for all Minnesotans: hassle-free health care you can afford. More choice means more control and lower costs.

Sincerely,

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¹ <https://files.americanexperiment.org/wp-content/uploads/2023/02/ReinsuranceReport.pdf>