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March 4, 2025

### **House File 837 (O'Driscoll)**

Chair O'Driscoll and House Commerce Committee Members -

The National Federation of Independent Business (NFIB) represents over 10,000 small businesses across Minnesota. Our mission is to promote and protect the rights of our members to own, operate, and grow their businesses.

NFIB Minnesota supports House File 837, which continues and provides funding for Minnesota's highly successful individual health insurance market reinsurance program. Small business owners and their employees often rely on the individual market for health insurance. Instability and rising premiums in the individual market can also have a ripple effect on both the small and large group markets.

The reinsurance program reversed the years-long trend of double-digit premium increases for individual market enrollees, and halted a half-decade long drop in the number of people insured through the market. In fact, Minnesotans buying insurance on the individual market are currently benefiting from a reduction in premiums of 20% on average.

However, absent action to restore funding, premiums are estimated to increase by 25%, making insurance coverage less affordable for small business owners and their employees who will lose coverage and access to care.

Thank you for the opportunity to provide comments. We strongly urge the committee to support House File 837.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Boesche", written in a cursive style.

Jon Boesche  
Minnesota State Director  
National Federation of Independent Business  
[jonathan.boesche@nfib.org](mailto:jonathan.boesche@nfib.org)



3/4/2025

Members of the House Commerce Finance and Policy Committee,

Medical Alley represents a global network of more than 800 leading health technology and care organizations with representation from all corners of the state of Minnesota. Our mission is to activate and amplify healthcare transformation.

Recognized worldwide as a leader in healthcare innovation, Minnesota sets the standard for excellence — impacting local communities and influencing global health outcomes and advancements. With access, affordability, and quality as top priorities, Medical Alley and our partners are committed to developing solutions that drive meaningful changes and save lives.

Guided by these principles, Medical Alley supports the renewal of Minnesota's Premium Security Plan, or reinsurance.

The Premium Security Plan has been an important tool in bringing stability to the individual market. Since the program's inception in 2017, premiums in the individual market are roughly 25% lower than they would be otherwise without reinsurance, according to the Minnesota Department of Commerce.

Without action, the loss of this program would have serious consequences for Minnesotans' access to care. Individuals purchasing insurance independently could see significant increases in premiums, making coverage unaffordable for many. According to a RAND Health Care study, as many as 93,000 Minnesotans could become uninsured by 2026.

This loss of coverage would also put more pressure on the state's health systems, which would likely provide more uncompensated care and see an increase in patients seeking treatment for more advanced, untreated conditions.

We urge committee members to protect Minnesotans' access to affordable, high-quality healthcare by extending this critical program through plan years 2026 and 2027, without imposing additional costs on the healthcare system that could negatively impact patients.

Thank you for your consideration.

Sincerely,

**Michael Morton**

Interim Senior Director of Government Affairs & Policy, Medical Alley

# Reinsurance

## Minnesota Premium Security Plan

Minnesota has a strong history of supporting the health of Minnesotans through access to affordable coverage. Dating back to 1976, Minnesota has subsidized coverage for individuals who purchase insurance coverage on their own. First, through maintaining a separate “high-risk pool” that provided subsidized coverage for individuals with high-cost healthcare needs, and most recently through a reinsurance program. While the high-risk pool formerly placed higher cost individuals in a separate insurance program, reinsurance instead effectively removes those high costs while offering the enrollee choice in where they select coverage. Removing those costs has lowered premiums by 20% on average, according to the Minnesota Department of Commerce.

**Reinsurance, also referred to as the Minnesota Premium Security Plan (MPSP), is credited with more than 88,000 Minnesotans having insurance who would have otherwise gone uninsured.** Many of these Minnesotans are self-employed, including contractors, farmers, and day care providers, or Minnesotans who work for small employers. The funding for this program is held in a separate account, the Premium Security Account, and the federal government has historically covered over 50% of the costs of the program. However, recent transfers out by the Legislature of \$276 million in 2023 and \$8.83 million in 2024 from this account to the General Fund effectively zeroed out funding for the program.

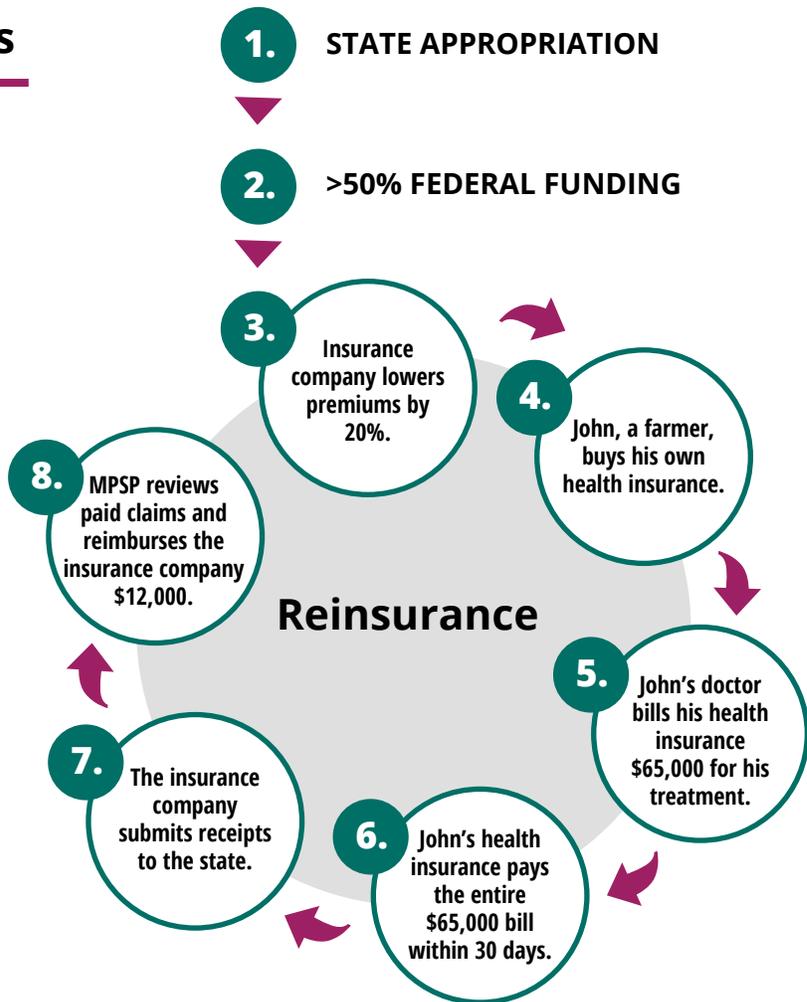
**Absent action to restore funding, premiums will increase 25%+ and insurance will become unaffordable for tens of thousands of Minnesotans who will lose coverage and access to needed care.**

### How Reinsurance Works

#### Reinsurance Parameters

Claim Range <sup>1</sup>	Liability
\$0 - \$50,000	Plan Pays: 100%
\$50,001 - \$250,000	Plan Pays: 20% MPSP Pays: 80%
\$250,001 - \$250,000	Plan Pays <sup>2</sup> : 100%

(1) Claim range excludes member cost sharing  
 (2) Excludes impact of high-cost risk pool





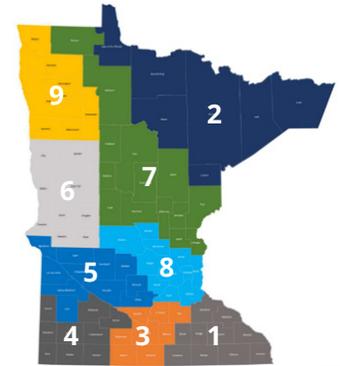
## Who Reinsurance Helps

The rate approval process at the Minnesota Department of Commerce ensures that Minnesotans—not insurance companies—benefit from reinsurance.

Insurers lower premiums but still must pay providers within 30 days of receiving an invoice. The insurer then submits payment receipts to the state which works with a CPA and actuarial consultant to analyze the data and calculate reimbursement payments, which are sent to the insurer in August of the following year. Quarterly updates and yearly reports track how every dollar is used, including which conditions are the biggest cost drivers, where Minnesotans with high health care costs live in the state, and more.

The final report for 2023 included the following insights into the program's impact:

- Diabetes was the number one condition qualifying for subsidy funding (19%), followed by chronic obstructive pulmonary disease (16%), specified heart arrhythmias (13%), rheumatoid arthritis and specified autoimmune disorders (13%), metastatic cancer (12%), and heart failure (12%).
- The highest allocation of reinsurance funding is in the metropolitan area (58%), followed by the southeast corner (10%), the north central (8%), and south central (7%) areas of the state.



Region	2023 Reinsurance
1	\$21,019,806
2	\$9,003,510
3	\$14,549,029
4	\$6,441,354
5	\$8,024,512
6	\$7,425,855
7	\$17,323,022
8	\$120,725,064
9	\$2,457,078
Statewide	\$206,969,230

## What Happens if Reinsurance is Not Extended?

Minnesotans buying insurance on their own are currently benefitting from a -20% premium impact on average. If the program expires, the impact of the loss will be even larger, with estimated **premium increases of at least +25%**. Enhanced federal subsidies are set to expire simultaneously. The *Star Tribune* referred to the situation as a looming “double whammy” for Minnesotans, but restoring funding for reinsurance can mitigate the impact.

**Without action this year, as many as 93,000 Minnesotans are projected to become uninsured.**

Source: RAND Health Care, *Assessing the Impact of Individual Market Reforms in Minnesota*



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Minnesota Society of  
Interventional Pain Physicians

*The Voice of Interventional Pain Medicine in Minnesota*

February 19, 2025

House Commerce Finance and Policy Committee  
Minnesota Senate Office Building  
Saint Paul, Minnesota 55155

Dear Chair O’Driscoll, Lead Her, and members of the committee,

We are writing to express our concern over the upcoming expiration of funding for the state’s reinsurance program, the Minnesota Premium Security Program, which helps over 160,000 Minnesotans afford their health care coverage. We respectfully urge you to expedite passing funding for the program early this session to avoid uncertainty and sticker shock for Minnesota families when shopping for insurance in 2026.

Minnesota has done extraordinary work to achieve and maintain one of the lowest uninsured rates in the country – even with the added challenges of the pandemic and the recent redeterminations effort. We are deeply concerned about the impact the loss of reinsurance would have on premiums, especially considering enhanced federal subsidies are set to expire at the same time. A [recent Star Tribune editorial](#) wrote about the sticker shock coming to those who buy insurance on their own if nothing is done to extend reinsurance. Those buying insurance on their own may see premiums increase as much as 50%, resulting in an

estimated 93,000 Minnesotans becoming uninsured. For those becoming uninsured, this will mean Minnesotans will delay seeking care for ongoing chronic conditions and increasing medical debt if all their care is paid out of pocket. Providers and hospital systems will see an increase in patients with untreated conditions and will provide more uncompensated care.

As the Star Tribune article points out – this loss of coverage in this market is avoidable – the legislature can and must act now to ensure that Minnesotans can continue to access the care they need. We urge your support for reinstating reinsurance funding to the Premium Security Account and continuing this vital program for plan years 2026 and 2027.

Sincerely,

Minnesota Council of Health Plans

Minnesota Chamber of Commerce

Minnesota Business Partnership

Minnesota Hospital Association

Minnesota Medical Association

National Association of Benefits & Insurance Professionals Minnesota Chapter (NABIP MN)

Minnesota Society of Interventional Pain Physicians

Minnesota Ambulatory Surgery Center Association (MNASCA)

Health Plan Partnership of Minnesota

National Federation of Independent Business (NFIB)

Twin Cities Orthopedics (TCO)

Minnesota Chiropractors Association

Re: Modifications needed to any extension of Minnesota's reinsurance program (HF 837)

March 3, 2025

Dear Chair O'Driscoll and members of the House Commerce Committee,

We are writing today to express our deep concern over the proposal to extend the state's reinsurance program with a \$512 million transfer from the general fund (HF 837). Since 2017, Minnesota has authorized over \$1 billion for a state-funded reinsurance program to lower health insurance premiums for Minnesotans who purchase health care insurance on the individual market. Over time, Minnesota has become a national outlier in the scale of public subsidy for its reinsurance program.

We urge you to consider the following concerns and recommendations:

### **Protections for MinnesotaCare**

**Under the first Trump administration, Minnesota was penalized due to its reinsurance program and lost over \$500 million in federal cuts to MinnesotaCare.**<sup>1</sup> The state had to backfill this funding until the Biden administration issued a legal interpretation that protected federal funding for MinnesotaCare. We must be prepared for the Trump administration to revert to its previous interpretation. Therefore, it is unacceptable and fiscally irresponsible to proceed with any extension of reinsurance that does not explicitly protect MinnesotaCare from federal cuts. Protections must be codified to prevent future penalties.

### **Budget Impacts and Funding Mechanism**

This proposal would spend \$512 million, approximately two-thirds of the projected budget surplus, when there are many other pressing needs in the state and when the state's budget forecast shows challenging times ahead. **Minnesota has spent far more taxpayer dollars on reinsurance, allocating 2 to 20 times more funding than many states. Our state is also one of the few that pays for reinsurance through state general funds.**<sup>2</sup> Most states pay for reinsurance through fees on insurance companies. Health insurance companies in our state have been profitable and have the means to pay for an extension of this program.

### **Federal Action**

**Without federal action to renew enhanced premium tax credits set to expire this year, premiums for Minnesotans who buy health insurance on the individual market will skyrocket in 2026, with or without reinsurance.** The impact of reinsurance will not be enough to allow many Minnesotans who lose federal assistance to stay insured.

We urge state lawmakers to engage Minnesota's congressional delegation to renew enhanced premium tax credits. The expiration of enhanced premium tax credits will especially impact households earning more than 400% of the federal poverty level (FPL), the primary group helped by reinsurance.

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<sup>1</sup> Federal cuts leave future of Minnesota's low-income health insurance program, MinnesotaCare, in question, Star Tribune, February 2018.

<sup>2</sup> [Resource: State-Based Reinsurance Programs via 1332 State Innovation Waivers](#), SHADAC, November 2023.

## **Limitations of Reinsurance**

Reinsurance is not a silver bullet. This costly program does not address the underlying causes of skyrocketing health care costs or health care access. It subsidizes a health care marketplace where 50% of Minnesotans are enrolled in high-deductible bronze plans that are often too expensive to use, saddling them and providers with medical debt. While households that earn over 400% of the FPL may see lower premiums from the program, it displaces federal tax credits for lower income Minnesotans, even increasing premium costs for some.<sup>3</sup>

We urge lawmakers to consider these factors when evaluating an extension of Minnesota's reinsurance program. **As the state faces a structural budget deficit, any extension of reinsurance must include substantial modifications to:**

- 1) Codify protections to hold MinnesotaCare harmless from any federal cuts due to reinsurance
- 2) Pay for the program through a fee on insurers, such as the Governor's proposed Minnesota Comprehensive Health Association (MCHA) assessment

Thank you for considering these measures to protect MinnesotaCare and responsibly steward state funds.

Signed,

AFSCME Council 5  
Committee to Protect Health Care  
ISAIAH  
Minnesota AFL-CIO  
Minnesota Association of Professional Employees (MAPE)  
Minnesota Farmers Union  
Minnesota Nurses Association  
SEIU Healthcare MN & IA  
Unidos MN

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<sup>3</sup> Draft transition and phase-out plan - individual market reinsurance program, [DHS, 2021](#).