March 5th, 2024

Professional Distinction

Personal Dignity

Patient Advocacy

Chair Liebling
MN House Health Policy and Finance
Minnesota State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Chair Liebling and Committee Members,

With 22,000 members, the Minnesota Nurses Association (MNA) represents 80 percent of all active bedside hospital nurses in Minnesota and is the largest voice for professional nursing in the state. We are a leader in nursing, labor, health care, and social justice communities and a voice for nurses and patients on issues relating to the professional, economic, and general well-being of nurses and in promoting the health and well-being of the public.

MNA believes that healthcare is a right, not a privilege, and so we must enact large-scale healthcare reform to remove profit motives from our healthcare system to ensure that healthcare is affordable and accessible to every Minnesotan. Representative Reyer's HF 3529, which bans for-profit companies from participating as Health Maintenance Organization (HMO) plans in Minnesota, is a necessary step in this reform work.

Minnesota has a strong history of non-profit healthcare systems which leads to better patient outcomes. However, the step to allow for-profit HMO plans was the wrong choice for Minnesota. Data shows that HMO plans profit by reducing access to providers, increasing denials for medically necessary services, and removing individuals' ability to make their own healthcare decisions. These issues are further exasperated with for-profit health insurance plans, who are by nature motivated by profits – not patient needs. For-profit health insurance further removes transparency from the process and requires public funding to pay private insurance companies to manage these important benefits without ensuring they are improving the quality of patient care and healthcare access.

Nurses are concerned about the additional harms that may be brought by for-profit HMOs, especially since HMO's currently manage coverage for the lowest income Minnesotans, who have little choice and power over the healthcare sectors that serve them. However, all health plans,

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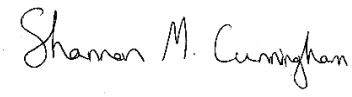
regardless of their structure or tax status, need oversight to ensure that they deliver value to Minnesotans. Nonprofit status is beneficial if it is leveraged (by its leadership and regulators) to ensure and prioritize community benefit, maximize accountability to community rather than shareholders, and minimize costs that do not improve health - such as excessive executive salaries, shareholder profit, and business decisions designed to improve profit margins rather than improved health care access and outcomes.

Though we think HF 3529 is an important step to reform, returning to only nonprofit HMOs does not eliminate the need to pass regulations for what would happen if a for-profit company bought a nonprofit company. A moratorium or a non-profit requirement is easy to strike down in the dark of night, as happened in 2017. Yet, we've seen for seven years, conversion regulations and protections for Minnesota public assets are hard to pass. We need them passed into Minnesota law to disincentivize such closed-door dealmaking and to spring into effect when needed.

We appreciate and are grateful for Representative Reyer's work to provide this necessary change in our healthcare market.

Thank you,



Shannon M. Cunningham
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March 4th, 2024

Honorable members of the Minnesota House Health Finance and Policy Committee:

AFSCME Council 5 strongly supports HF 3529. This bill puts patients ahead of profits by reinstating the requirement for HMOs to be non-profit entities and by repealing the legislation that would allow for-profit HMOs to operate in Minnesota later this year. There would be significant unintended consequences to allowing HMOs to become for-profit.

HMOs manage care for nearly one million people in Minnesota. The conversion of existing non-profit HMOs to for-profit entities, or their purchase by for-profit insurance companies, could result in billions of dollars in assets that were built up with significant public investment from taxpayers being turned over to for-profit companies. What happens to these assets when they are converted to for-profit companies or taken over by such companies? Under the current non-profit status, the public good and benefit is the primary objective.

In addition to the assets, HMOs in Minnesota have accumulated reserves worth billions of dollars. The reserves are designed to cover claims should premiums not be adequate to cover costs. If they are converted to or taken over by a for-profit company, they could be used to award bonuses or stock options to executives, or simply be transferred to a new for-profit company. The assets and reserves of HMOs were intended to be used for providing affordable care to patients, not for enhancing profits for private companies.

These concerns are not hypothetical. We have seen other states caught off guard by such conversions and takeovers. In states like Ohio, Georgia, and Indiana, insurance company CEOs received millions of dollars in bonuses and stock options when they allowed conversion of non-profit HMOs to for-profit entities.
In Minnesota we have a long history of relying on non-profit HMOs to deliver health care and we have a long-standing tradition of working to ensure health care dollars are going to actual care for patients. Let us continue this tradition by passing HF 3529.

In Solidarity,

Bart A Andersen

Bart Andersen
Interim Executive Director
AFSCME Council 5

Ethan Vogel

Ethan Vogel
Legislative Director
AFSCME Council 5

To the members of the Health and Finance Committee

Minnesota House of Representatives

Re: HF 3529

March 5, 2024

To the Committee members:

I am writing in support of the above bill, designed to bring back the requirement that all HMO's in the state be non-profit organizations.

I am a primary care doctor and have practiced in clinics in Minnesota for the past 15 years, since I completed my training here at the University of Minnesota in 2009. Back then, I knew that Minnesota was one of the few places in the country where I would be able to practice medicine in a more effective and sustainable way, and our non-profit insurance system was a big part of my calculation.

That has changed during my time in practice, and I have clearly felt the effect on how I am able to do my job caring for my patients. Services that would have significant benefit for lowering overall costs and improving coordination of care, like having a pharmacologist from my clinic review a medication list, looking for interactions, duplications and other improvements, are no longer covered. One of my previous employers had a team that could go to the house of a complex patient with nursing and social work to determine what services would be helpful, avoiding difficult trips into the clinic and vastly improving the information I had about the home setting – no longer covered.

If I want to see my patients get the care they need, I have to work multiple times as hard, either to find workarounds, or spend hours on the phone working to get PA's. Otherwise, they simply don't get what I recommend to help keep them out of the hospital and all I can do is cross my fingers and wait for problems to develop. Doctors who direct hospital admissions have told me that their calls for prior-authorization for hospital admission have gone up several fold. With enough time on hold and dogged effort, these are usually approved – but the extra efforts drain the doctor of time, energy and resiliency.

The idea that large, for-profit companies will have better efficiency and thus provide better service, has been proven false all over the country and now we're living it here, the last state that capitulated to the forces pushing to squeeze profits out of the healthcare system.

But just because we changed the law in 2017 to allow for-profit entities into our insurance markets doesn't mean we cannot fix it. We cannot give in to the idea of shifting baseline syndrome, where the slow drift into a new reality becomes the new normal. It shouldn't be okay to accept in our global climate, where the term originated, and it shouldn't be OK in how we care for our patients, our citizens, our fellow human beings. We've tried it for 7 years – it hasn't made our fellow citizens

healthier or slowed the pace of cost increases. I, for one, want for-profit insurance gone, and I think there are many, many doctors in Minnesota who agree with me.

We can learn from so many other states what the impact of increasingly corporatized healthcare will bring – consolidations, hospital shutdowns after the resources have been looted for maximum shareholder profit, etc.

This state has a strong history of being a leader in putting access and quality care first, and that has been drifting away since 2017. We can reverse course and recognize the value of what we had with non-profit HMO's only in this state. We can lead into a new era in health care reform, rather than following everyone else to the bottom and then being surprised when we've lost our moral authority as a state once proud of its healthcare system.

Health Plan Partnership of Minnesota

March 5, 2024

HPPM Opposition to HF 3529/SF3543

Dear Chair Liebling, Representative Reyer, and Committee Members:

The Health Plan Partnership of Minnesota (HPPM) opposes HF 3529/SF3543.

In February of this year, the Minnesota Department of Health released a study on HMO Conversions. The executive summary states clearly that:

> *"…minimal data are available to shed light on whether differences exist between nonprofit and for-profit HMOs with regard to day-to-day operations, enrollee satisfaction, and quality of care."*

Minnesota's for-profit HMOs operate under the same regulatory structure and market competition as non-profit HMOs:

- All are subject to regulations from the Minnesota Department of Health and the Minnesota Department of Commerce.
- All are subject to medical loss ratio requirements.
- All must build strong provider networks.
- All must offer competitive rates.
- All must successfully serve enrollees.

Consumers and employers are free to choose the best value option for health care coverage. HMOs, regardless of status, cannot charge more or provide less to consumers in this competitive market.

Complying with medical loss ratio requirements means no HMO can keep excess funds regardless of business status. The State of Minnesota **requires HMOs to return funds** that exceed the medical loss ratio.

The work of the HMO conversion report is far from complete, with a final report planned for this fall. Last session, you asked for more information. The next phase of the report will have better data and will shed light on perceived differences in HMO types.

As you review the HMO conversion report from February, you will note that Appendix C demonstrates complex corporate ownership structures of HMOs and affiliated entities. A non-profit HMO can have for-profit affiliated entities. There will be much to glean from further reporting.

The legislature is considering a breadth of changes to Minnesota's health coverage including a public option, single payer coverage, the expiration of reinsurance, and the expansion of mandates. The committee should view this bill as an additional complication and disruption for Minnesota consumers.

The Health Plan Partnership of Minnesota opposes HF3529/SF3543 because we are community partners, employers, and are dedicated to giving great value to our Minnesota enrollees.

Sincerely,

Michelle Benson

March 5, 2024

RE: Support for HF 3529

Chair Liebling and Members of the Committee,

TakeAction Minnesota is a grassroots, multi-racial people's organization that believes in a state that works for all of us and where nobody is left out. With our members, we advocate for policies that promote justice and fairness. Our members know that no matter our age, race, or where we live, we all need the freedom to care for ourselves and our families.

We are writing in support of HF 3529 (Reyer) to restore Minnesota's non-profit requirement for HMOs. Healthcare is a public good. Patients and communities suffer when access to healthcare is driven by profit motives rather than the needs of communities across the state. Profit motives and profit extraction endanger the wellbeing of patients as well as the healthcare workforce, and can negatively impact public health, mental health, wellbeing and racial equity, not to mention the state budget.

When for-profit HMOs were allowed into our state in 2017, there was no public campaign for the change, and no public debate. As MDH noticed in their recent preliminary report on HMO regulations, there were no larger changes made to the HMO statutes to recognize this huge change and ensure proper oversight and regulation.

We do not support contracting HMOs or health plan benefit companies in our public programs, and we have worked for many years to increase oversight and transparency of our non-profit HMOs. But we can certainly agree that introducing national for-profit HMOs is a step in the wrong direction. We encourage you to support this bill, as well as a forthcoming proposal to regulate non-profit HMO conversions (when a for-profit buys a non-profit). As we've seen, it is all too easy to delete the word "non-profit" behind closed doors, and passing this bill alongside conversion regulations should reduce the incentive to do so again.

Sincerely,

Robert Haider
Legislative Director
TakeAction Minnesota