



February 2, 2024

Senator Matt D. Kein, Chair
Commerce and Consumer Protection Committee
95 University Ave W.
Minnesota Senate Bldg., Rm 2105
St. Paul, MN 55155

Representative Zack Stephenson, Chair
Commerce Finance & Policy Committee
449 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155

Senator Gary H. Dahms, Ranking Member
Commerce and Consumer Protection Committee
95 University Ave W.
Minnesota Senate Bldg., Rm 2105
St. Paul, MN 55155

Representative Tim O' Driscoll, Ranking Member
Commerce Finance & Policy Committee
237 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155

Senator Melissa Wiklund, Chair
Health and Human Services
95 University Ave W.
Minnesota Senate Bldg., Rm 2107
St. Paul, MN 55155

Representative Tina Liebing, Chair
Commerce Finance & Policy Committee
477 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155

Senator Paul J. Utke, Ranking Member
Health and Human Services
95 University Ave W.
Minnesota Senate Bldg., Rm 2403
St. Paul, MN 55155

Representative Joe Schomacker, Ranking Member
Health Finance and Policy
209 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155

Dear Senators and Representatives:

For years, the public option has been proposed as a solution to improve access to care and lower the cost of care. The Health Plan Partnership of Minnesota (HPPM) reviewed the Department of Commerce Public Option Study (The Study). HPPM would like to share our concerns that in pursuit of a public option, policy makers will exacerbate existing problems in our health care ecosystem.

Impacts on Providers:

The Department of Commerce summary acknowledges that The Study did not address critical challenges to our health care ecosystem. Medicare, Minnesota Care, and Medicaid reimbursement rates are not sufficient to support costs for either primary care providers or providers with large Medicaid populations. Expanding government payors without significant rate increases may reduce access to care and may put hospitals and providers at greater financial risk. Additionally, lower reimbursement rates will reduce funds available to properly compensate frontline healthcare staff, will exacerbate workforce shortages, and thus potentially reduce access to care in communities with high rates of government coverage enrollment.

Impacts on Insurance Markets:

The creation of a public option has the potential to eliminate the individual health insurance market.

The impact on the small and large group market has not been evaluated. The Study acknowledges that some employers may transition coverage to Individual Coverage health reimbursement arrangements (ICHRAs). Such a transition would have significant impacts on group markets.

Cost shifting by healthcare providers was not evaluated in The Study but is widely acknowledged as a health care financing reality. As the government payor category expands, costs shifted to other coverage types become larger, thus raising the cost of coverage for Minnesotans outside safety net and public option coverage.

We ask for an evaluation of the impact a public option would have on the individual market, small and large group markets, and ERISA coverage.

HPPM looks forward to working with all stakeholders and legislative leaders to support a strong health care ecosystem.

Sincerely,

Heidi Holste

Executive Director

On behalf of HPPM Members United Healthcare, Allina Aetna, Cigna

“The Health Plan Partnership of Minnesota works to advocate for health plans to have the tools and resources needed to best promote policies and advocate for accessible, competitive, high quality, and affordable health care across Minnesota.”