



2/28/2022

Dear Chair Stephenson and members of the committee,

Our organizations share the concerns that drove the creation of Minnesota's reinsurance program, namely that out-of-control health insurance premiums are pricing many people out of access to care in the individual market. But reinsurance is an insufficient tool that does not meet Minnesotan's need for affordable health care, and the cost of the reinsurance program has been too high for its impact. These costs include:

1. Reinsurance continues to lower the federal contribution to MinnesotaCare, Minnesota's BHP. Per-person federal contributions to Minnesota's BHP have been slashed by 36% since 2018. As a result, \$240 Million dollars are slated to transfer from the HCAF to the BHP Trust Fund in FY 22-23 alone and each year of the five-year extension in HF3717 would require more HCAF, and eventually general fund dollars, to replace lost federal BHP funding.
2. Reinsurance subsidizes a market that is over 50% Bronze plans, with deductibles so high many cannot afford the healthcare they need. A fall 2020 poll from Altarum showed that almost half (45%) of Minnesota residents delayed care due to cost in the previous year, including 22% who skipped a recommended medical test or treatment.<sup>1</sup> Minnesota's investment in reinsurance has largely helped insurers, not the public, and not providers who still face growing uncompensated care.
3. State and federal reinsurance dollars displace federal premium tax credits (PTCs) that otherwise subsidize many individual market enrollments. Targeting state contributions to wrap around existing PTCs or to expand public coverage for those without federal assistance would make it possible to help more people.

Minnesota cannot afford to extend HF3717's extension of the current reinsurance program. Any extension must hold MinnesotaCare harmless, repay the BHP Trust Fund lost BHP federal funds, and must not use state dollars to subsidize reinsurance payments to plans. Regardless of whether reinsurance is extended, we must focus state investments on expanding access to public coverage, improving equity in our subsidized healthcare programs, and offering more targeted subsidies that get

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<sup>1</sup> "Minnesota Residents Struggle to Afford High Healthcare Costs; COVID Fears Add to Support for a Range of Government Solutions Across Party Lines," [Altarum Health Care Value Hub Data Brief No. 87, Jan. 2021](#)

more people into quality coverage without displacing PTC and BHP dollars. Please oppose HF3717 unless it is amended to include these essential commitments.

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TakeAction Minnesota is a statewide multiracial grassroots organization of individual and organizational members advocating together for racial, gender, and economic justice.

SEIU Healthcare Minnesota represents 50,000 healthcare workers in hospitals, clinics, nursing homes, and self-directed homecare.

The Minnesota Nurses Association is 22,000 dedicated RNs and other healthcare professionals in Minnesota, Wisconsin, North Dakota, and Iowa, who promote the professional, economic, and personal well-being of nurses through collective action. Our members care for patients in hospitals, clinics, nursing homes, and other healthcare settings.

The Land Stewardship Project is an organization committed to promoting a just food and farming system and the creation of healthy, sustainable communities. We represent thousands of households across the state, farmers and small businesspeople, in rural and urban settings.