

# #RenewReinsurance

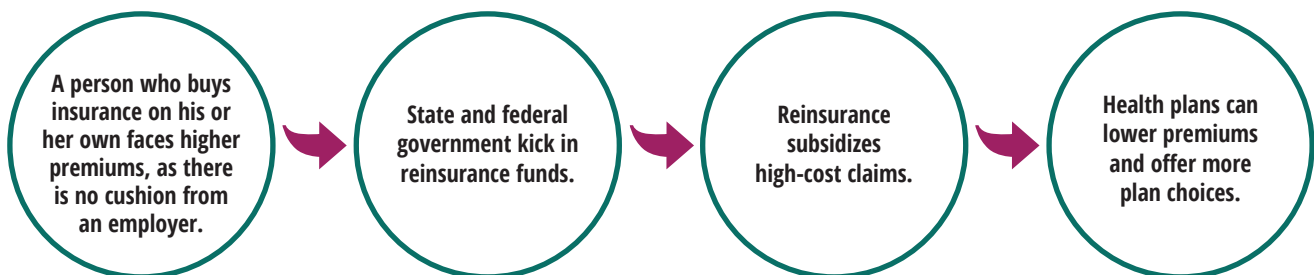


## AT A GLANCE:

- Reinsurance is set to expire in 2021, and Minnesotans need reinsurance renewed for 2022 to ensure a stable, affordable market.
- 150,000 Minnesotans buy health insurance on their own.
- Health care is expensive and premiums reflect the cost of that care.
- Reinsurance is a program that pays for a portion of high-cost claims, lowering premiums 20% on average and saving Minnesotans millions of dollars each year. Reinsurance programs are in 13 other states.

The Minnesota legislature passed reinsurance as part of the [Minnesota Premium Security Plan](#) in 2017 to address spiking health care costs and market volatility. This program plays an integral role in stabilizing the [individual market](#) and giving Minnesotans who buy health insurance on their own a much-needed break on premiums.

## How Reinsurance Works Each Year



### *Where does the money for reinsurance come from?*

The reinsurance program is mostly funded by the federal government; the remainder comes from the state. No “new” funding is necessary to renew reinsurance. The initial funding in the [Minnesota Premium Security Plan](#) account is sufficient to cover another extension of reinsurance, but the Minnesota Legislature must act quickly to approve participation.





### *What happens if the program isn't extended another year?*

The program—originally authorized to operate for 2018 and 2019—was extended through plan years 2020 and 2021. The state legislature must renew reinsurance for 2022 to ensure that Minnesotans continue to have the affordable premiums they deserve. **Based on a recent actuarial analysis, premiums could increase more than 25% if funding is not extended, thus making the market unaffordable for thousands of Minnesotans.**



### *Who does reinsurance help?*

**Reinsurance helps farmers, freelance workers and other Minnesotans who buy their health insurance on their own instead of receiving it as a benefit from an employer or through a state public program.** In Minnesota, this is usually around 150,000 people each year. Minnesota has a strong tradition of providing state support for affordable coverage. For example, before adoption of the Affordable Care Act, Minnesota operated and subsidized what was called a “high-risk pool” for people with preexisting conditions. It is estimated that roughly 1 of 5 of the Minnesotans currently enrolled in the individual market used to be enrolled in the state’s high-risk pool.



### *Why should the Minnesota Legislature #RenewReinsurance?*

**Health care is expensive. Without reinsurance, Minnesotans will be paying higher insurance premiums to access that care.** Reinsurance has also shown to be a proven success, effectively lowering premiums for every Minnesotan who buys his or her own insurance. All Minnesotans should have affordable access to health care, and renewing reinsurance will be a vital step in ensuring that accessibility. For more information on reinsurance and buying insurance on your own, please visit [mnhealthplans.org](https://mnhealthplans.org).

