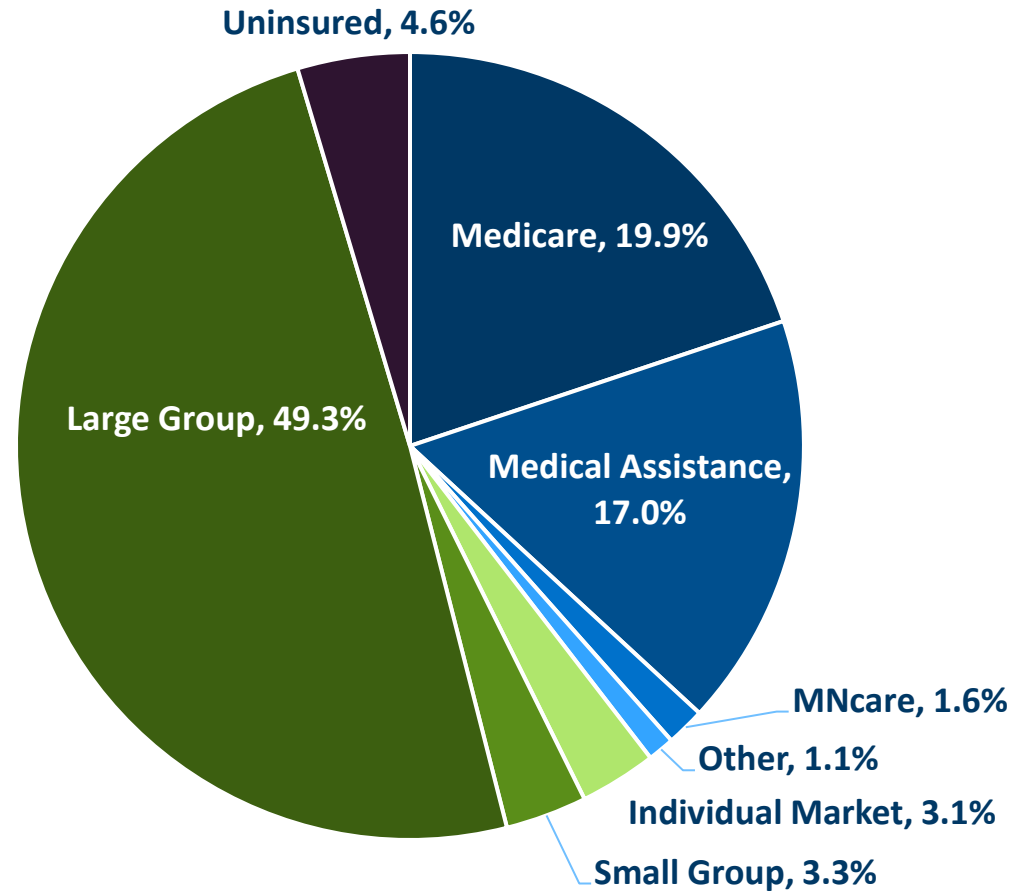


Minnesota Commercial Health Insurance Market

- Overview of Private Insurance Market
- Federal Impacts
- 2025 Rate Release
- Reinsurance
- PY 26 Open Enrollment

Distribution of Minnesota Population by Primary Source of Insurance Coverage, 2024



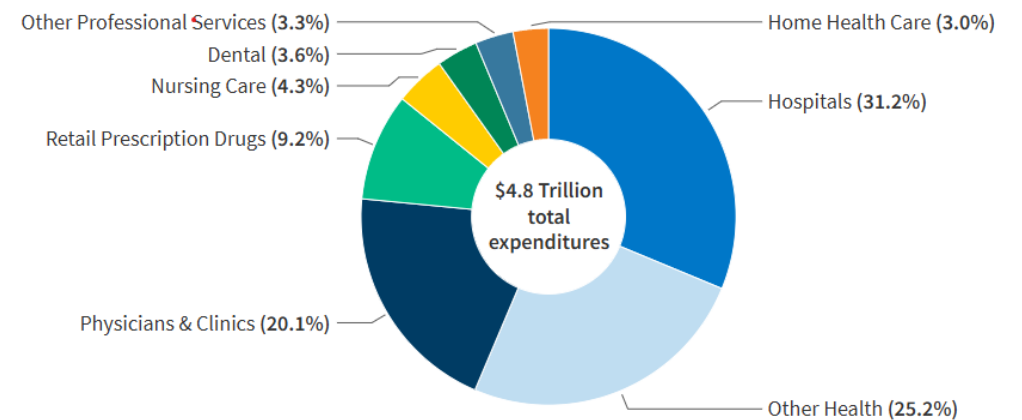
Sources: MDH Health Economics Program; U.S. Census Bureau, Annual Estimates of the Resident Population for Counties in Minnesota. Private Health Insurance includes Minnesotans with individual market (either through MNSure or off-exchange coverage), small group market, or large group market commercial health insurance coverage. Public health insurance includes Minnesotans enrolled in Medicare, Medical Assistance, MinnesotaCare (MNCare), or other forms of coverage, such as TRICARE. Detail may not sum to 100% due to rounding.

Health care trends driving cost increases

- Healthcare is more expensive
 - New prescription drugs and medical technology
 - People are sicker and using more health care services
 - Contracting with providers is more expensive
- Challenges accessing primary care delays access to treatment and increases reliance on more expensive sites of care such as urgent care centers or emergency rooms
- Enrollment changes in different health care segments

Figure 3

Relative Contributions to Total National Health Expenditures, by Service Type, 2023



Note: "Other Health" includes spending on durable equipment and non-durable products, other health, residential, and personal care, government public health activities, administration and net cost of health insurance, and investments. "Other Professional Services" includes services provided by chiropractors, optometrists, physical, occupational, and speech therapists, podiatrists, and private-duty nurses. Nursing care includes nursing care facilities and continuing care retirement communities.

Source: KFF analysis of National Health Expenditure (NHE) data • [Get the data](#) • [Download PNG](#)

Federal Changes

- Elimination of the enhanced Advanced Premium Tax Credit
- Restrictions on how state-based exchanges (MNsure) do their work; makes the enrollment system more complicated for people
- Makes additional changes that impact what people pay through changes in eligibility requirements and plan design

Rate Release Overview

What is rate release?

- Each year, the departments of Commerce and Health review plans and rates submitted by insurance companies that offer individual and small group health plans. The departments must approve the rates before the plans can be sold to Minnesota consumers.
- The departments do not set health insurance rates. Rather, they review information submitted by insurers to determine whether their proposed rates are justified.
- Rates are not what you pay: Actual premiums vary family to family and person to person because of geography, age and federal premium tax credits which lower costs for consumers.

2026 Rate Changes—Individual Market

- 187,000 Minnesotans buy their health insurance on the individual market, with 138,000 Minnesotans are enrolled in qualified health plans via MNsure.
- The expiration of the Enhanced Advanced Premium Tax Credits (eAPTC) means that 90k MNsure enrollees will see substantial increases in their premiums. Hardest hit? Those with lower incomes and enrollees earning just over 400% FPL who will lose all access to financial help.
- If Minnesota did not pass reinsurance, rates would be almost 50% higher.
- Other factors leading to these increases include general rise in costs for medical services and prescription drugs.

Individual Market

| Insurer | Final Ave Rate Change |
|----------------------------------|-----------------------|
| Blue Plus | 18.7% |
| HealthPartners Inc. | 13.31% |
| HealthPartners Insurance Company | 19.15% |
| Medica | 30.76% |
| Quartz | 7.4% |
| UCare | 27.48% |

2026 Rate Changes—Small Group Market

- Small group health plans provide employee coverage for businesses and organizations with 2 -50 full-time workers.
- These plans are sold directly by insurers or through insurance brokers and agents.
- 200,100, or 3.5% of Minnesotans get their health insurance coverage through small group plans.
- As in years past, rate increases reflect the general rise in costs for medical services and prescription drugs.
- Consumer protections required in all small group market plans include coverage for preexisting conditions and free preventive care, as well as coverage for prescription drugs and substance abuse and mental health treatment.

Small Group Market

| Insurer | Final Avg Rate Change |
|------------------------------------|-----------------------|
| Blue Cross | 17.5% |
| Blue Plus | 17% |
| HealthPartners, Inc. | 12.58% |
| Medica Insurance Company | 9.98% |
| Quartz | 7.56% |
| Sanford | 6.95% |
| UnitedHealthcare Insurance Company | 13.6% |
| UnitedHealthcare of Illinois, Inc. | 14.4% |

Significant drivers

- State actions to stabilize rates
- Federal changes leading to more market instability
- Ongoing market changes
- Changes in treatment options and costs

- The Minnesota Premium Security Plan (Reinsurance) is a bipartisan proposal used to stabilize health insurance premiums on the individual market by helping to offset some of an insurer's high-cost claims
 - High-cost claims can include cancer treatments, care for babies born prematurely, or diabetes care for someone with multiple illnesses
- Rates are typically 20% lower because of reinsurance; for 2026 health carriers are reporting that rates are 47% lower
 - Difference driven by presumed changes in the individual market due to expiration of certain tax credits
- Program is approved through plan year 2027
 - Plan year 2026 is funded through a state appropriation
 - Plan year 2027 is funded by an assessment on group health insurance companies

2026 Open Enrollment

Plan Year 2026 – YOY Comparison

| Key Metrics | 2025 | 2026 | % change |
|---|---------|----------------|----------|
| Qualified health plan (QHP) sign-ups | 167,163 | 162,211 | (3%) |
| New QHP consumers | 43,990 | 26,114 | (40%) |
| Households with advanced premium tax credits | 60.8% | 50.3% | (10%) |
| January effectuated enrollments | 131,090 | 122,906 | (6%) |
| Active enrollees | 151,512 | 139,251 | (8%) |
| Enrollee plan cancel/termination during open enrollment | 16,050 | 23,672 | 47% |

Plan Year 2026 – Early Analysis

- Enrollments are down about 8% (12,261 enrollees) compared to last year
 - 151,512 in 2025 → 139,251 in 2026
- Consumers sought cheaper options
 - 87% increase in number of enrollees who switched plans
 - 52% of enrollees kept their metal level (bronze, silver, gold)
 - 112% increase in consumers “buying down”
- 15% of enrollees canceled or terminated their coverage during OEP (up from 10% last year)

Plan Year 2026 – Early Analysis

- Older enrollees (age 55+) made the most changes
 - 21% changed plans
 - 80% of enrollees who changed, went with a lower premium plan
- Younger enrollees (ages 18 – 34) had highest rates of disenrollment

Open Enrollment Operations Overview



- Increase in volume linked to uncertainty about enhanced premium tax credits and premium increases
- Highest call volumes since 2018
 - General phone line took over 134,000 calls during open enrollment
 - 42% increase over last year
 - Courtesy call back (CCB) connection rate = 98%

Open Enrollment Operations Overview

| Key Metrics | OE for PY24 | OE for PY25 | OE for PY26 | Year-over-year Change |
|--|-------------|-------------|----------------|-----------------------|
| Calls received (all lines) | 106,180 | 127,688 | 165,010 | 29% |
| Calls received (main line only) | 77,946 | 94,424 | 134,134 | 42% |
| Calls answered in under 5 minutes | 39.30% | 26.29% | 47.87% | 82% |
| CCB requested | 25,138 | 41,672 | 71,583 | 72% |
| CCB % connected | 92% | 86% | 98% | 14% |
| Life event changes going into open enrollment | 3,889 | 1,214 | 822 | (68%) |
| Life event changes received during open enrollment | 15,493 | 16,254 | 18,012 | 11% |

- Continued evaluation of what federal changes mean for Minnesota's commercial health insurance market
- Ongoing recognition of how changes in Medicaid and Medicare impact the commercial insurance market
- Seeking opportunities that provide temporary relief for Minnesotans and longer-term stability for the overall market

