

April 9, 2019

Representative Lyndon Carlson Jr.  
Chair, House Ways and Means  
479 State Office Building

Representative Liz Olson  
Vice Chair, House Ways and Means  
471 State Office Building

Dear Chair Carlson and Vice Chair Olson:

We are writing to express support for HF 2414, First Division Engrossment, and its impact to improve access to affordable health care for Minnesota households and increase stability for the individual health insurance market.

We appreciate that the bill as amended includes many of the Governor's healthcare priorities that are necessary to provide a comprehensive solution to improve health and health care access. Included in the important health care access provisions are:

- Maintenance of the Healthcare Access Fund through repeal of the sunset of the provider tax
- Health Insurance Premium Subsidy
- New State-Based Health Insurance Tax Credit

### **Individual Market Stability and Premium Subsidy**

The Governor's 20 percent premium subsidy plan returns to a proven mechanism to provide continued stability for the State's individual health insurance market. The premium subsidy program is designed to reduce monthly costs to the same extent as the current reinsurance program for Minnesotans who purchase their own health insurance.

The Governor's plan achieves this effect without the harmful, negative effects on federal funding for the State's Basic Health Plan. The 20 percent subsidy program will lower monthly costs from what they otherwise would be, continue needed stabilization for the individual market and maximize the return on investment for state taxpayers.

### **State-Based Health Insurance Premium Tax Credit**

The creation of the state-based health insurance tax credit will ensure that enrollees in the private insurance market pay no more than approximately 10 percent of their income on health insurance premiums. This program targets Minnesotans who currently pay full price for their health insurance on the individual market.

More than 45,000 Minnesotans are expected to qualify for the credit by 2023. This includes more than 34,000 Minnesotans already in the individual market and more than 13,000 uninsured Minnesotans who would join the individual market and enroll in coverage to receive the credit.

The state-based health insurance tax credit is available to individuals and households with annual income that exceeds 400 percent of the federal poverty guidelines. The state-based credit can be paid in advance to reduce the premium cost when the household enrolls in coverage through MNsure, starting with plan year 2021. If a consumer does not want to have the credit paid directly to the insurance provider, the credit can be claimed on the state income tax return as a refundable tax credit.

Providing this financial support on top of the premium subsidy will help consumers purchase health care plans they can actually use. With this financial support from the state, consumers will be able to shop for a health plan that will fit their needs rather than being forced into a high-deductible plan they are afraid to use.

We thank the committee for their work and commitment to support the health and well-being of all Minnesotans. We look forward to working with the committee as this bill moves forward. Sincerely,



Cynthia Bauerly  
Commissioner  
Minnesota Department of Revenue



Steve Kelley  
Commissioner  
Minnesota Department of Commerce

Cc: Representative Pat Garofalo  
Republican Lead, House Ways and Means

Nancy Conley  
Committee Administrator, House Ways and Means