



March 14, 2022

Dear Members of the House Ways and Means Committee,

On behalf of the Minnesota Chamber of Commerce, representing 6,300 employers and their more than 500,000 employees across the state, we appreciate the opportunity to share our thoughts about HF 3717 (Stephenson), extending the state’s individual market reinsurance program.

Health insurance is an increasingly important benefit, allowing employers to attract and retain talent and to ensure their employees stay healthy and productive at work. The majority of Minnesota Chamber members offer health insurance to their employees. And yet, improving access to affordable health care is among the top issues Chamber members say the Legislature must address. This reflects the reality that employers – especially small employers – are struggling with the high cost of health insurance.

The individual health insurance market provides coverage for many Minnesotans who are self-employed entrepreneurs. But increasingly, the individual market is also becoming an important source of coverage for very small employers and their employees. This is especially true now, given action by the federal government permitting employers to help their employees buy their own coverage through defined contribution arrangements using Health Reimbursement Arrangements (HRAs).

To underscore this point, in a survey of our members, **6%** are already providing coverage to their employees through these defined contribution arrangements – helping their employees buy their own insurance through the individual market. **One in ten** of our members who currently offer coverage reported they would begin to consider this type of defined contribution approach if continually rising health care costs challenge their ability to maintain the coverage they provide today. Similarly, nearly **30%** of those who are not currently offering any kind of coverage to their employees indicated they are looking at these types of defined contribution arrangements to help their employees buy their own coverage.

While these numbers may seem relatively small at first glance, it is important to note that this option has only been available to employers since 2020. In that light, it is clear that our members have shown strong and growing interest. Such emerging trends provide even more reason to maintain a healthy and stable individual health insurance market in Minnesota.

Reinsurance has done just that – brought stability to the individual market. Depending on the metal level of the product purchased in the market, rates are twenty to more than thirty percent lower than they would otherwise be without reinsurance. And we know that rates would increase significantly in 2023 if the program is not extended.

We would note, however, the several provisions that have been added to the bill via amendment as it made its way through the committee process. As has been stated by the Department of Commerce, there is some urgency to passing legislation to reauthorize the reinsurance program. We strongly support and encourage a process to do just that, without extraneous provisions that may weigh down the bill and slow its progress through the legislative process and its eventual passage.

Thank you for the opportunity to offer this feedback.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bentley Graves", with a stylized flourish extending to the right.

Bentley Graves
Director, Health Care & Transportation Policy