



House File 5 – Davids – Reinsurance  
Monday, March 6, 2017  
House Committee on Health and Human Services Finance  
Written Testimony of Twila Brase, President and Co-founder

Mr. Chair and members of the committee:

Let me begin by with a reminder of what happened to the federal reinsurance program under Obamacare. It came up \$2 billion short and the GAO ruled that HHS diverted billions illegally to insurers. Does MN have a backup plan that's not a bailout when and if there's a shortfall?

Second, this bill takes much of the insurance function away from health plans in the individual market and lays it on taxpayers who will pay up to 70% of all medical bills between \$50,000 and \$250,000. Taxpayers will cover up to \$140,000 of the cost of patient in the individual market after \$50,000. **This huge donut hole is a major shift in state tax and health policy.**

This bill creates a new government program for the individual market, the Minnesota Premium Security Plan. Minnesotans will have a Blue Cross or a Medica card in their hand, but essentially they'll be in a government program. It just won't look like it and it won't feel like it because they won't have a MN Premium Security card. And it doesn't look like they'll be told they're in this government program, but as soon as their costs rise high enough, their data will be shared through a special portal with the government-established entity running this program. It doesn't look like they'll hear about the data-sharing either. **They'll think the plan is paying.**

This is not like MCHA, where people applied and got coverage and they knew they were in MCHA. This appears quite invisible. This new program has no sunset and it's not MCHA, which had a higher premium cost and was only for people with pre-existing conditions, not the entire individual insurance market. **It's a boon for insurers and a bane for taxpayers.**

A few more items of concern:

Line 7.8-7.10 requires insurers to report what they *would have* charged. This seems to give the health plans a golden opportunity to make claims that are to their own advantage.

Beginning at line 5.17, the bill grants the MCHA Board the authority to develop program parameters. Given health plan representation in MCHA, this seems like the fox guarding the hen house.

It's also a bit of a shell game. In Obamacare, people were told that they could find premiums below \$100, but that wasn't true. They may have paid only \$75, but the rest of the premium was paid by taxpayers. Likewise, people in this government program may be paying lower premiums every month but that doesn't mean the costs will be any lower.

**Finally, we wonder if problems will arise if the self-funded plans choose not to allow their administrators to submit claims data to the state of Minnesota – a right of ERISA plans which was ruled affirmatively by the Supreme Court in *Gobeille v. Liberty Mutual Insurance Company* (2016).**

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