



February 6, 2023

## MMA Position and Suggestions on Public Option

Rep. Long and Sen. Wiklund,

The Minnesota Medical Association (MMA) has recently updated its position on a state-based public option. Clearly, the MMA supports efforts to ensure that all Minnesotans have access to comprehensive, affordable health coverage. While the intent of a public option is to increase healthcare affordability by introducing a more affordable, government-run health plan, the proposal can potentially harm patients and providers.

In March of 2022, the MMA Board of Trustees adopted a new policy related to any state-level public option proposals for Minnesota. We want to share this with you because of your work on SF 96 and SF 49.

The MMA policy advocates for key items to be included in any public option legislative initiative. Some of these principles are included in your bills, while others, we'd request, should be added. The policy says the MMA will advocate that any public option meets the following criteria:

- The first goal of a public option must be to decrease the rate of uninsured, and plans offered through a public option must result in lower premiums than private plans with equivalent actuarial values.
- The second goal of a public option must be to decrease the rate of underinsurance, so public option plans must not offer coverage with actuarial values below 70%. This is needed to focus on reducing cost-sharing for those who cannot afford it.
- The public option must include offerings in the individual market and may include offerings in the small- and large-group markets.
- The public option must reimburse professional services at rates no lower than Medicare levels and the state should meaningfully engage providers for input on appropriate reimbursement levels.
- The public option shall not require provider participation as a requirement for state licensure.
- The public option should not depend solely on provider reimbursement caps to offer more affordable products. The MMA supports medical loss ratio (MLR) requirements above the current 80% minimum for plans offered under the public option.
- The state should not use its own funds to subsidize premiums or cost-sharing under the public option. Enrollees eligible for advance premium tax credits and cost-sharing reductions under existing federal law should be allowed to use these credits and reductions toward the purchase of plans offered under the public option.

- Prior to the implementation of the public option, the state should contract with a nonpartisan research entity to conduct an actuarial analysis to provide a best estimate as to the net effects of the public option on the uninsured and underinsured rates in Minnesota. This analysis should examine potential effects of the public option on provider cost-shifting, the stability of private plan premiums, and healthcare supply.
- Once a public option is implemented, the state should publish easily accessible public data at least biennially to monitor relevant performance metrics, including, but not limited to, variables listed in the previous subsection.

As you can see from the adopted policy, this is a complex issue. Here is how we see our policy applying to sections of your bill:

- We support the bill's attention to increasing the affordability of health plans with high actuarial values (AVs) in sections 1 and 8. In addition to the transitional cost-sharing reductions for individuals who choose to enroll in gold plans through MNSure, we would like to see an AV minimum of at least 70% established for the public option. To offer low-premium plans with AVs below 70% is to run the risk of attracting Minnesotans to plans which will render them underinsured. Underinsured Minnesotans often delay and forgo care. Minnesota has one of the highest rates of enrollment in high-deductible insurance plans, which results in severe underinsurance and patients avoiding or delaying care.
- We support the expanded coverage to undocumented Minnesotans in section 4. We must provide coverage to ensure this population is receiving cost-effective care.
- While your bill does not specifically call for actuarial studies, section 10 does require the Commissioner of Human Services to present an implementation plan with recommended changes.
- As part of the DHS recommendation, page 7, line 22 includes language to ensure sufficient provider participation. We would suggest adding before the semicolon, "including adequate reimbursement levels." Our biggest concern is whether practices will be able to continue to stay in business if too large of the patient base is reimbursed at MA payment rates that do not cover the cost of doing business.
- We would also recommend that the DHS recommendations consider issues related to cost-shifting caused by low reimbursement rates with our public programs and the expanded public option.

The MMA looks forward to more actively engaging in this issue going forward. The MMA welcomes any questions you may have and is happy to discuss these in more detail.

Sincerely,

*Will Nicholson*

Will Nicholson, MD, President, Minnesota Medical Association