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March 22, 2021

Representative Zack Stephenson, Chair
Commerce Finance and Policy
Minnesota House of Representatives
100 Rev. Dr. Martin Luther King, Jr. Blvd.
Saint Paul, Minnesota 55155

RE: House File 1153

Dear Representative Stephenson and Committee Members:

Supporting health insurance corporations with taxpayer dollars for reinsurance does not solve the problem of the high financial barrier to accessing care for Minnesotans, particularly our farmers, the self-employed, and small business owners in rural Minnesota. The Land Stewardship Project, representing many thousands of households across Minnesota and advocating for the vitality of our rural communities, opposes the HF1153 reinsurance program for these reasons:

- Lowering premiums costs does little to reduce the actual upfront costs to access care for most enrollees. Results from MNSure show that 56% of enrollees in the individual market have either Bronze or Catastrophic plans with deductibles for a single enrollee ranging from \$5,900 to \$8,550. Due to concentrated poverty in our rural areas, more enrollees in Greater MN are likely to struggle with these upfront costs, and studies show our rural healthcare facilities are carrying higher levels of debt.
- Despite the low uninsured rate of approximately 3%, a fall 2020 study by Altarum showed that 45% of Minnesotans delayed care because of these high upfront costs. In addition, Minnesota's own Department of Health documents ongoing cost shifting to enrollees, while the proportion of claims costs borne by insurers has actually fallen.
<https://www.health.state.mn.us/data/economics/chartbook/docs/section1.pdf>
- Most significantly, providing these taxpayer dollars to insurance corporations actually drains resources from the Basic Health Plan that provides essential access to care for 93,000 very low-income Minnesotans through the MinnesotaCare program. Prior to reinsurance, BHP was almost entirely federally funded. As a result of the reinsurance program, MinnesotaCare lost more than \$350 million in funding for fiscal years 2018 through 2020.
- The Kaiser Family Foundation documents that throughout the pandemic, the claims to healthcare insurers have fallen with profit margins in 2020 increasing over 2019. Our obligation is to the wellbeing of Minnesotans, not insurance corporations.
<https://www.kff.org/private-insurance/issue-brief/health-insurer-financial-performance-through-september-2020/>

High deductible plan enrollees often delay care due to the out-of-pocket costs and, when finally seeking care, often require a higher, more expensive level of care. Studies confirm the harm to our rural healthcare facilities. The first point of care, the small local hospital where someone is evaluated and stabilized, is assigned the deductible. The tertiary care facility, where a patient is transferred, receives the insurance payment. I just spoke with a farmer who took two years to pay off the routine delivery costs at his southwest Minnesota hospital for each of his three children. His rural hospital carried that debt in the interim.

With enrollment in MinnesotaCare up 36% over the period March 2020 to March 2021, Minnesota should be targeting our healthcare resources to expand access to MinnesotaCare, a program with affordable cost-sharing as well as affordable premiums, to lower the barrier to care for more people struggling to access it and to ensure our rural facilities can provide urgently needed care without the risk of nonpayment of deductibles.

We strongly oppose HF 1153 and encourage our legislators to support real solutions to the high cost of healthcare and direct our resources to an expansion of the MinnesotaCare.

Sincerely,

Aleta Borrud, MD MPH
Healthcare Policy Organizer

The Land Stewardship Project is an organization committed to promoting a just food and farming system and the creation of healthy, sustainable communities. We represent many thousands of households across the state, including farmers, the self-employed, and small businesspeople, in both rural and urban settings.