



Contact:
Ross Corson, 651-368-5050
ross.corson@state.mn.us

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Minnesota Department of Commerce Announces Individual Health Insurance Rates for 2017

Multiple Plans Available To Minnesotans in All 87 Counties

*MNSure Tax Credits Will Help Many Affected by Rate Hikes,
But Reforms Are Urgently Needed*

SAINT PAUL – Minnesota Commerce Commissioner Mike Rothman today released the 2017 insurance company rates for individual and small group health plans – saying that rate increases in the individual market are unsustainable but that tax credits available through MNSure will help many Minnesotans.

About five percent of Minnesotans (approximately 250,000) currently get their coverage from individual policies, while another five percent get coverage from small group policies, which are for employers with fewer than 50 workers.

For the seven insurers in the individual market, the 2017 rate increases range from 50 percent to 67 percent. For the 10 insurers in the small group market, the 2017 rate changes range from a one percent decrease to an 18 percent increase. The Commerce Department website has a [rate summary](#).

The individual market rates apply only to health insurance plans that Minnesotans purchase for themselves and their families through MNSure, insurance agents or the insurance companies directly. The rates do not affect most Minnesotans, who are covered by employer-based insurance or public programs like Medicare, Medicaid and MinnesotaCare.

Rothman encouraged consumers to contact MNSure (mnsure.org) to see if they are eligible for federal tax credits that automatically reduce monthly premiums. The tax credits are available only for individual policies purchased through MNSure for people with incomes up to 400 percent of the federal poverty level. The upper income threshold for tax credit eligibility in 2017 is \$47,520 for an individual and \$97,200 for a family of four.

The Commerce Department does not set health insurance rates. Instead, it reviews each company's rate proposals to make sure they comply with state and federal laws based on the benefits that consumers receive and the company's ability to collect adequate premium revenue to pay for consumers' medical claims. Insurers must provide coverage for a comprehensive set of essential health benefits, and they are no longer allowed to deny coverage or charge higher premiums to consumers based on preexisting health conditions.

Minnesota's Individual Market Rate Increases Are Part of National Trend

Rothman said that Minnesota's rate increases are part of a national trend in the individual health insurance market, with nearly all states looking at double-digit rate increases as insurers seek to align premium revenues with expected claims costs. States' rate increases are also exacerbated by cuts to critical federal programs that were intended to stabilize the market and rates for consumers.

However, Minnesota's individual market also faces unique challenges because of a disproportionate concentration of individuals with serious medical conditions whose high claims costs must be absorbed by a relatively small risk pool, pushing up rates for everyone in the individual market.

Citing ongoing financial losses, Blue Cross and Blue Shield of Minnesota announced in late June that it is leaving the individual market, except for its Blue Plus HMO affiliate. The company's decision affects approximately 103,000 Minnesotans, or about 40 percent of the state's total individual market.

Rothman said that, following Blue Cross's announcement, Minnesota's individual market for 2017 was on the verge of collapse as all of the other insurers indicated that they were also prepared to exit this market.

"The Commerce Department pursued every option within its power to avert a collapse this year," said Rothman. "We succeeded in saving the market for 2017, with only Blue Cross leaving. But the rates insurers are charging will increase significantly to address their expected costs and the loss of federal reinsurance support. In addition, each insurer except for Blue Plus will limit its total 2017 enrollment to manage its financial or provider network capacity to absorb the many current Blue Cross consumers who will be shopping for new plans."

Rothman emphasized that, even with the discontinued policies and enrollment limits, every Minnesotan who needs it will be able to get insurance in the individual market, though not necessarily the specific insurer or provider network they might prefer.

Urgent Need for Reforms

"Last year at this time when rates were announced, I said there was a serious need for reform in Minnesota's individual market," said Rothman. "This year the need for reform is now without any doubt even more serious and urgent."

He highlighted Governor Mark Dayton's recent decision to reconvene his Task Force on Health Care Financing to make recommendations to ensure that Minnesota consumers have access to affordable, high-quality health insurance options in the individual market.

"While federal tax credits will help make monthly premiums more affordable for many Minnesotans, these rising insurance rates are both unsustainable and unfair," said Rothman. "Middle-class Minnesotans in particular are being crushed by the heavy burden of these costs. There is a clear and urgent need for reform to protect Minnesota consumers who purchase their own health insurance."

Rothman said the reconvened Task Force on Health Care Financing should consider any and all feasible reforms. Above all, he said, it should offer recommendations that can be implemented in the next year to improve market stability and rates for 2018.

"We received over 50 public comments from Minnesotans as part of our rate review," said Rothman. "I personally read each one. They told heartbreaking stories about how hard-working families are struggling with very tough, painful choices because of these skyrocketing costs. They say that health insurance is unaffordable, and they're right. This calls for immediate reforms as everyone's top priority."

Open Enrollment – Minnesotans Should Shop, Compare and Choose Early

Today's rate announcement comes in advance of the annual open enrollment period, which begins on November 1 and continues through January 31, 2017. Insurance companies, insurance agents and MNsure will have specific plan information available for consumers soon.

Because of insurers' capacity limits, Rothman urged consumers to make their insurance selection early during open enrollment, shopping and comparing plans to find one that offers the best value for their health needs and budget. For the continuity of their own health care, consumers should carefully review a plan's provider network to see what doctors, clinics and hospitals are included.