



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

March 22, 2017

The Honorable Joe Hoppe
Minnesota House of Representative
Room 543, State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, Minnesota 55155

Dear Representative Hoppe:

As Members of the Conference Committee on reinsurance (HF5/SF720), you have an important role in ensuring that any reinsurance program the Legislature enacts would improve health insurance options for Minnesotans. The House and Senate bills propose to spend about 300 million taxpayer dollars each year. Given this scale of funding, it is critical that the bill would provide better choices for Minnesotans by stabilizing the market, making health insurance more affordable and improving access to health care providers statewide. Attached is a letter from the Commissioners of Commerce, Management and Budget, Health and Revenue with detailed feedback on specific provisions in the bills.

As I have stated before, I believe that reinsurance should be established and fully-funded at the federal level. Since full federal funding is not available, Minnesota should take advantage of partial federal funding through the Section 1332 State Innovation Waiver. Last week, HHS Secretary Price issued a letter to Governors encouraging states to use this mechanism to pay for as much as 30 percent of the costs of state-based reinsurance. Federal officials also have indicated that, in order to receive a waiver, any state reinsurance legislation must be contingent on receipt of the federal waiver funding. If the Legislature chooses to authorize a state-based reinsurance program, it is imperative that the final bill from the Conference Committee contain this contingency language.

The state (non-federal) share of the reinsurance program should be financed by a tax on the industry itself, like the funding mechanism for our previous high-risk insurance pool, the Minnesota Comprehensive Health Association. Reinsurance should not be financed by the General Fund, the Budget Reserve, or the Health Care Access Fund. Those taxpayer dollars should be dedicated to statewide funding priorities like schools, early childhood education, health care for low-income Minnesotans, and other critical needs.

Creating a new state funding source for reinsurance is critical given the potential federal funding cuts and the likelihood that Minnesota will have to use more state funds to try to preserve health care services, upon which our citizens depend. Both the House and Senate reinsurance bills propose using Health Care Access Fund dollars for reinsurance, which is especially unwise, when neither bill would repeal the sunset of the two percent health care provider tax that sustains the Fund. Lastly, my opposition to using existing funds has increased even further, since the Senate and House GOP leadership released their budget targets, which include cuts of \$335 million and \$599 million to Health and Human Services, respectively.

I also believe that if the Legislature advances a reinsurance proposal, the health insurers should commit publicly that they will serve Minnesotans in the 2018 individual market and will lower premiums as a result of the proposed reinsurance program. I have requested this commitment in writing from each of the insurers, and I will not sign the bill until I receive their responses.

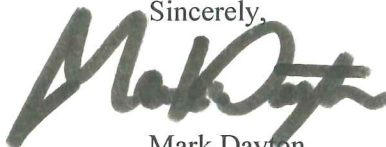
Even if this reinsurance program were successful in keeping insurers in the market and lowering premiums, both Democrats and Republicans have acknowledged that reinsurance will do nothing to guarantee better access to doctors. Therefore, I urge the Conference Committee to incorporate the MinnesotaCare Buy-In proposal that I included in my budget. The MinnesotaCare Buy-in would provide a statewide option for Minnesotans in the individual market that is more affordable than commercial insurance and offers a broader network of providers than is available in the market today.

Limited health insurance options in Greater Minnesota make it difficult for many Minnesotans to choose and keep their own doctors and to access local health care providers. The broad network of physicians and care providers available through MinnesotaCare would offer more families, all across Minnesota, a real option to choose and keep their own doctors.

In addition to more choices, the MinnesotaCare-Buy-in would cost less than most commercial health plans. And many Minnesotans who purchase their health care coverage through a MinnesotaCare Buy-In would still be eligible for federal tax credits through MNsure, (as would those who buy commercial plans). This year, 64 percent of MNsure enrollees received federal tax credits, which averaged about \$621 per month, or \$7,452 per year.

Thank you for your work on this important issue on behalf of Minnesotans.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton", written in a cursive style.

Mark Dayton
Governor

Attachment