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Medical bills rise 8 percent; Medical reserves tapped to pay for care
Minnesota Council of Health Plans release 2015 industry results

ST.PAUL, Minn.— Medical bills increased 8 percent to $22.8 billion between 2014 and 2015 for people with insurance through the seven Minnesota Council of Health Plans (Council) member health insurers.

According to numbers released today by the Council, health insurers had an operating loss of $158.5 million (-0.6 percent) on $25 billion of premium revenue. Medical reserves were tapped to pay for care after income from investments brought losses for 2015 to $72.1 million (-0.3 percent of revenue.)

Rising Medical Expense
Per Person Annual increase
2010 to 2015
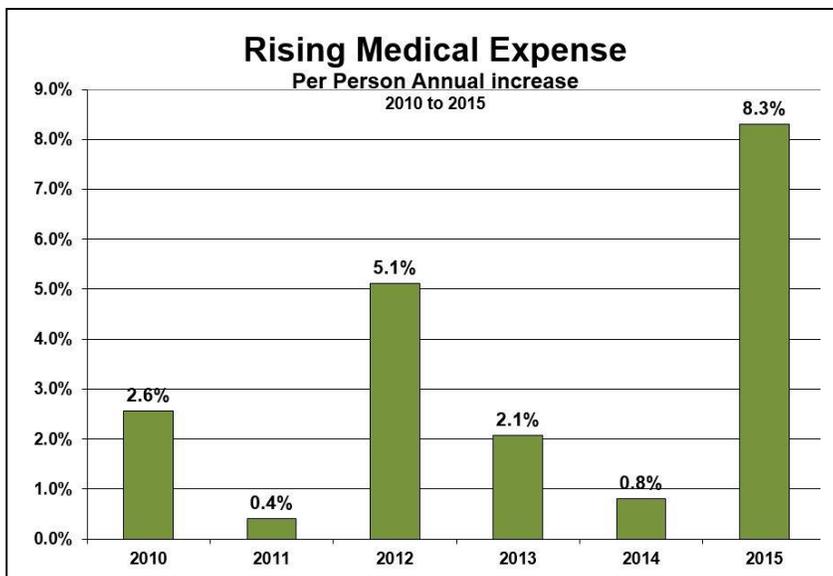
Source: Minnesota Council of Health Plans member data

"The 2015 numbers show that medical care is getting more expensive for everyone. That's directly responsible for difficult choices that we've all been making between higher premiums, seeking bigger employer contributions, and unfortunately, paying even more out of pocket expenses," said Jim Schowalter, the Council's president.

Expenses exceed premiums paid by individuals who buy their own insurance

Driving the industry financials was a $351.8 million gap between premium revenue and expenses for people who buy health insurance on their own. Revenue from premiums in what's known as the individual market was $1.1 billion while medical expenses alone topped $1.4 billion.

The losses were lowered by $218.7 million that companies expect to receive from other health insurers. This is the second year of the three-year program coordinated by the federal government to ensure an insurer's policyholders aren't penalized because they need more care than people who signed up with other companies. In all, 302,169 people bought health insurance on their own.

"Insurance premiums are so expensive because medical care is so expensive," Schowalter said. "Our member health insurers continually look for ways to help make sure we get treatments and medications that are as safe, as effective and as affordable as possible. But as long as medications and other care keep getting more expensive, we all end up paying more. Later in May we hope to have more details on what's driving increases in Minnesotans' medical expenses."

Medicare, MinnesotaCare, Medicaid enrollment top 1.3 million

As leaders with the University of Minnesota's State Health Access Data Assistance Center (SHADAC) and the Minnesota Department of Health announced recently, more Minnesotans than ever before have public insurance including Medicare, Medicaid and MinnesotaCare. Enrollment in Medicare was up 7 percent to 574,012 while Medicaid and MinnesotaCare increased 10 percent to 727,932. Industry-wide, enrollment remained steady at 4.7 million people.

"We celebrate with people across the state who have worked hard to get Minnesotans health insurance. The good news is when looking behind the SHADAC data, financial help is available for most Minnesotans who still need insurance," Schowalter said. "Our challenge continues to be keeping that insurance within reach."

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