

MINNESOTA COUNCIL OF HEALTH PLANS BRIEFING OF WAKELY CONSULTING GROUP REPORT

INDIVIDUAL MARKET OVERVIEW

Wakely Consulting Group has prepared a report to help the Minnesota Council of Health Plans understand the root causes of the ongoing trouble in our state’s individual health insurance market. Wakely, a nationally recognized actuarial firm, used 2014 to 2017 data from the state, health insurers and the company’s own sources to study Minnesota and states like us. While we structure our health insurance market differently here, the difficulties of our individual health insurance market are similar to the ones we’re seeing nationwide. Below is a summary of the report’s key takeaways. The full report is on the Council’s website, mnhealthplans.org, and includes important information on the data, methods and limitations of Wakely’s analysis.

On average, Minnesotans are **about as healthy** as other people.

We’re a little older than people in other states. After adjusting for age and other factors, the people who buy health insurance on their own in Minnesota are about as sick as those who buy in other states. (Pages 4, 20)

A small number of people—those who need exceptionally costly kinds of care—account for the lion’s share of medical expenses.

More than \$630 million in medical care was provided for just 5,300 (1.6 percent) of Minnesotans who buy health insurance on their own. (Page 28)

Yearly Medical Expenses	Number of Minnesotans
\$0	63,800
\$1 to \$999	130,000
\$1,000 to \$4,999	89,200
\$5,000 to \$9,999	21,700
10,000 to 19,999	15,500
20,000 to 49,999	11,000
50,000 to \$99,999	3,400
\$100,000+	1,900

Minnesotans get **less federal help paying premiums** than people in other states.

In the first three years of the Affordable Care Act, Minnesota’s lower-than-average insurance premiums meant fewer people got federal financial help. That help is based on how much premiums are. Since premiums are more expensive the older you are, older people get more help paying premiums than younger people—even when they make the same amount of money. (Page 13)

Expanding MinnesotaCare to higher incomes could increase individual market premiums further.

MinnesotaCare is a state-subsidized “basic health program” (BHP) for Minnesotans who are working, but poor. This data suggests that MinnesotaCare as it is now does not negatively affect the mix of people who buy health insurance on their own but this needs more study. Making higher-income people eligible for this program, however, could make health insurance more expensive for people who don’t get help paying their premiums. (Page 23)

Minnesotans' monthly premiums are **now about average**.

While the increases are startling, 2017 health insurance premiums for Minnesotans who buy health insurance on their own are in the middle of the pack of premiums other states have. In the past, premiums were set low—making the necessary increases unusually painful. (Page 10)

Minnesotans are **buying policies** with the lowest monthly premiums.

Minnesotans are buying more “bronze” health insurance policies than residents in other states. The combination of the way federal help paying for premiums is set up and Minnesota’s experience with low premiums may be pushing Minnesotans to choose the least expensive policy they can find now. (Page 12)

40 is the average age.

While more older people than younger people are buying insurance on their own in Minnesota, we also have more kids on family coverage. That brings the average age to 40. (Pages 6, 14)

About the report

Health insurance is complex and the findings in the report include many caveats that are important to understand. Before making any decisions using this summary, see the full report. Contact the Minnesota Council of Health Plans at info@mnhealthplans.org for answers to any questions.