

TWO PROGRAMS TO HELP MINNESOTANS GET COVERED

The State took two separate actions last year to help Minnesotans keep health insurance coverage. The premium subsidy program provided immediate financial relief to Minnesotans in 2017 and the reinsurance program, also known as the premium stabilization program, maintained choices and lowered costs for people buying insurance on their own in 2018 and 2019.

1. PREMIUM SUBSIDY—IMMEDIATE HELP FOR 2017

The Governor and the 2017 Legislature used one-time money to give immediate help to people who buy insurance on their own and aren't receiving any federal assistance (income likely over 400% FPL or \$55,440 for an individual). The program was only for calendar year 2017.

Funding for this program came from the General Fund. Every state dollar went directly to premium relief, just as legislators intended. Health insurers paid roughly \$2 million to implement the program.

Final state cost for the program will be significantly less than initially authorized, in part because fewer people purchased insurance on their own in 2017. The Legislature made contingent funding reductions (1/3 of total) in the biennial budget, and more savings are expected when all bills are paid. The Office of the Legislative Auditor (OLA) will review the one-time program this spring.

2017 Premium Subsidy	
Who	Only people not receiving federal premium subsidies
Number of Minnesotans Helped	Approximately 100,000
Impact	25% of premium
Initial Estimated Cost to State	\$312 million
Final Estimated Cost to State	<\$200 million

2. REINSURANCE PROGRAM—INNOVATION HELP FOR 2018 AND 2019

The 2017 Legislature also created a reinsurance program to stabilize individual's health plan choices for calendar years 2018 and 2019. Minnesota was only the second state to set up a reinsurance program and this model is now being copied by legislators in Wisconsin and other states.

The program is based on lessons learned from the expired federal reinsurance program and the obsolete Minnesota Comprehensive Health Association. Because reinsurance protects insurance companies from unexpectedly high medical costs, the result is lower premiums and more insurance choices for Minnesotans.

Reinsurance is passthrough funding to help pay for expensive medical bills. Not a penny of the money goes to insurers.

Funding for this program comes from (1) Federal Government (\$131m in 2019, \$184m in 2020); (2) Health Care Access Fund (\$200m/year); and (3) General Fund (\$71m/year). Final state cost for the program is estimated to be \$383 million less than the amounts originally appropriated. Reinsurance funding is capped and won't be spent until each year's medical bills are final.

2018-2019 Reinsurance Program (Premium Stabilization Program)	
Who	Everybody who buys insurance on their own
Number of Minnesotans Helped	Approximately 160,000
Impact	Lowers premiums by 20% and supports more insurance choices
Initial Estimated Cost to State	\$271 million/year for 2018 and 2019
Final Estimated Cost to State	Average of \$120 million/year (state cost)