

March 27, 2017

The Honorable Michelle Benson, Chair  
Minnesota Senate  
Minnesota Senate Building, Room 3109  
95 University Avenue West  
St. Paul, MN 55155

The Honorable Jim Abeler, Chair  
Minnesota Senate  
Minnesota Senate Building, Room 3215  
95 University Avenue West  
St. Paul, MN 55155

Dear Senator Benson and Senator Abeler,

I write to express the Commerce Department's concerns with several policy provisions contained in the Senate omnibus budget bill.

First, Commerce opposes the change pertaining to standard health insurance contract provisions for consumers contained in Article 5, section 1, and the agency urges you to remove it from the bill. Minnesota Statutes section 62A.04 subdivision 2, clause (4) requires health insurers to reinstate an insurance policy in the event that the insurer accepts late premium payment from a consumer. This is the only state law requiring health insurers to reinstate a plan if a consumer makes a late payment during a grace period and federal law in this area does not consistently apply to large group policies nor off-exchange individual and small group policies. Accordingly, this substantive change will likely result in consumers losing their health insurance coverage even if they pay their premiums.

Second, Commerce opposes Article 5, section 3, which amends Minnesota's long-standing guaranteed renewability law and, in conjunction with the uniform modification language in Article 5, section 4, adds a new process by which Minnesotans who purchase their own insurance can have those policies cancelled by their insurer and be moved into a new plan.

As background, Minnesota first passed its state guaranteed renewability law, Minnesota Statutes section 65A.65 subdivision 2, in 1992. For 25 years, this bedrock consumer protection has shielded Minnesotans from health insurance plan cancellations long before the Affordable Care Act (ACA) created a guaranteed issue environment at the national level. Even with the implementation of enhanced consumer protections under the ACA, Americans across the country found their health plans cancelled by their insurers because their states did not have the foresight to prohibit this action at a state level.

Indeed, the changes put forward in this bill will result in health insurers cancelling policies purchased by Minnesotans who chose them for the benefits they need for their health care and forcing them into different policies.

With continued uncertainty surrounding the long-term future of guaranteed issue standards at the federal level, it is imprudent to diminish protections afforded to Minnesotans under

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our state law at this time. Commerce urges you to remove these policy provisions from the bill.

Finally, Commerce is concerned that the capitation payment delays in Article 4, section 36 could potentially have a destabilizing effect on Minnesota insurers at a time when the agency is working with companies and the Legislature to provide stability in the state's insurance market for Minnesotans.

I hope this information is helpful. I look forward to working with you as your bill moves through the process.

Sincerely,

A handwritten signature in cursive script that reads "Mike Rothman".

Mike Rothman  
Commerce Commissioner