

Recommendations to the MNSure Board's Market Development Subcommittee
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Premium subsidies for those purchasing QHP on MNSure

Background

1. Premium costs are prohibiting Minnesotans from purchasing health insurance on the exchange
2. The total cost of insurance to those purchasing qualified health plans, even with the Advance Tax Credit, is often prohibitive, either due to the premiums themselves, or due to out-of-pocket expenses that often accompany lower-premium plans.
3. Many of those who are able to afford the plans with lower premiums are in reality using the insurance for catastrophic needs only. The out-of-pocket expenses (co-insurance, deductibles, co-pays) are too high to make the plans useful otherwise.

Premium subsidies as one approach to address problem:

1. Premium subsidies are one mechanism to allow people to purchase a useful plan at a higher level (e.g., silver instead of bronze).
2. Lapses of coverage could be addressed in the same way, through premium subsidies, thereby ensuring payment to providers and preventing the lapse of coverage from the health plan.
3. Local communities may provide subsidies from a variety of sources: county governments, non-profits, foundations

Questions / issues

1. Need to investigate both federal and state rules for guidance on premium subsidies. This would include premium subsidies for both MNSure commercial products and MNCare. Perhaps MNSure staff could assist with this.
2. There is precedent for subsidies. Prior to the PPACA, premium subsidy programs existed in the state of Minnesota (e.g. Minnesota Cobra Premium Subsidy, Minnesota Health Contribution Program)
3. There are potential benefits to many stakeholders:
 - a. Local governments – fewer uninsured residents
 - b. Patients – sustainable coverage with a higher metal product
 - c. Providers – reduction of uncompensated care and improved population health outcomes with patient seeking care with the onset of illness
 - d. MNSure – More people enrolled in QHP and MNCare