Health Insurance Affordability

MINNESOTA

Agenda

- Overview of Private Insurance Market
- 2025 Rate Release
- Reinsurance
- Factors driving increasing cost of health insurance

Overview of Minnesota's Individual Market

- Roughly 187,000 Minnesotans get healthcare coverage through the individual market; 138,000 of those purchase through MNsure.
- Enrollees include:
  - Farmers
  - People without access to health insurance through their employer or a program like MinnesotaCare, Medicare, or Medical Assistance
  - Independent contractors and gig workers
  - Employees working for small businesses not offering health insurance
  - Early retirees

2025 Rate Release

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Rate Release Overview

What is rate release?

- Each year, the departments of Commerce and Health review plans and rates submitted by insurance companies that offer individual and small group health plans. The departments must approve the rates before the plans can be sold to Minnesota consumers.

- The departments do not set health insurance rates. Rather, they review information submitted by insurers to determine whether their proposed rates are justified.

- Rates are not what you pay: Actual premiums vary family to family and person to person because of geography, age and federal premium tax credits which lower costs for consumers.

2026 Rate Changes—Individual Market

- 187,000 Minnesotans buy their health insurance on the individual market, with 138,000 Minnesotans are enrolled in qualified health plans via MNsure.
- The expiration of the Enhanced Advanced Premium Tax Credits (eAPTC) means that 90k MNsure enrollees will see substantial increases in their premiums. Hardest hit? Those with lower incomes and enrollees earning just over 400% FPL who will lose all access to financial help.
- If Minnesota did not pass reinsurance, rates would be almost 50% higher.
- Other factors leading to these increases include general rise in costs for medical services and prescription drugs.

Individual Market

Insurer	Final Ave Rate Change
Blue Plus	18.7%
HealthPartners Inc.	13.31%
HealthPartners Insurance Company	19.15%
Medica	30.76%
Quartz	7.4%
UCare	27.48%

2026 Rate Changes—Small Group Market

- Small group health plans provide employee coverage for businesses and organizations with 2 -50 full-time workers.
- These plans are sold directly by insurers or through insurance brokers and agents.
- 200,100, or 3.5% of Minnesotans get their health insurance coverage through small group plans.
- As in years past, rate increases reflect the general rise in costs for medical services and prescription drugs.
- Consumer protections required in all small group market plans include coverage for preexisting conditions and free preventive care, as well as coverage for prescription drugs and substance abuse and mental health treatment.

Small Group Market

Insurer	Final Avg Rate Change
Blue Cross	17.5%
Blue Plus	17%
HealthPartners, Inc.	12.58%
Medica Insurance Company	9.98%
Quartz	7.56%
Sanford	6.95%
UnitedHealthcare Insurance Company	13.6%
UnitedHealthcare of Illinois, Inc.	14.4%

Factors Impacting Rates

Significant drivers

- State actions to stabilize rates
- Federal changes leading to more market instability
- Ongoing market changes
- Changes in treatment options and costs

Reinsurance

- The Minnesota Premium Security Plan (Reinsurance) is a bipartisan proposal used to stabilize health insurance premiums on the individual market by helping to offset some of an insurer's high-cost claims
  - High-cost claims can include cancer treatments, care for babies born prematurely, or diabetes care for someone with multiple illnesses
- Rates are typically 20% lower because of reinsurance; for 2026 health carriers are reporting that rates are 47% lower
  - Difference driven by presumed changes in the individual market due to expiration of certain tax credits
- Program is approved through plan year 2027
  - Plan year 2026 is funded through a state appropriation
  - Plan year 2027 is funded by an assessment on group health insurance companies

Elimination of Enhanced Premium Tax Credit

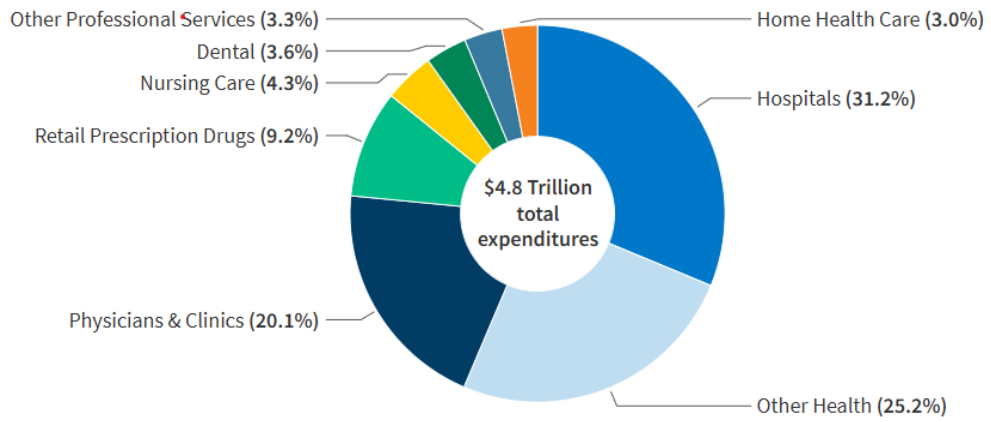
- Enhanced tax credits keep insurance premiums affordable to anyone buying coverage on MNsure
- Primarily impacts people over 400% of the federal poverty level
  - Approximately 90,000 Minnesotans will see costs increase, with an average increase of $2,000/year
- Fewer people will be able to afford health insurance, with a significant risk of adverse selection if tax credits are eliminated
- Elimination of these tax credits combined with other new federal eligibility and verification changes could further destabilize the market.

Health care trends driving cost increases

- Healthcare is more expensive
  - New prescription drugs and medical technology
  - People are sicker and using more health care services
  - Contracting with providers is more expensive
- Challenges accessing primary care delays access to treatment and increases reliance on more expensive sites of care such as urgent care centers or emergency rooms
- Enrollment changes in different health care segments

Figure 3

Relative Contributions to Total National Health Expenditures, by Service Type, 2023



Note: "Other Health" includes spending on durable equipment and non-durable products, other health, residential, and personal care, government public health activities, administration and net cost of health insurance, and investments. "Other Professional Services" includes services provided by chiropractors, optometrists, physical, occupational, and speech therapists, podiatrists, and private-duty nurses. Nursing care includes nursing care facilities and continuing care retirement communities.

Source: KFF analysis of National Health Expenditure (NHE) data • Get the data • Download PNG

Peterson-KFF Health System Tracker

Next Steps

- For more information about rates, visit: https://mn.gov/commerce/insurance/health/consumer-protections/rates/
- MNsure's open enrollment begins November 1, while Minnesotans will experience increases, it is critical that they maintain coverage and shop for the best option for them.
- Rates and the impacts of premiums go into effect on January 1, 2026.