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March 30, 2017

Governor Mark Dayton  
Minnesota State Capitol  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

Dear Governor Dayton,

The Land Stewardship Project (LSP) writes to communicate to you our opposition to a stand-alone reinsurance plan for the individual health insurance market. Thank you for meeting in person on March 21 with a group of organizations, including LSP, to hear our concerns. We continue to believe that HF 5 deserves to be vetoed and sent back to the Legislature to get a better solution for Minnesotans.

You have expressed many of our concerns yourself. Reinsurance on its own does not solve any of the problems people face in the individual market – high premiums, high deductibles, and narrow provider networks that limit access to care. In particular, we are concerned that many rural Minnesotans will be left without quality health care options, since insurance companies have repeatedly refused to commit to lowering costs or offering coverage in all parts of the state.

It is possible that more than \$500 million of public money would have no impact for the Minnesotans who need affordable health care coverage. In fact, it may even be likely that reinsurance has no impact, given that the insurance industry has continued to express alarm at shrinking individual market enrollment numbers. If insurance prices would rise again next year, it is reasonable to think that the best reinsurance will do is to hold premiums steady at 2017 levels, which were so high that state leaders felt a 25 percent rebate was needed to address the crisis. This means reinsurance does nothing more than pad insurance companies' bottom lines.

Additionally, LSP shares your concern about funding reinsurance substantially out of the Health Care Access Fund rather than demanding anything of the insurance industry. This draws money away from ensuring low-income Minnesotans have access to quality health care, at a time when the fund is already threatened with the impending loss of the provider tax. Funding reinsurance from the general fund is not a good option either, as these funds should be invested in long-term improvement of the lives of Minnesotans in areas such as education, environmental protection, family farms and small businesses, worker protection from wage theft, and other areas.

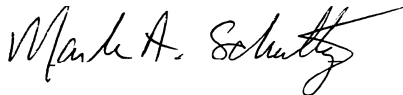
We understand that this is a serious situation and good options are few. Your MinnesotaCare buy-in proposal is one good option. We appreciate your ongoing advocacy for the MinnesotaCare buy-in, and we believe it should be a bottom-line item to be included in any reinsurance plan that you allow to become law. You have the ability to send HF 5 back and insist on a better plan.

LSP will continue to communicate with our members and supporters across the state about reinsurance and the need for quality health care options. We know those who have fought for positive changes throughout the process, and those who have refused to consider them. If a reinsurance plan moves forward, we will be watching closely and communicating about what impact, if any, reinsurance has on improving health care options for Minnesotans, especially in rural areas.

But should you let HF 5 become law, you share in the responsibility for it. It is extremely important to be clear publicly that reinsurance is not a solution and that major concerns remain about reinsurance's ability to deliver the quality, affordable healthcare Minnesotans need. But since those concerns remain, this bill should not become law.

Insurance companies have contributed greatly to the instability in the individual market by gaming the system, changing their plan offerings, and abandoning parts of the state to try to squeeze more money out of this small slice of the market. Placing blind trust in these same insurance companies is not going to work. HF 5 should be vetoed, with you using your power to insist on a plan that is responsibly funded and that provides some certainty and stability for Minnesotans for their health care needs.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Schultz". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Mark Schultz  
Executive Director  
Land Stewardship Project