



**Testimony of Allison O'Toole, Chief Executive Officer, MNSure  
U.S. Senate Committee on Health, Education, Labor & Pensions  
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Good morning Chairman Alexander, Ranking Member Murray and committee members.

As the CEO of Minnesota's state-based exchange, MNSure, it's my job to work with the on-the-ground realities of getting Minnesotans enrolled in health coverage. I have seen first-hand the value of state flexibility in responding to turbulent market conditions and the effectiveness of state-level policy initiatives that have improved conditions over the last year.

Like many states, Minnesota has seen a great deal of volatility in its individual market. For example, last year one of the state's major carriers pulled out of market, and premiums for those insurers that remained increased more than 50 percent. And, because of these changes and others, Minnesota's individual market shrunk.

Despite that challenging environment, MNSure's enrollment has continued to increase year over year. This past open enrollment season, a record number of Minnesotans purchased coverage through the exchange, with 33 percent more Minnesotans purchasing private health insurance through the exchange than the previous year.

Now, 96 percent of Minnesotans are covered. That's the highest rate in state history and the second highest in the country.

The flexibility of a state-based exchange is a large part of our success. This year marked the second year in a row MNSure beat its enrollment and revenue projections, and our budget is self-sustaining, balanced and conservative.

MNSure has full control over our outreach programs, which means we are able to tailor activities to meet the needs of Minnesotans. We partner with trusted local organizations and brokers with strong ties to the communities that they serve to help consumers. Over the past year, these partners enrolled more than 125,000 Minnesotans into health coverage. Our locally-organized assister network is a big reason MNSure has led the nation two years in a row in the percentage of new enrollees.

Being a state-based exchange also gives us the flexibility to call special enrollment periods when Minnesota-specific situations call for them. For example, in February we were able to give Minnesotans an extra week to purchase coverage after our legislature passed a premium relief bill late in the open enrollment period. This extra week enabled 4,000 more Minnesotans to enroll in coverage.

The premium relief bill, which was proposed by our Democratic Governor and passed by our Republican legislature, provides a 25 percent automatic discount on premiums to consumers on the individual market who do not receive tax credits in 2017. It is a one year program that will be effectively replaced by a state reinsurance program for 2018 and 2019, if Minnesota receives approval for our 1332 waiver application that is currently under review by CMS. Without quick federal approval, Minnesota will not be able to implement the reinsurance program, which will have a devastating impact on our overall market, and more importantly Minnesotans.

While MNsure performed well this past year, the individual market as a whole saw significant challenges. Bipartisan action by the State on premium relief and a reinsurance program have mitigated some of the premium increases for Minnesotans, but premiums and out-of-pocket costs remain too high and provider networks too narrow for many Minnesota families.

These state actions are short-term fixes, and we share the widespread recognition that action at the federal level is needed to add certainty, stability, and strength to individual markets across the country.

Among our top priorities that we believe would stabilize and strengthen markets are:

- **One: Permanent funding of cost-sharing reduction (CSR) payments**

States and issuers require certainty over the future of CSR payments. Elimination of this program will compromise the affordability of coverage and services for millions of Americans and further destabilize these markets, driving up premium prices for consumers. In Minnesota the vast majority of our CSR dollars go to fund our Basic Health Plan, MinnesotaCare. These funds are worth over \$100 million dollars a year to our state budget.

- **Two: A long-term, federal reinsurance program**

A long-term, comprehensive, federally-funded reinsurance program is necessary to ensure consumers have access to affordable coverage as the individual market is inherently less stable than group coverage. In our proposed rates for 2018, Minnesota has seen that reinsurance can work, reducing premiums by as much as 20 percent. In order to finance the reinsurance program the state proposed under the 1332 waiver, Minnesota was forced to tap state funds and cost shift from other health care programs. This is not something the state can sustain for a longer period of time.

- **Third: Continued flexibility over the use of 1332 waivers**

State innovation and experimentation will be key to identifying creative solutions that can maximize affordable coverage and manage health costs and quality. We encourage additional flexibility for states, while also ensuring that all consumers can continue to receive comprehensive and affordable coverage and protection for pre-existing conditions. Some specific areas where the waiver process could be improved are:

- Expedite review: the current waiver process can take up to seven and a half months. That is too long for states needing to take rapid action. Minnesota's experience here is apropos, given that our Department of Commerce needs to finalize our rates and we are still waiting for approval from CMS.
- Allow states to submit waivers prior to receiving final legislative approval.
- Provide model waivers from CMS for states to follow.
- Allow states to concurrently complete multiple steps in the approval process; for example, allow the completeness review and federal public comment periods to run simultaneously.
- Allow deficit neutrality across the life of the waiver, rather than year by year.

- **Fourth: Maintain flexibility for state-based exchanges**

Maintaining flexibility for state-based exchanges to tailor certain federal rules to the unique conditions of its state will help them better manage the dynamic and volatile conditions of the individual market. Minnesota greatly appreciated the flexibility offered by CMS in its final rule on market stabilization issued in March. This flexibility allowed MNsure to respond to concerns from stakeholders and supplement the upcoming open enrollment with a special enrollment period giving Minnesotans more time to shop for coverage. This flexibility also allows states to:

- React to state specific situations and demands; for example, providing necessary Special Enrollment Periods in response to local legislation.
- Control their own marketing and enrollment outreach.
- Collaborate with other public health agencies to increase efficiency gains.
- Have additional oversight and accountability at the state level.
- Provide customer service to better address local needs.

There may be opportunities to extend some of these advantage to states on the federal exchange as well, such as controlling their marketing and outreach efforts.

- **Lastly: Continued enrollment outreach and marketing efforts**

In Minnesota, we've found that older and sicker individuals are the first to sign up, and if we are to have a robust and diverse risk pool to ensure affordable prices, we must put in the extra effort to bring in younger and healthier Minnesotans. Defunding or eliminating enrollment outreach efforts undermines the goal of creating strong risk pools across the country that lead to more affordable prices.

Thank you, Chairman Alexander and Ranking Member Murray for holding these bipartisan hearings. I'm honored to be part of this important conversation.

In Minnesota, we are fortunate to have a long history of bipartisan cooperation and innovation on health care. And while our debates can certainly be as messy as anywhere else, our results over the last 25 years show what can be accomplished when both parties work together.

Whether it was the founding of the nation-leading MinnesotaCare program 25 years ago that provides health coverage to low-income working Minnesotans, or leveraging federal programs to develop smarter payment models for lower cost and better care, Minnesota has benefited from a recognition on both sides of the aisle that when more people have health care coverage our economy is stronger and our state healthier. Thank you again for this opportunity.