



# STATE OF MINNESOTA

## Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

July 10, 2012

The Honorable Kathleen Sebelius  
Secretary  
U.S. Department of Health and Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Madam Secretary:

I write to reiterate the State of Minnesota's intention to continue the planning and development of a Minnesota Health Insurance Exchange that will inform our citizens about the best and most affordable health care coverage available. We will seize the historic opportunities to improve the quality and affordability of health care afforded us by new law, known as the Patient Protection and Affordable Care Act, whose constitutionality has now been affirmed by the U.S. Supreme Court.

In the past, Minnesota has often led our nation in health care innovation and reform. We are excited by this opportunity to design our own Exchange, which will best meet the needs of Minnesotans. It will empower individuals, families, and businesses to make the most informed decisions about their health coverage. It will require health care insurers and providers to compete for their business. We estimate that this new marketplace will help more than 1.2 million Minnesotans access quality, affordable health care coverage for themselves, their families, and their businesses.

On October 31, 2011, I signed an Executive Order, which directed our state to begin the design and development of a Minnesota exchange. We established a Minnesota Health Insurance Exchange Advisory Task Force to engage people statewide in this important work. The Task Force is comprised of consumers, small and large business representatives, patient advocates, health care providers, health plan administrators, insurance agents, tribal leaders, and state legislators (although the Senate and House Republican Caucuses have thus far declined to participate). Through a series of regional meetings, over 200 stakeholders from all over Minnesota have been engaged in this design process.

We estimate that by 2016, nearly 300,000 currently uninsured, middle-class Minnesotans will gain health insurance through our Exchange, by taking advantage of the subsidies and tax credits provided by the federal law. Every newly insured Minnesotan is one less person whose health care must be paid almost entirely by federal and state taxpayers. Our state-based Exchange will help small businesses and their employees with the cost of health care coverage and simplify their administration of health insurance.

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According to our actuarial and economic analysis, we estimate that:

- Minnesotans who buy their insurance through our Exchange will see an average 23 percent reduction in their premiums, after federal subsidies and tax credits.
- Minnesota families will save over \$1 billion per year (2016 estimate), with the average family saving over \$500 per year through tax credits, subsidies and a variety of other factors. Lower income families will realize average annual savings of \$1,800.
- Small employers are estimated to save up to 7.5% on premium costs to purchase coverage for their employees: small employers with less than 25 employees who are eligible for tax credits will save even more.

The Exchange will also streamline Medicaid eligibility and enrollment systems, which will help up to 700,000 Minnesotans, including 120,000 newly covered, get their health care from cost-effective providers, rather than visits to expensive hospital emergency rooms. They will receive more timely health services, and save Minnesota taxpayers up to \$250 million per year. That number is in addition to the 84,000 people who have obtained access to high quality coverage through Medicaid, as a result of the Early Opt-in Executive Order I signed in January 2011. That decision will save Minnesota taxpayers more than \$1 billion over three years, because the population was previously covered under a state-only funded program.

Minnesota will continue to work with your Department of Health and Human Services and with other states in sharing ideas and optimizing implementation. The ultimate success of the Patient Protection and Affordable Care Act will depend upon states' willingness to serve their citizens' needs for the best possible health care at the most affordable price. State leaders, who choose to obstruct the implementation of this new law rather than help it realize its fullest potential, clearly establish themselves as part of the problem rather than the solution to providing Americans with affordable health care.

Minnesota will proudly work with your Administration to help design and lead the solution.

Sincerely,  
  
Mark Dayton  
Governor