



## HPPM Opposition to HF 3529/SF3543

***There is no evidence of different outcomes when comparing the satisfaction, cost, or access of for-profit and non-profit HMOs.***

In February 2024, the Minnesota Department of Health released a study on HMO Conversions. The executive summary states clearly that:

*“...minimal data are available to shed light on whether differences exist between nonprofit and for-profit HMOs with regard to day-to-day operations, enrollee satisfaction, and quality of care.”*

***There is no regulatory difference between for-profit and non-profit HMOs.***

- All HMOs are subject to regulation from the Minnesota Department of Health and the Minnesota Department of Commerce.
- All are subject to medical loss ratio requirements at BOTH the federal and state levels.
- No HMO can keep excess funds whether they are called “profit” or a “non-profit surplus.” The State of Minnesota **requires HMOs to return funds** that exceed the medical loss ratio.
- All are subject to the same network adequacy requirements.

***No demonstrated performance difference between for-profit and non-profit HMOs.***

- All HMOs must meet the needs of their customers, or the customers will choose other coverage.
- All must build strong provider networks to serve their customers.
- All must offer competitive rates to give value to customers.
- Many non-profit HMOs have contracts and organizational affiliations with for-profit entities.
- The Department of Human Services chose a for-profit HMO to meet the needs of more than 30,000 PMAP enrollees.

### ***Unanswered Questions***

What are the fiscal impacts of HF3529/SF3543?

How will the approximately 30,000 PMAP enrollees be transitioned to other coverage? In the recent past, the work of re-enrollment has been burdensome to counties and enrollees. How much will enrollment transition cost?

What provision is made for PMAP enrollees keeping continuity of care when their coverage is terminated by this law? Will there be gaps in care as vulnerable Medicaid members need to find new coverage, and likely, new health care providers?

Is termination of a duly authorized license with without cause a “taking” under Minnesota law?

### **Closing Comments**

Consumers, employers, and DHS are free to choose the best value option for health care coverage. HMOs, regardless of status, cannot charge more or provide less to consumers.

The work of the HMO conversion report is far from complete with a final report planned for release later this year. Last session, you asked for more information. The next phase of the report will have better data and will shed light on perceived differences in HMO types.

The legislature is considering a breadth of changes to Minnesota’s health coverage including a public option, single payer, prior authorization removals, the expiration of reinsurance, and the expansion of mandates. The committee should view this bill as an additional complication for Minnesota consumers.

The members of HPPM opposed HF3529/SF3543 because we are community partners, employers, and are dedicated to giving great value to our Minnesota enrollees.