

**Congress of the United States**  
**Washington, DC 20510**  
January 22, 2014

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

Dear Madam Secretary:

We are writing to express our concerns regarding the proposed rule titled Basic Health Program: Proposed Federal Funding Methodology for Program Year 2015, issued by the Centers for Medicare and Medicaid Services (CMS) on December 23, 2013. Implementation of the Basic Health Program is very important to us, and we appreciate your work to develop an appropriate funding methodology. Such a methodology must recognize the distinctive features of Minnesota's health care marketplace; unfortunately your proposal currently does not do that. If finalized in its current form, this methodology would threaten the sustainability of Minnesota's long-standing, bipartisan MinnesotaCare program and would create significant barriers for a state like Minnesota to providing the best possible health coverage to our constituents.

Relying on your partnership, Minnesota became the only state in the nation last year to take the necessary legislative and administrative steps to provide more affordable health care to low-income working families through the framework of the Basic Health Program. This was particularly important for our state because of the many working families who depend on MinnesotaCare, our health program that currently supports many low-income individuals and families. Providing continuity of coverage is by far the best way to ensure current beneficiaries' access to high quality, affordable health care. Appropriate funding for MinnesotaCare through the Basic Health Program, as envisioned by Congress, will allow Minnesota to continue its successful MinnesotaCare program.

Unfortunately, the future of MinnesotaCare would be jeopardized by CMS's recently proposed funding methodology that does not take into account the unique market conditions created by decades of health care innovation in our state. Specifically, this proposal fails to take into account the impact of MinnesotaCare on our reformed market or any state-specific factors except for our state's average premiums in our state health insurance marketplace. Our average premiums are the lowest in the nation, and an independent analysis showed that these low rates are in part due to our separate MinnesotaCare program. By failing to consider state-specific factors that contributed to these low rates, including our MinnesotaCare program, the proposed methodology could jeopardize the future of that program.

When determining new federal funding levels for MinnesotaCare, we respectfully request that CMS allow Minnesota to use actual state data retrospectively, so we can account for the unique factors in our health insurance market. We also ask that CMS provide a risk adjustment formula that allows Minnesota to reflect the cost and actual health status of our MinnesotaCare population, which has historically been different from our general population. We also recommend that states be allowed to account for expected premium trends in their markets to ensure fairer funding levels, including those related to population shifts and market competition effects. In Minnesota, this would

include the projected costs to our individual market from the elimination of the state's high-risk pool for our sickest residents, which notably is the largest of its kind in the country.

It is critical that CMS be creative and flexible with this funding methodology to help states get through this period of market changes and fluctuation. If a state-specific solution is not available at this time, then states should be allowed the flexibility to use national data for the entire funding formula, including the average reference premium. This would at least allow for consistency in the funding formula so one state isn't unfairly disadvantaged compared to another.

It was the intent of Congress that the statute authorizing the Basic Health Program offer states a real opportunity to provide coverage for low-income working families and individuals. If the methodology does not take into account the distinctive health care markets of states like ours, it will not fulfil this intent. MinnesotaCare provides high quality, affordable health coverage for tens of thousands of hard-working, low-income Minnesotans and their families. We respectfully request your assistance in directing your staff to once again partner with us and with Governor Dayton's administration to create a fair and reasonable Basic Health Program funding methodology that reflects our shared commitment to providing affordable health coverage through MinnesotaCare.

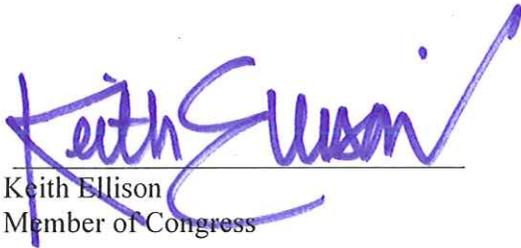
Sincerely,



Al Franken  
United States Senator



Amy Klobuchar  
United States Senator



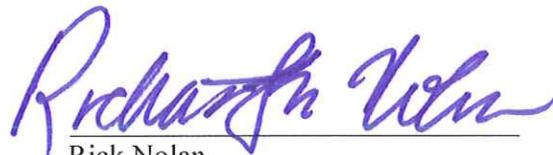
Keith Ellison  
Member of Congress



Tim Walz  
Member of Congress



Collin Peterson  
Member of Congress



Rick Nolan  
Member of Congress



Betty McCollum  
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