U.S. Sen. Al Franken and Minnesota Commerce Commissioner Mike Rothman said recently that a provision in the nation's health care law, which this year sent $1.1 billion in health insurance rebates to almost 13 million Americans – including 123,000 Minnesotans – had its origin Minnesota.
In a press conference last week, the two officials said the provision, known as the "Medical Loss Ratio" was added to the federal health reform law by Sen. Franken when the law was enacted in 2010. The measure requires health insurers to spend at least 80 to 85 percent of what they collect in premiums on actual health services for their customers, as opposed to administrative costs, profits, marketing, or CEO salaries. Insurance companies that did not meet that threshold had to issue rebates by August 1. More than 123,000 Minnesotans will receive a total of $8.9 million in rebates this year.

"The Medical Loss Ratio provision I added to the nation's health care law was designed to bring down health costs for businesses and families in Minnesota and across the country," said Senator Franken. "It is based on a Minnesota law, and it has worked. Americans have not only seen more than $1 billion in insurance rebates, but the provision also has kept premium increases down. In fact, in some places health insurance premiums have been lowered because of my provision. Once again, Minnesota is showing the nation how to do health care the right way."

"For nearly two decades, our state's Medical Loss Ratio requirement has helped ensure that the vast majority of health insurance premiums are spent directly on health benefits and services for Minnesota consumers and businesses," said Commissioner Rothman. "This single innovative reform effort has held insurers accountable for the rates they charge and delivered value to Minnesotans for their premium dollars."

Thanks in large part to the state's Medical Loss Ratio, Minnesota's non-profit health plans lead the nation in keeping administrative costs low – with some spending more than 90 cents of every premium dollar on health services. Senator Franken and Commissioner Rothman agree that based on Minnesota's experience, other states stand to benefit greatly from this new provision in the Affordable Care Act.

As the rest of the nation prepares for this cost-saving transition, Minnesota is already well ahead of the curve due to reform efforts passed by the legislature in 1993. The Commerce Department issued its eighteenth annual Medical Loss Ratio report, detailing how much each of the state's insurers have spent on actual health care services as a percent of premiums collected from policy holders in 2011. The report, developed in partnership with the Minnesota Department of Health, is available on the Minnesota Department of Commerce website.

Minnesotans who wish to learn if their insurer is issuing rebates based on the new federal provision can visit www.healthcare.gov. Select "Get Help Using Insurance," then click on "Your Insurance Company & Costs of Coverage." Minnesotans with additional questions may contact the Minnesota Department of Commerce Consumer Response Team by phone at (800) 657-3602 or by email at consumer.protection@state.mn.us.