



Breakout Session: Healthcare Cost Containment

Alex Caldwell | Director, Center for Health Care Affordability

Sheila Kiscaden | Co-Chair, Health Care Affordability Advisory Task Force

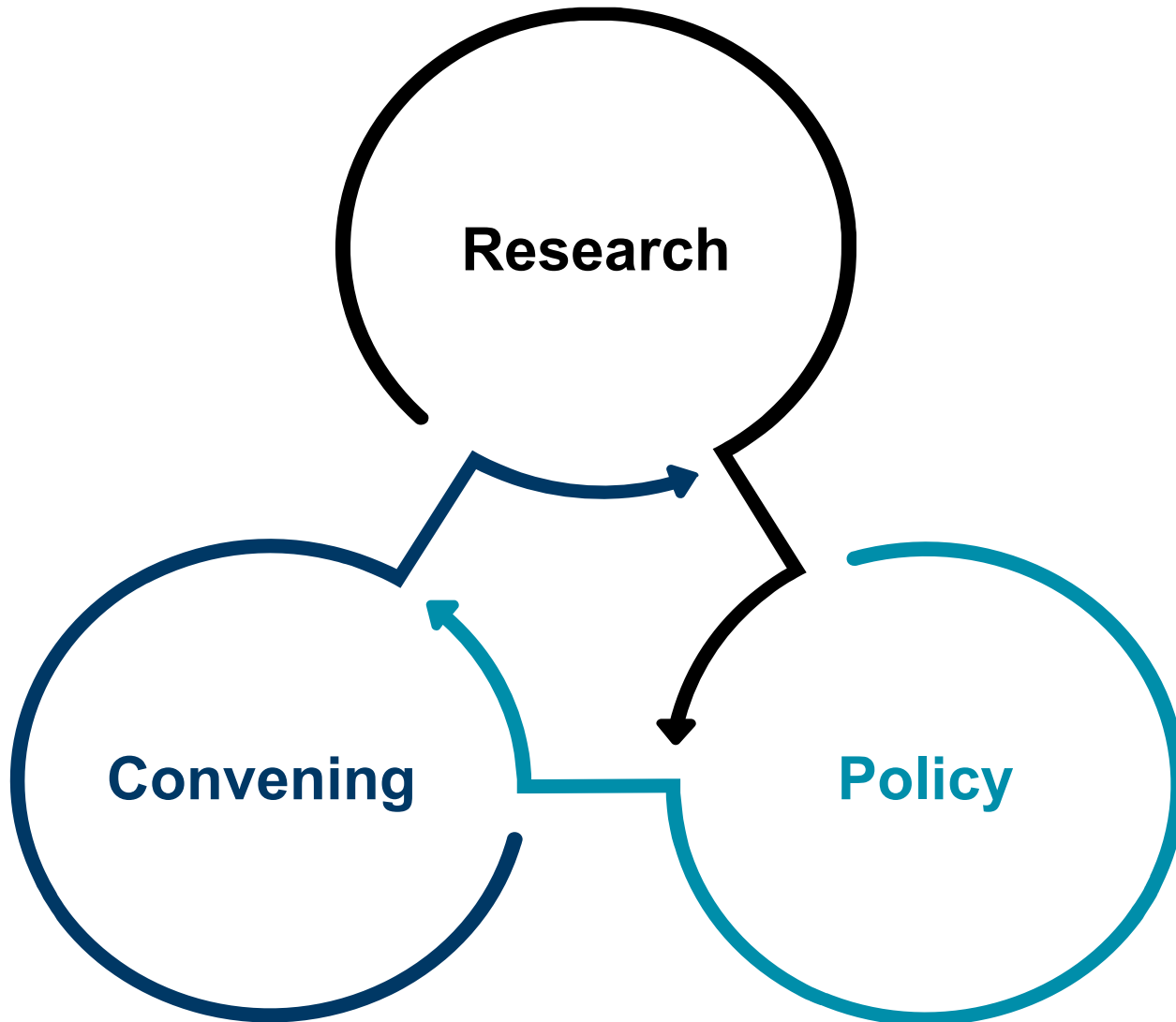
Michelle Wilson | Agency Policy Specialist, Health Economics Program



Center for Health Care Affordability

Alex Caldwell | Director

What is Minnesota's Center for Health Care Affordability?



The Minnesota Department of Health's Center for Health Care Affordability is committed to making health care **more affordable for all Minnesotans.**

Our Approach

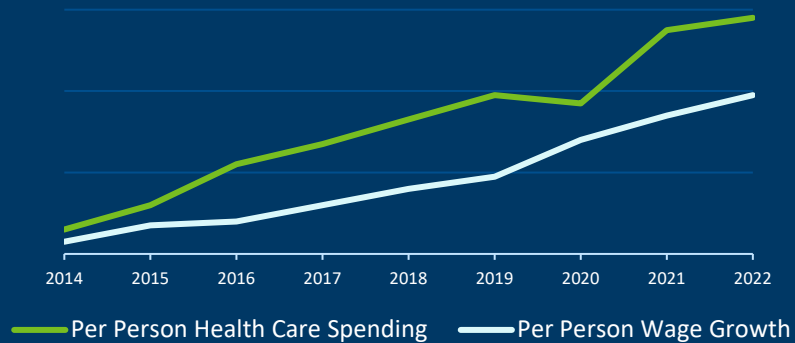
We **identify cost drivers**, provide **transparent research**, and **advance solutions** that stabilize health care spending so that Minnesotans can afford the high-quality care they need.

Our North Stars



Minnesota's health care spending will **grow at a slower, more sustainable rate**

Right now, healthcare spending is growing faster than wages, making it harder for Minnesotans to afford the care they need.



Fewer Minnesotans will report **foregoing or delaying needed care due to cost**

Today, almost a quarter of Minnesotans report skipping treatment and medications because they can't afford it.



1 in 4
Minnesotans
skip treatment
+ medication
due to cost

Health Economics Program

Michelle Wilson | Agency Policy Specialist

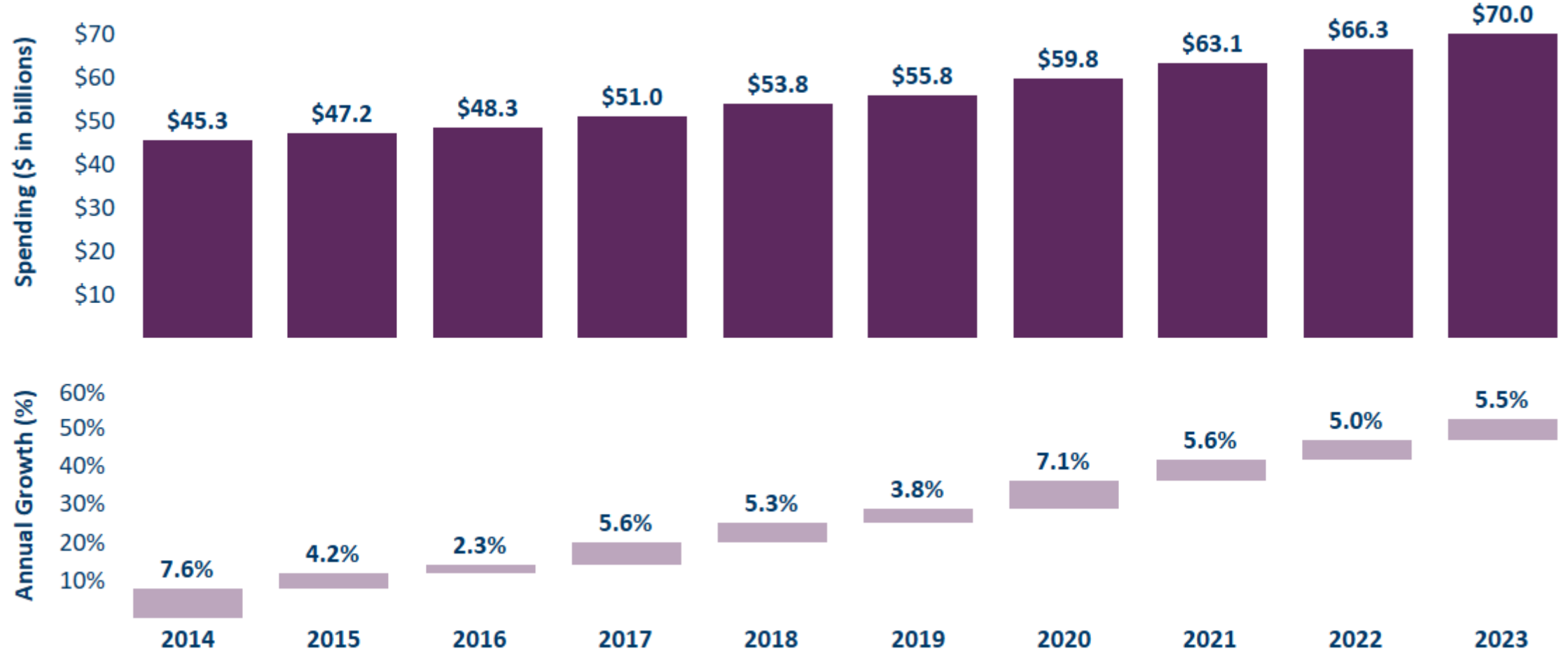
The Health Economics Program at MDH

- The Health Economics Program (HEP) conducts research and applied policy analysis to:
 - Monitor changes in the healthcare market
 - Understand factors influencing healthcare cost, quality and access
 - Provide objective, technical assistance to policymakers
- Our work is data-driven
- It is available through reports, issue briefs, data dashboards, presentation slides & testimony



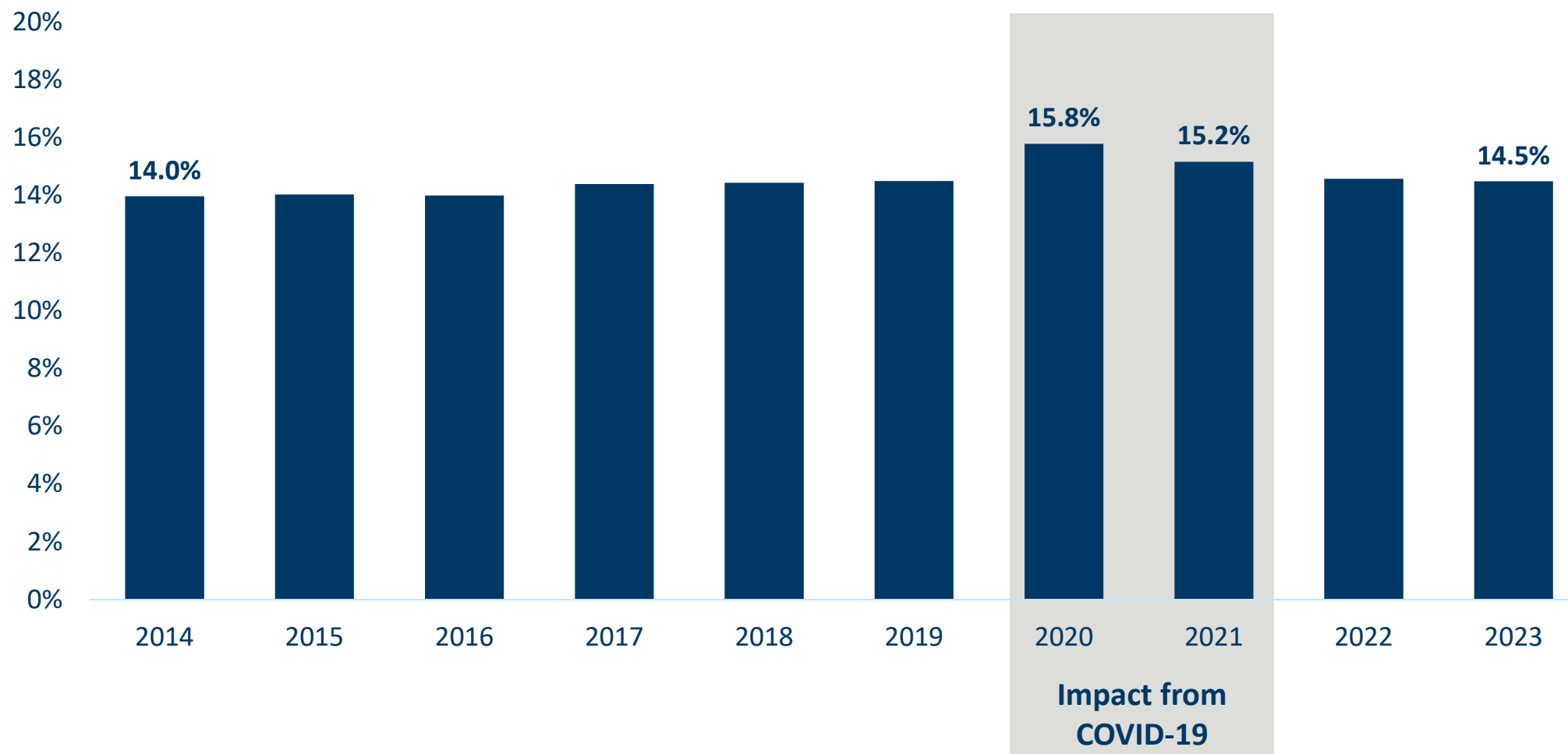
Healthcare Spending Trends and Cost Drivers in Minnesota

Estimates of MN Healthcare Spending, 2023



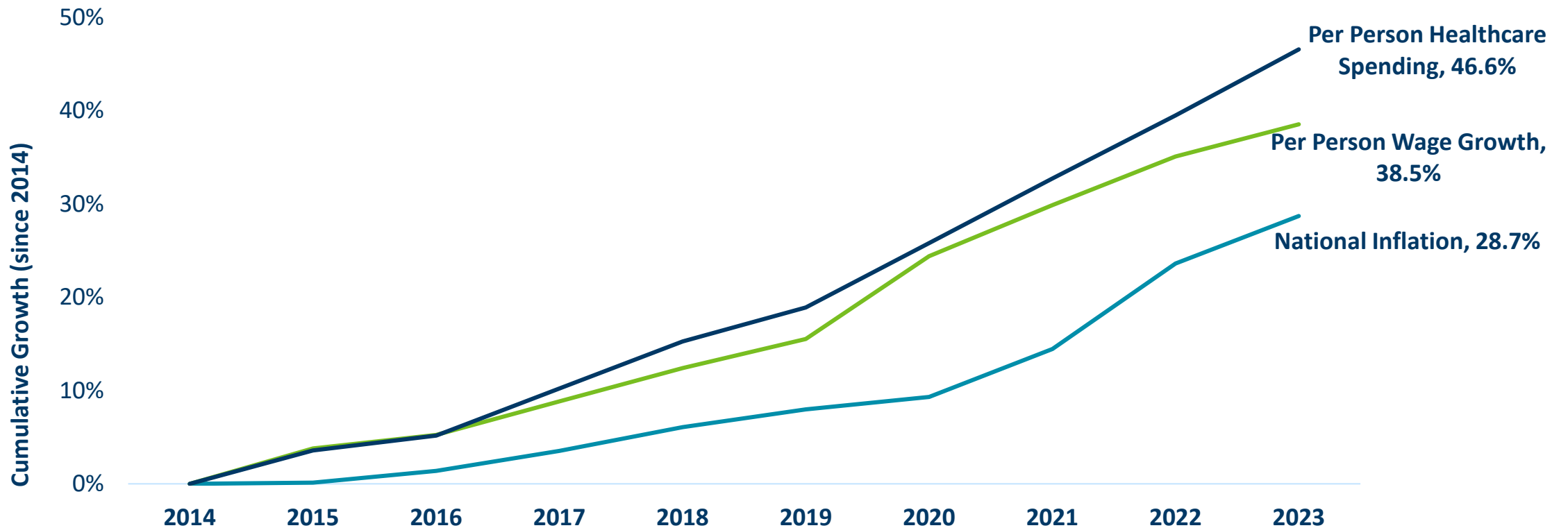
Source: MDH Health Economics Program, 2023 healthcare spending estimates. Estimates include private long-term care spending. Revisions to historical time series may lead to slight variation from previously published estimates

The Share of Minnesota's Economy Spent on Healthcare Continues To Increase



Sources: MDH Health Economics Program, 2023 healthcare spending estimates. Minnesota economy data based on Minnesota Management and Budget data, accessed February 2026. Estimates include private long-term care spending. Revisions to historical time series may lead to slight variation from previously published estimates

Cumulative Growth in Key Minnesota Healthcare Cost and Economic Indicators

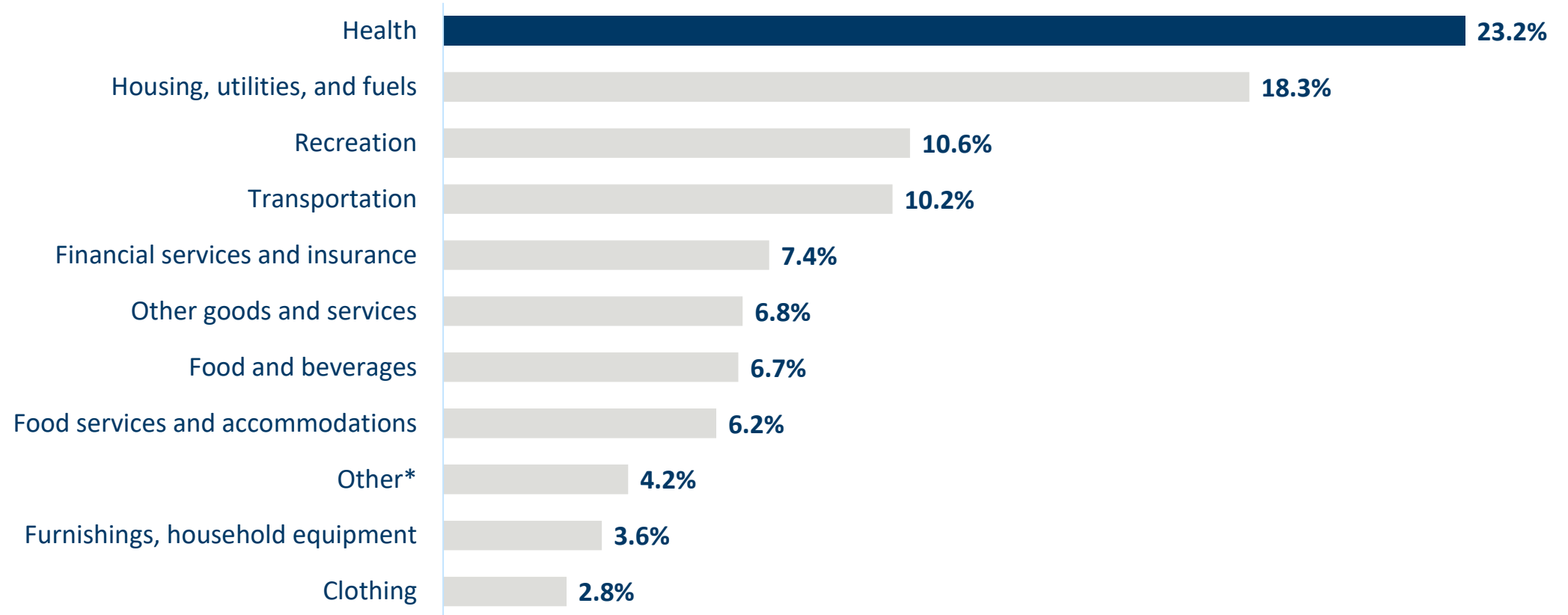


Health care spending is Minnesota spending per person (private and public payers); it does include enrollee out-of-pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance.

Sources: MDH Health Economics Program, 2023 healthcare spending estimates; Gross State Product (MN GDP) from U.S. Department of Commerce, Bureau of Economic Analysis; Consumer Price Index (All Urban Consumers (CPI-U), U.S. City Average), accessed July 2026; per person wage growth from Minnesota Department of Employment and Economic Development as of May 2026.

Sustainability of Healthcare Trends

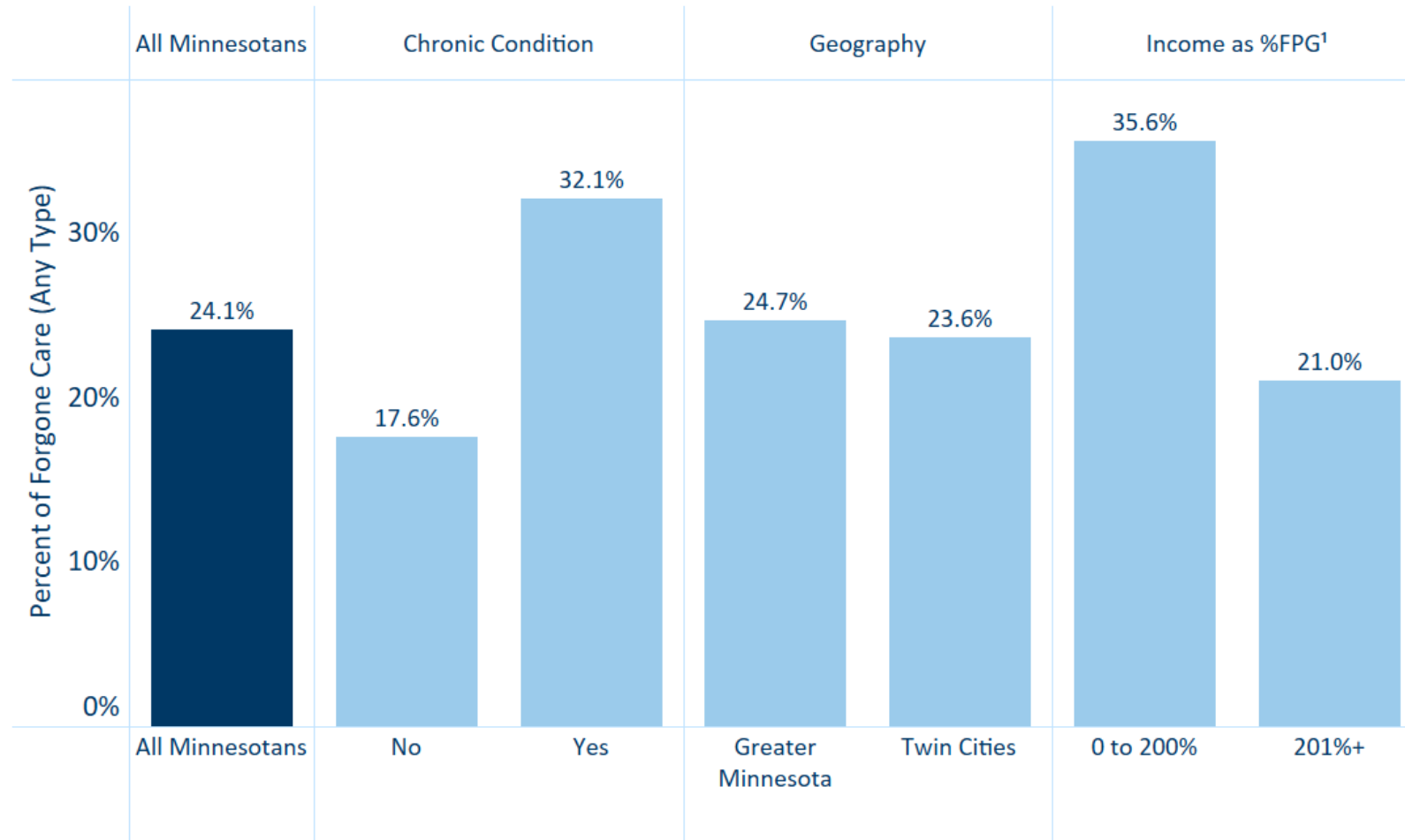
Spending on Healthcare is Biggest Budget Item for Households



*Other spending includes communication, education, and net foreign travel and expenditures abroad.

Source: MDH Health Economics Program analysis of Bureau of Economic Analysis. "Personal consumption expenditures (PCE) by Function (SAPCE4)" 2024. Health includes spending on outpatient services (physician services, dental care, and paramedical services), hospital and nursing home services, and spending on health insurance.

Any Forgone Care Due to Cost by Chronic Conditions, Geography, and Income, 2025

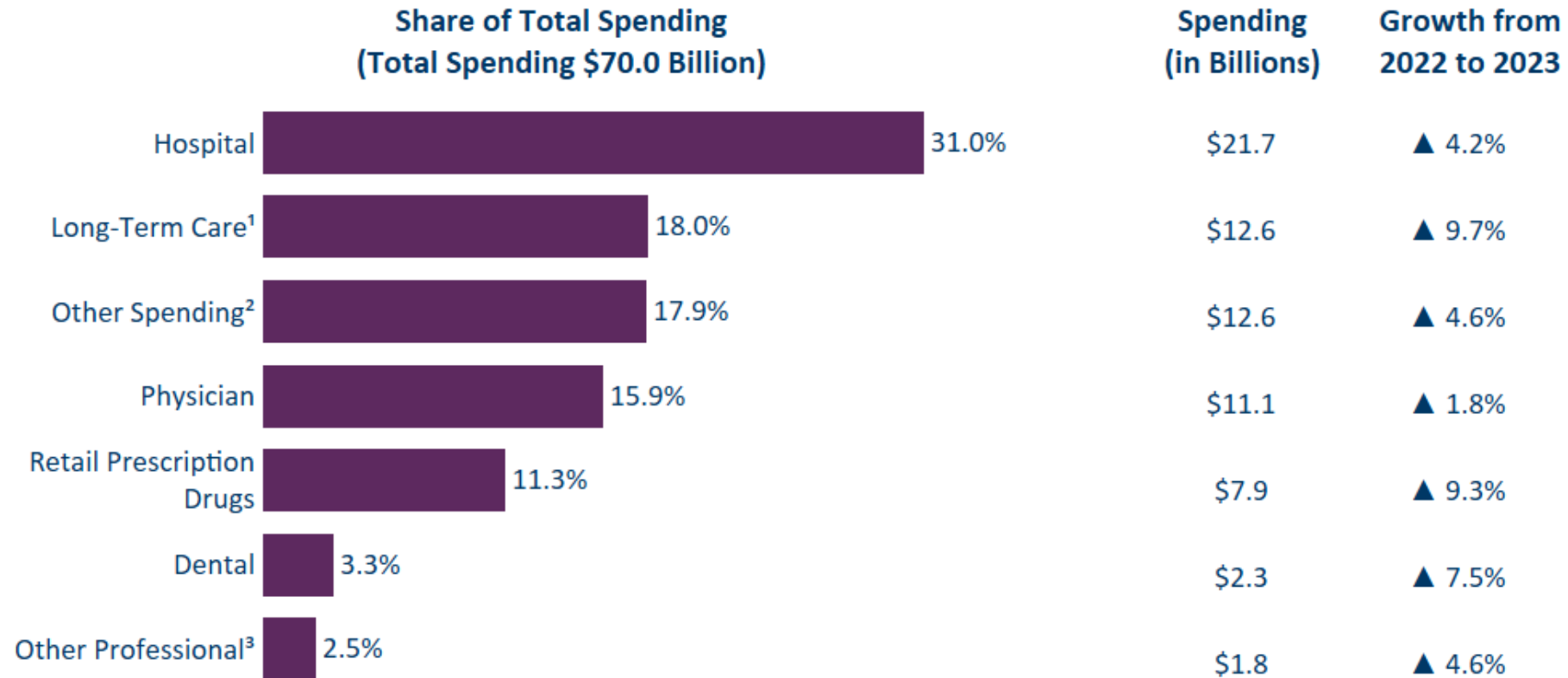


Source: MDH Health Economics Program and State Health Access Data Assistance Center, School of Public Health. 2025 Minnesota Health Access Survey.

[^] Indicates statistically significant difference (95%) level from all Minnesotans within year.

¹Federal Poverty Guidelines (<https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>)

Share of Minnesota Healthcare Spending by Categories of Service, 2023



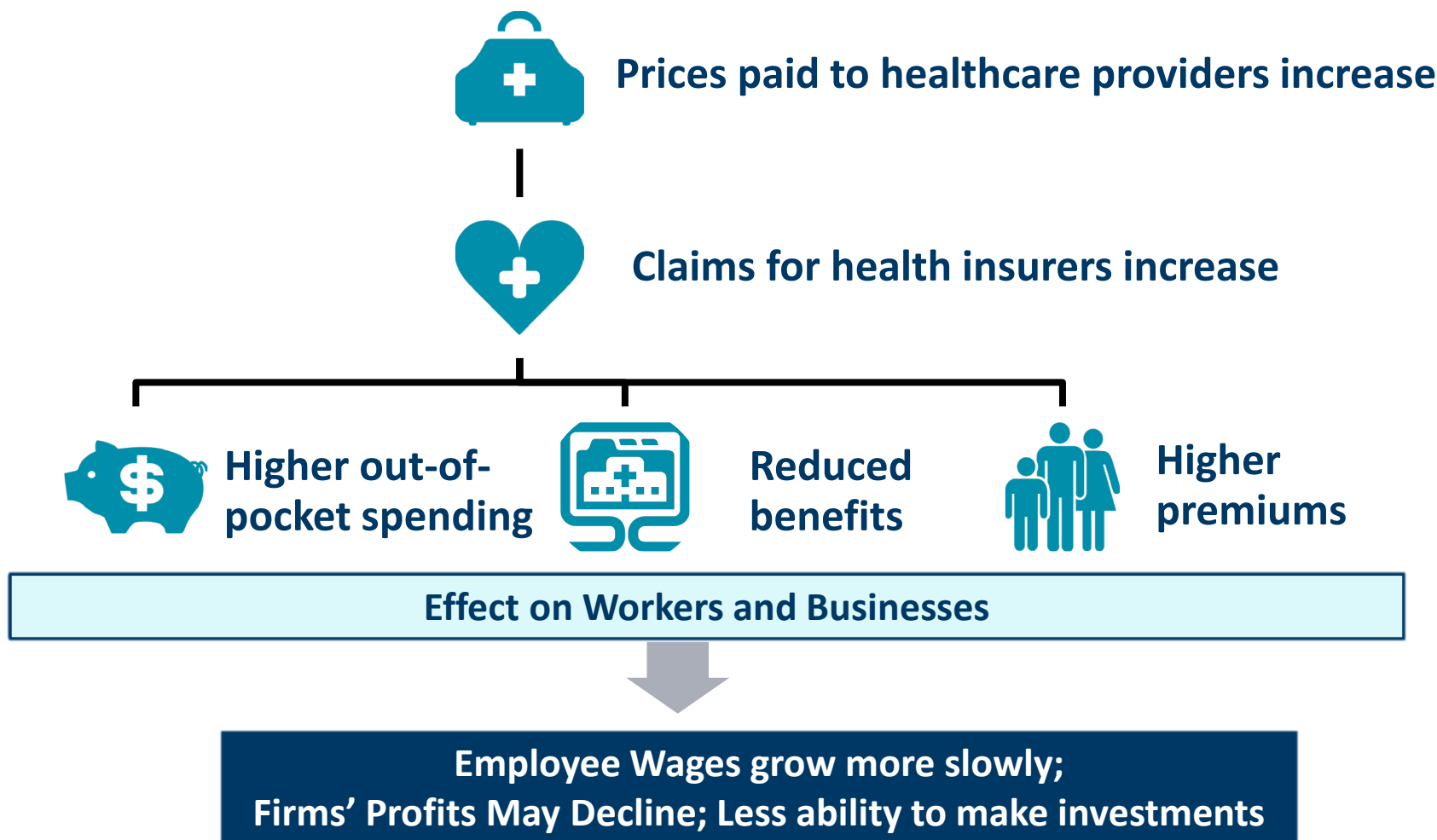
Source: MDH Health Economics Program, 2023 healthcare spending estimates. May not total to 100% due to rounding.

¹Includes home health care services.

²Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

³Includes services provided by health practitioners who are not physicians or dentists.

The Effects of Higher Commercial Prices on Premiums, Benefits, Out-of-Pocket Costs, and Wages



Average 2025 Employer-Sponsored Health Insurance Premiums for Family Coverage



Minnesota premiums were nearly \$26k



Midwest CSG state premiums range from \$23k to \$28k



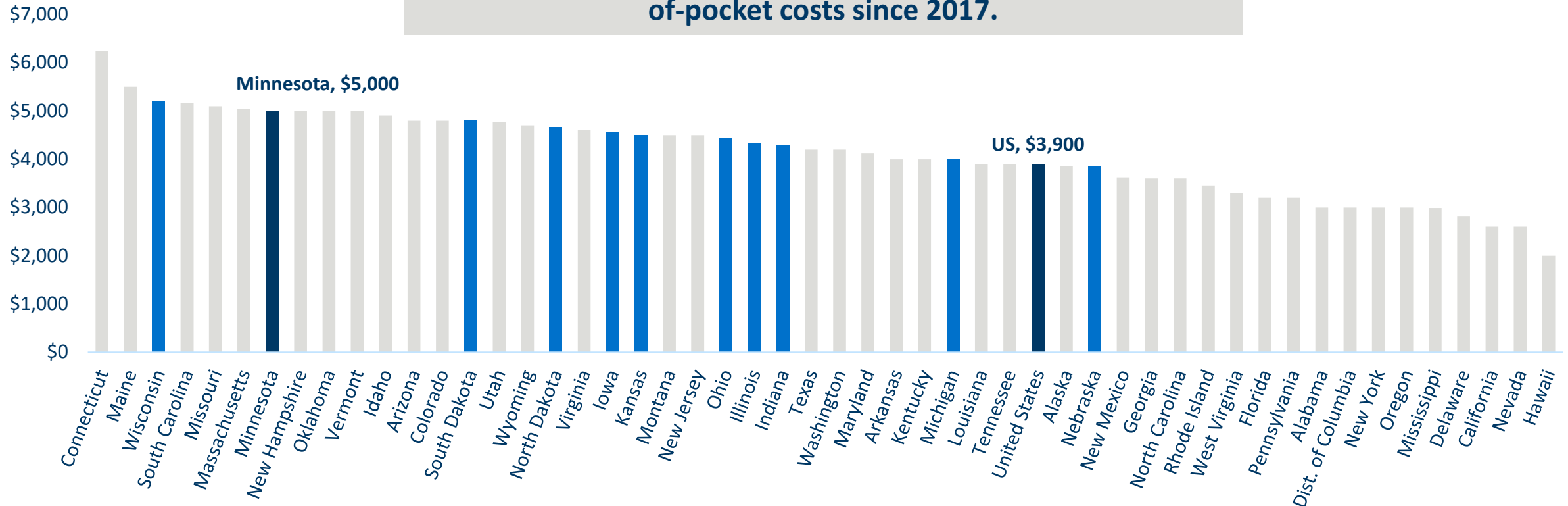
Comparable to the cost of a crossover SUV

Sources: MDH Health Economics Program analysis of data for private employers from the Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component; Kelly Blue Book 2025 Chevrolet Trax. Family coverage excludes employee-plus-one coverage. Annual health insurance premiums include both the employee and employer contribution. CSG refers to Council of State Governments.

9/1/2026

Median Medical Out-of-Pocket Spending for Individuals with Family Coverage, 2024

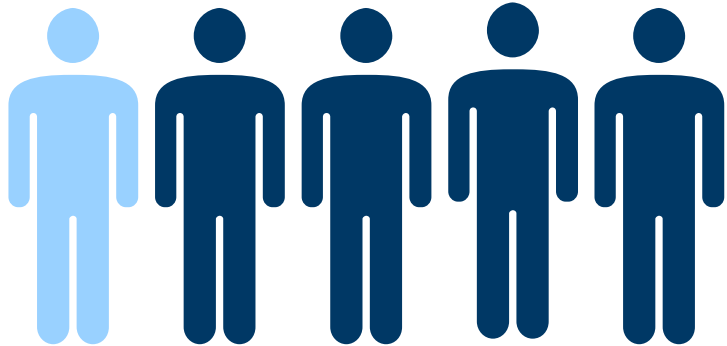
Minnesota remained in the top 15 states for the highest out-of-pocket costs since 2017.



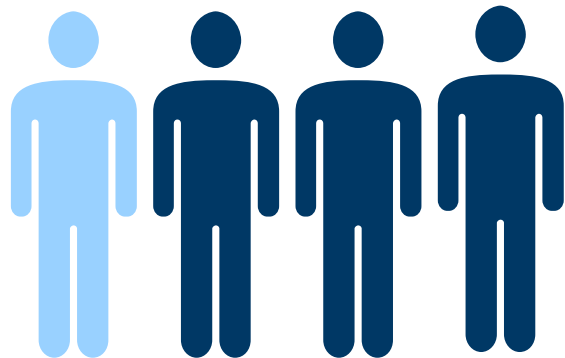
Data includes the employee share of premiums, and medical expenses not covered by their medical plan (i.e., out-of-pocket medical costs and over-the-counter medical costs) based on individuals with family coverage.

Source: SHADAC analysis of the Current Population Survey's Annual Social and Economic Supplements (CPS) public use microdata files, State Health Compare, SHADAC, University of Minnesota, statehealthcompare.shadac.org, Accessed November 14, 2025. The calculated margin of error (MOE) is 95% and represents the uncertainty of an estimate due to sampling variability. For this data, the MOE varies by each state and the United States; for Minnesota, the MOE in 2023 is \$661.50. The 2024 median estimate for Minnesota indicates an upward trend from 2023.

Even With Private Health Insurance, Minnesotans Worry about Affording Care

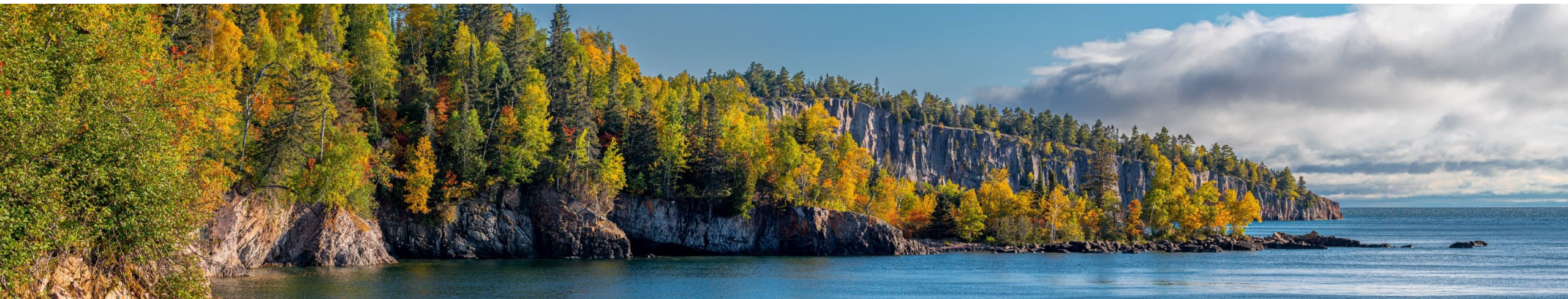


1 in 5 Minnesotans with private insurance aren't confident they could pay their deductible if there was a major medical event.



1 in 4 Minnesotans with private insurance weren't satisfied with their level of insurance to protect them against high medical bills.

- Healthcare spending continues to grow – no sign of slowing
- Prices are a cost driver in the commercial market
- Affects workers and businesses
- Affordability is a real concern

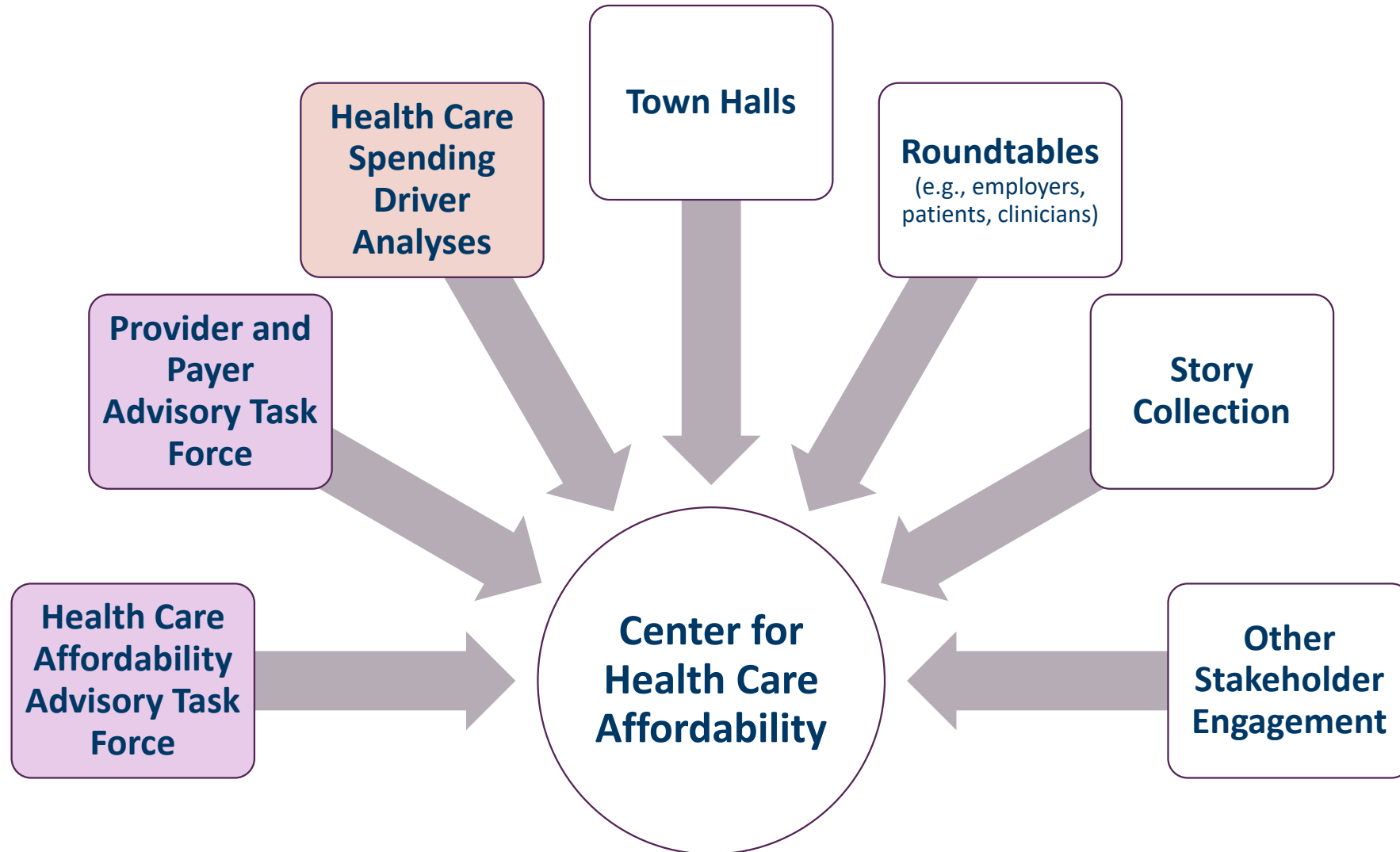


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The Center's Policy Analysis and Development Efforts Incorporate a Range of Inputs



The Center's Advisory Bodies

Health Care Affordability Advisory Task Force (HCAATF)

- Launched in 2025 (8 meetings to date)
- Consumer advocates, employers, health care purchasers, and health policy experts
- Develops policy recommendations and affordability initiatives grounded in experiences and needs of those accessing and paying for healthcare

Provider and Payer Advisory Task Force (PPATF)

- Launched in 2026 (4 meetings to date)
- Clinicians, hospital and health system leaders, payers and rural health experts with knowledge and expertise in healthcare delivery and financing
- Consultative partner - offers insights on the feasibility and impacts of draft affordability strategies and identifies barriers to and enablers for implementation

Emerging Priority Topic Areas of the Health Care Affordability Advisory Task Force

High Prices & Price Growth

How can Minnesota make healthcare prices fair and affordable?

Insurance Affordability

How can Minnesota limit how much premiums and prices go up each year?

Consolidated Markets

How can Minnesota protect consumers from excessive healthcare market power?

Private Equity Ownership

How can Minnesota address investor-driven healthcare spending?

Prescription Drug Spending

How can Minnesota address unnecessary spending?

Example State Strategies to Control Cost Growth

- **Cost growth benchmarks** – Establish targets to limit healthcare spending growth and publicly report insurer and provider spending compared to benchmarks
- **Price regulation** – Limit facility fees, require site-neutral payment, and/or align healthcare payments to Medicare rates or a multiple of them
- **Prescription drug spending controls** – Consider “upper payment limits” or drug price caps, and/or increase pharmacy benefit manager oversight
- **Market oversight** – Review and respond to proposed healthcare transactions (e.g., mergers and changes in ownership) to understand potential impacts on consumers, prices, and access
- **Payment & delivery reform** – Test global budgets and population-based payment models, increase primary care investment, and reduce administrative burden
- **Increase price transparency** – Require published healthcare prices, and offer tools and benefit designs that help consumers and employers choose lower-cost, high-value care

- Hwang, A., Lischko, A., Betlach, T., & Bailit, M. (2022). *State strategies for slowing health care cost growth in the commercial market*. Commonwealth Fund.
- Sullivan, L. (2026). *So you want to tackle health care affordability? Here's where state policymakers can start*. Georgetown University Center on Health Insurance Reforms.
- National Academy for State Health Policy. (2026). *Tracking state efforts to improve health care affordability*. Accessed August 2026.

Thank You!

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www.health.state.mn.us/data/affordability/index.html

<https://www.health.state.mn.us/data/economics/index.html>