



2023 Health and Human Services Budget Will Expand Access to Affordable Care

Policy and budget choices made this year will set up Minnesota to be a healthier state and ensure a more secure and prosperous future for many. Governor Tim Walz, the Minnesota House, and the Minnesota Senate used some of the state's historic projected budget surpluses to support smart investments and policy decisions so that more Minnesotans have affordable health care.¹

The health and human services omnibus bill that was agreed to by the Legislature and the governor will put a net additional \$1.8 billion in FY 2024-25 and an additional \$1.7 billion in FY 2026-27 toward this portion of the budget, which includes health care, economic assistance, behavioral health, and child care.²

The bill's health care investments respond to the fact that too many Minnesotans struggle to receive the health care they need, when they need it. In fact, in 2021, roughly 252,000 Minnesotans were uninsured and did not have health insurance at the time they were surveyed.³ The state also has troubling racial disparities in economic well-being and health outcomes; these combined with barriers built into the health care system mean that Black, Indigenous, and People of Color (BIPOC) Minnesotans have lower rates of health care coverage and poorer health outcomes.⁴ Important progress was made this session in starting to close those gaps.

Affordable health care through Medicaid expanded

In recent years, statewide more than 1 million people have affordable health care coverage through Medicaid, also called Medical Assistance in Minnesota.⁵ Given the important lifeline Medicaid is for many Minnesotans, policymakers took additional steps to expand coverage and prevent disruptions to care.

Medicaid is particularly important in addressing racial disparities in access to health care. In 2021, BIPOC Minnesotans made up 43 percent of all Medicaid participants, a startling figure given that the BIPOC community made up only 21 percent of Minnesota's total population.⁶ People of color are more likely to receive health care coverage through Medicaid because of historical inequities that lead to their overrepresentation in low-paying jobs, which often lack employer-sponsored health insurance.⁷

This session, **continuous Medicaid eligibility** made it across the finish line. The state invested \$25 million in FY 2024-25 and \$83 million in FY 2026-27 so that, starting in July 2025 or upon federal approval, once young children qualify for Medicaid, they stay eligible until they turn 6 years old. Older children under age 21 would remain eligible for at least 12 months.

This policy change is especially needed given substantial changes in Medicaid happening this year. Starting in March 2020, federal public health emergency provisions required states to provide continuous eligibility for folks covered through Medicaid. But these protections are now being phased out.⁸ Minnesota is returning to the situation in place prior to the pandemic, in which Medicaid eligibility renewals happen annually, but people can lose their coverage during the year due to monthly

fluctuations in income. One week of working overtime could potentially push a family's income temporarily over limits to qualify in a single month, costing them their health care coverage.

In contrast, 12-month continuous eligibility helps create stability for those with fluctuating incomes – which is common among lower-wage workers.⁹ Children with continuous health care coverage are more likely to have better health and financial outcomes later in life.¹⁰ While continuous eligibility for children is a great outcome from this legislative session, policymakers should continue to work towards including adults as well so all Minnesotans can get the care they need to live full, healthy lives.

Affordable health care coverage through MinnesotaCare expanded to those falling through the cracks

MinnesotaCare is Minnesota's premium-based affordable public health insurance option for people who earn too much to qualify for Medicaid, but do not receive affordable insurance through their employer or are self-employed and can't afford what is available in the private market.¹¹ More than 100,000 Minnesotans have affordable health coverage through MinnesotaCare. As with Medicaid, MinnesotaCare is an important way to address gaps in access to health care coverage based on race or ethnicity; in 2021, an average 31 percent of enrollees were BIPOC.¹²

In this year's health and human services budget bill, policymakers included funding for design and potentially beginning implementation of a **MinnesotaCare "public option"** through which roughly 22,000 Minnesotans could buy this health care coverage by paying a sliding-scale premium based on their income.¹³ The public option would open up the potential for MinnesotaCare coverage to individuals and families with earnings above the current MinnesotaCare income limits, which are 200 percent of the federal poverty guideline (for example, \$55,500 annually for a family of four).¹⁴ This policy is another of the bill's actions to make affordable health care available to Minnesotans who currently are falling through the cracks.

The omnibus health and human services bill included \$25 million in FY 2024-25 to cover next steps that are critical to designing and potentially implementing a public option that has maximum impact in reaching Minnesotans struggling to afford their health care – including an actuarial analysis, applying for a necessary federal waiver for use of federal funds, related agency costs, and some early IT expenses –. The actuarial analysis will look at modeling factors such as the number of folks who may enroll, premiums, and cost sharing, and it can examine multiple public option models, but is required that one model be the MinnesotaCare public option.

Following advocacy by community members and leadership in the House, the state also took strides in strengthening access to health care by expanding **MinnesotaCare eligibility to undocumented Minnesotans**. Starting January 2025, roughly 40,000 undocumented individuals are expected to have the same access to this affordable premium-based health insurance as other Minnesotans, with an investment of \$8 million in FY 2024-25 and \$101 million in FY 2026-27.¹⁵

This policy closes another key gap in health care coverage. In Minnesota, undocumented immigrants are often not able to access consistent, affordable health care, including preventative care or care for chronic conditions.¹⁶ As of 2019, roughly 67 percent of undocumented Minnesotans who meet the income requirements for MinnesotaCare were uninsured, meaning they did not have health insurance at the time they were surveyed.¹⁷ This rate is 15 times higher than the overall state uninsurance rate of 4.5 percent.¹⁸

This provision will serve to strengthen Minnesota’s workforce, reduce reliance on costly emergency room visits, and create overall healthier communities.¹⁹ Reducing health care disparities is important in ensuring everyone in Minnesota has the resources to thrive.

There is still work to be done, but this year’s budget will lead to a healthier Minnesota

Walz, the House, and the Senate were tasked this year with making budget decisions for the state’s next two-year budget cycle. Minnesotans called on them to address the barriers keeping them from getting the health care they and their families need, whether because of income, immigration status, or race and ethnicity. While there is still work to be done, the state’s budget decisions this year made smart investments to improve health care for many Minnesotans and work towards reducing racial divides within our health care system.

By Jessie Luévano

¹ Minnesota’s February budget forecast projected a [state general fund surplus of \\$17.5 billion for the FY 2024-25 budget cycle](#) and a \$5.4 billion structural balance for FY 2026-27.

² Except where otherwise noted, the analysis in this report is based on data from budget documents prepared by Minnesota Management and Budget and the applicable state agencies, and legislative research and fiscal departments. The opinions expressed are those of the Minnesota Budget Project.

³ US Census Bureau, American Community Survey, 2022.

⁴ US Census Bureau, American Community Survey, 2022 and Minnesota Department of Health, [Eliminating Health Disparities Initiative: Fiscal Years 2021 and 2022](#), February 2023.

⁵ Minnesota Department of Human Services, [Managed care enrollment figures, July 2023](#), July 2023.

⁶ Minnesota Department of Human Services, [Building Racial Equity into the Walls of Minnesota Medicaid: A focus on U.S.-born Black Minnesotans](#), February 2022. The BIPOC rate was determined using data from the American Indian, Asian and Pacific Islander, Black, Hispanic, and Two or more races categories.

⁷ Center on Budget and Policy Priorities, [States Must Act to Preserve Medicaid Coverage as End of Continuous Coverage Requirement Nears](#), February 2023.

⁸ Center on Budget and Policy Priorities, [Unwinding the Medicaid Continuous Coverage Requirement](#), April 2023.

⁹ Brookings, [Unpredictable work hours and volatile incomes are long-term risks for American workers](#), August 2020.

¹⁰ Minnesota Budget Project, [Minnesotans need continuous health insurance coverage](#), March 2022.

¹¹ Minnesota Department of Human Services, [Fact Sheet: Medicaid and MinnesotaCare](#), April 2021.

¹² Minnesota Department of Human Services, [Who Medicaid and MinnesotaCare Serve](#), 2021.

¹³ Department of Revenue, [SF49 -0-Modification to Public Health Care Options](#), January 2023.

¹⁴ MNSure, [2023-24 Income Level Guidelines for Financial Help](#), accessed August 2023.

¹⁵ Department of Revenue.

¹⁶ Minnesota Budget Project, [Expanding health care options for immigrants benefits us all](#), April 2023.

¹⁷ Department of Revenue.

¹⁸ US Census Bureau, American Community Survey.

¹⁹ Minnesota Department of Health, [An Introductory Analysis of Potentially Preventable Health Care Events in Minnesota](#), June 2015