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Dayton Healthcare Reform Saves Millions for Taxpayers

April 03, 2012

\$73 million returned to taxpayers as a result of nation leading efficiency and value in healthcare reform

Saint Paul, MN - Today, Governor Mark Dayton announced \$73 million in health care cost savings to state and federal taxpayers, thanks to the voluntary 1% cap on profits agreed to last year between Commissioner of Human Services Lucinda Jesson, HealthPartners, Medica, UCare, and BlueCross BlueShield. This unprecedented return of taxpayer dollars is the latest in a series of reforms to Minnesota's health care system, focused on providing better taxpayer value at a better price.

Payments were calculated based on 2011 financial reports submitted to the Minnesota Department of Health by health insurance companies. In accordance with Governor Dayton's Executive Order 11-06 issued on March 23, 2011, these reports will be independently audited and verified by vendors contracted by the Minnesota Department of Commerce. Repayments from the health plans will be credited towards this biennium's budget.

“Commissioner Jesson deserves tremendous credit for leading the negotiations, which resulted in these savings,” said Governor Mark Dayton. “Her reforms have saved state and federal taxpayers over \$600 million.”

“At a time when state budgets grow ever tighter, it is more important than ever that we get a handle on escalating health care costs,” said Human Services Commissioner Lucinda Jesson. “I would like to acknowledge the willingness of the plans to work with us on this. Going forward the Department of Human Services will continue to look for ways to do business in smarter, better ways for the people of Minnesota.”

The estimated repayments for each plan are:

HealthPartners: \$31 Million

Medica: \$25 Million

BlueCross BlueShield: \$9 Million

UCare: \$8 Million

The Dayton administration negotiated 1% voluntary caps with the health plans for profits earned in 2011. This cap applies to the profit earned by the managed care companies under contracts negotiated prior to the Dayton Administration. For 2012 and beyond, the Dayton Administration implemented competitive bidding for public managed care contracts in the metro area. These competitively bid contracts, in concert with other managed care reforms, will generate over \$500 million in savings to taxpayers over the next biennium.

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