

Senator
John Marty

Senate
State of Minnesota

October 5, 2017

Shawntera Hardy, Commissioner
MN Department of Employment & Economic Development

Michael Langley, CEO
Greater MSP

Dear Mr. Langley & Commissioner Hardy,

I write with a suggestion for the DEED/Greater MSP bid on the Amazon HQ2 project. Amazon stated in their Request for Proposal (RFP), that they seek “communities that think big and creatively.” My hope is that the Minnesota proposal will do that.

It is nice to see the cooperation between the state and various communities and organizations preparing the Amazon bid. In comparing the assets and liabilities of various communities, business analysts have suggested that Minnesota has a potential chance of luring the company.

I second Governor Dayton’s comment about Minnesota’s bid being “restrained” in the area of financial incentives. Such economic subsidies to individual businesses come at the expense of other businesses and individual taxpayers and should be resisted. The governor rightly expressed concern about fairness among business competitors. Every state that cares about its businesses and residents should prioritize them over large handouts to specific businesses which are ultimately financed by others.

Having said that, there are ways in which Minnesota could offer a bid that would be attractive to Amazon *and* everyone in Minnesota.

Amazon, like every other American business, is being choked by the high cost of health care for their employees. This leads to the associated problem of workers struggling to get needed care, and lost work time and productivity from employees who cannot get care on a timely basis. A 2010 survey of Minnesota employers found that the expense of health coverage was the most significant obstacle to business expansion. In a survey of 180 businesses, the cost of health care was the most common obstacle to business growth, well ahead of government regulations, the economy or other factors.¹

Minnesota should include, front and center in its bid, a commitment to adopting a universal health care system, such as the Minnesota Health Plan. It would ensure that all Amazon employees would have comprehensive cradle-to-grave care, including dental care,

¹ Chen May Yee, “Businesses: Health Care Costs Stymie Expansion,” *Star Tribune*, February 9, 2010, <http://tinyurl.com/HCostshurtbizgrowth>.

prescription drugs, optometry, mental health services, chemical dependency treatment, medical equipment and supplies, as well as home care services and nursing home care.

This would give every Amazon employee the ability to select the doctors, clinics, and providers of their choice – without concern about them being “out-of-network” – and decisions about treatment would be made by people and their doctors, not by government or insurance companies. Amazon employees would not face co-pays or deductibles, and would be able to get care without worrying about whether they could afford it.

Amazon Minnesota headquarters would be freed from the waste of time and resources negotiating new insurance plans every year, and subsequently the need to educate their employees on what is covered, what their co-pays and deductibles are, who is in- or out-of-network, etc.

Because Amazon employees would have access to the care they need when they need it, Amazon could count on a healthier, more productive workforce.

Finally, although it may appear counterintuitive, it is significantly *less expensive* to provide health care for everyone than it is to continue our dysfunctional health insurance system. These lower costs are clear from both economic studies in the United States and real world evidence from international comparisons. Amazon would save significant money from the start and the savings grow over time.

This offer to attract Amazon headquarters, unlike other incentives states offer to lure businesses, would be equally beneficial to other Minnesota companies. All Minnesotans would benefit from better health and a less expensive system under the Minnesota Health Plan².

Earlier, I suggested that you make this *front and center* in the Minnesota bid for Amazon because **this benefit would save Amazon more than the corporate tax breaks likely to be offered by other states**. Because health costs are much greater than corporate taxes, significant health care savings would have a bigger impact than cutting corporate taxes.

To back up that claim, I cite what Warren Buffett told shareholders at the annual Berkshire Hathaway shareholders meeting last May:

“If you talk about world competitiveness of American industry, [health care] is the single biggest variable where we keep getting more and more out of whack with the rest of the world.

So when American business talks about taxes strangling our competitiveness... they’re talking about something that as a percentage of GDP has gone down from 4% to 2% [since 1960], while medical costs, which are borne to a great extent by business, have gone from 5% to 17%.

[In effect,] medical costs are the tapeworm of American economic competitiveness....”

-- Warren Buffett, May 2017

² [Senate File 219/House File 358](#)

Offering health *care* instead of health *insurance* will save money, and will do so even as it covers everyone for medical and dental care. Amazon would have to pay its fair share, as would everyone else, but they would pay much less.

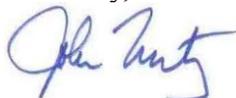
Amazon's RFP explicitly stated their interest in a strong *Labor Force*. This universal health system would strengthen Minnesota's workforce. The RFP also listed a *Cultural Community Fit* and *Community/Quality of Life* as priorities. The Minnesota Health Plan would address these requirements as well – the quality of life and the desirability of living in a community is much greater when people don't go into debt or need a "Go Fund Me" campaign to pay for medical bills.

Amazon can read the numbers. They can see that Americans spend fully twice as much for health care as competitor nations do, yet we have worse health outcomes. Addressing the dysfunction that causes health care to consume one-sixth of our economy would show Amazon that Minnesota is a community that meets their test of thinking "big and creatively."

Although Minnesota cannot guarantee that we will have a commonsense universal health care plan in place in two years, if **DEED/Greater MSP** and community leaders decide that it is finally time to replace our broken health *insurance* system with health *care* for all, Amazon can see that we are serious.

I would welcome the opportunity to show how the Minnesota Health Plan would reduce costs while covering everyone, and discuss how Minnesota can implement this commonsense health care system.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Marty".

John Marty

p.s. Should Amazon end up going to one of the numerous other communities submitting bids, Minnesota families and businesses will still have the incredible benefit of a less expensive health care system that delivers better health care. We will need to address this health economics crisis soon. Now is as good a time as any.

cc: Mark Dayton, Governor
Jeff Bezos, CEO, Amazon