



MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION

Administrator for The Minnesota Premium Security Plan

2018 OPERATIONS REPORT FOR THE MINNESOTA PREMIUM SECURITY PLAN

Introduction

In 2016, the Minnesota Legislature enacted legislation creating a reinsurance entity to assist in stabilizing premium rates and enrollment. MCHA was designated as Minnesota's reinsurance entity to administer this state-based reinsurance program referred to as the Minnesota Premium Security Plan (MPSP). The legislation became law without the governor's signature on April 4, 2017. Operations of MCHA as the administrator of the MPSP began January 1, 2018.

The initial legislation approved the MPSP for two benefit (calendar) years – 2018 and 2019. Extension of this initial term for the MPSP occurred in the spring of 2019 with the passage of the 2019 HHS Omnibus Bill during the Special Session. This extends the program for two additional calendar years – 2020 and 2021.

Board of Directors

The Board structure includes thirteen members, with the public members consisting of the majority on the Board; six board members from the health insurance industry, five public members appointed by the Commissioner of Commerce and two public members selected by the Commissioner of Human Services.

The current Board consists of the following individuals, most of whom will serve through mid-2020:

1. Steve Custis, Medica
2. Scott Keefer, BCBS
3. Teresa Knoedler, Public Member
4. Kerry Koestler, Public Member
5. Lorry Massa, Public Member
6. Dan Miesle, Public Member
7. Beth Monsrud, UCare
8. Brian O'Shields, HealthPartners
9. Sheryl Radle, Public Member
10. Sara Rohde, Public Member
11. Garin Strobl, Public Member
12. Joel Ulland, UCare
13. Mike Umland, PreferredOne

OPERATIONAL ACTIVITIES IN 2018

The Board and MCHA leadership worked in early 2018 to establish the processes and vendor contracts necessary to accomplish the new mission of MCHA. The focus was to develop an administratively efficient and financially sound operational structure. In addition, the Board was keenly interested in

assuring transparency of its' actions to all stakeholders including the various State departments, elected officials, and the public at large. The Board and leadership's activities included:

- Completing an RFP process and executing a comprehensive contract with an actuarial firm in order to analyze plan submitted claims for inclusion in the MPSP and calculate payments to the eligible health plans. The consulting actuarial firm of Wakely was selected to fill this role.
- Developing, implementing and monitoring the timelines and outcomes of Wakely's quarterly and year end reporting to assure that statutory requirements are being met and that all stakeholders were aware of the reinsurance payment estimates throughout the year.
- Engaging an outside vendor, Eide Bailly to complete a financial audit of MCHA's operations in accordance with statutory requirements. The audit of the 2018 calendar year was completed as of June 30th, 2019 and is available on MCHA's website.
- Meeting MMB's requirements for the timely submission of MCHA's audited financial statement in order to be compliant with the State's Comprehensive Annual Financial Report (CAFR) timeline. MCHA submitted the required audited statement to MMB on June 27, 2019.
- Partnering with the Department of Commerce and other State Departments to create transparency and a clear set of expectations for MCHA activities. This has been evident in the inclusion of DoC and MMB in all of MCHA's Board meeting agendas and participation in the Financial and Actuarial Committees. In addition, in person and telephonic meetings have occurred with DoC and MCHA leadership to discuss common issues and to problem solve.
- Assuring that transparency of information about MPSP and MCHA through the complete re-design of the website www.mchamn.com. Developing a new process for when and how quarterly reports are posted on the website, as well as defining a standard process for distributing quarterly reports to all appropriate State departments and legislators.
- Reviewing the role played by the contracted lobbyist and modified their activities to conform with the new statutory requirement of not expending funds on the promotion of federal or state legislative or regulatory changes. Efforts throughout 2018/2019 session were focused on providing insight on legislative activities and communicating the same to MCHA leadership and the Board.
- Addressing the need for a MCHA leadership change due to the health status of MCHA's long-term Executive Director. This included Board members and contracted legal council temporarily completing operational and leadership activities during a difficult transition. A search committee was appointed to lead the recruitment effort which resulted in the hiring of a new Executive Director as of November 1, 2019.

MCHA'S FUNDING/FINANCIALS

The MPSP is funded by both federal and state funds. The Minnesota Department of Commerce received approval of the ACA State Innovation Waiver to implement the MPSP beginning January 2018. Minnesota law limits the total amount that the MPSP can spend for reinsurance claims payments and operation and administration costs to \$271 million in 2018 and \$271 million in 2019. Minnesota law mandates that funding must be utilized in the following order: federal funds; MCHA funds related to

the organization's prior role as the high-risk pool; Minnesota health care access fund; & Minnesota general funds.

MCHA's operational expenses for 2018 were \$427,000. The 2018 MPSP reinsurance amount for the 2018 benefit year was \$136,121,391.

MCHA/MPSP REQUIRED REPORTING

As required by statute, MCHA completed the following activities regarding the MPSP program:

- MCHA contracted with an independent auditor, Eide Bailly, to complete an audit of the 2018 MCHA financial statements. This information was provided to the State on June 27, 2019.
- MCHA contracted with an independent actuarial vendor Wakely, to calculate the overall reinsurance amount for the MPSP for calendar year 2018. This information, as well as the the plan specific results, were provided to the State on June 28, 2019.
- MCHA provided the plan specific results for benefit year 2018 to the individual plans on June 27, 2019.
- After receiving approval from the Department of Commerce, MCHA distributed the MPSP funds to the five eligible health plans on August 5, 2019.

For further information please see MCHA's website at www.mcha.com or contact MCHA's Executive Director at 952-593-9609.