

Minnesota Comprehensive Health Association

St. Louis Park, Minnesota

Financial Statement and Supplemental Schedule

For the Quarter and Two Quarters Ended June 30, 2019

WIPFLi^{LLP}
CPAs and Consultants



Accountant's Compilation Report

To the Board of Directors
Minnesota Comprehensive Health Association
St. Louis Park, Minnesota

Management is responsible for the accompanying financial statements of Minnesota Comprehensive Health Association, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expense, and changes in net position and cash flows for the quarter and two quarters then ended in accordance with accounting principles generally accepted in the United States. We have performed the compilation engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Minnesota Comprehensive Healthcare Association's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagements; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to Minnesota Comprehensive Health Association.

Wipfli LLP

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota
December 26, 2019

Minnesota Comprehensive Health Association
Statement of Net Position
As of June 30, 2019

	Jun 30, 19
ASSETS	
Current Assets	
Checking	\$ 512,218
Other Current Assets	
1300 · Premium Security Plan Receivable	183,712,752
1350 · Prepaid Expenses	8,604
Total Other Current Assets	183,721,356
Total Current Assets	184,233,574
TOTAL ASSETS	\$ 184,233,574
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 89,926
Other Current Liabilities	
2285 · Due to PSP Eligible Health Carriers	183,712,752
2120 · Due to PSP Admin Expenses	427,718
2280 · Due to Premium Security Plan	3,178
Total Other Current Liabilities	184,143,648
Total Current Liabilities	184,233,574
Total Liabilities	184,233,574
TOTAL LIABILITIES & EQUITY	\$ 184,233,574

Minnesota Comprehensive Health Association
Statement of Revenues, Expenses and Changes in Net Position
For the quarter and two quarters ended June 30, 2019

	<u>Quarter</u>	<u>Two Quarters</u>
Revenue		
4020 · Premium Security Plan Reinsurance Revenue		
4021 · Federal Funds (a)	\$ 34,607,143	\$ 47,591,361
4022 · State Funds - Prior High Risk Pool (b)	-	-
4023 · State Funds - Health Care Access Fund (b)	-	-
4024 · State Funds - General Fund (b)	-	-
Total 4020 · Premium Security Plan Reinsurance Revenue	34,607,143	47,591,361
4000 · Premium Security Plan Admin Revenue (c)	189,130	342,797
4010 · Other Income	-	-
Total Revenue	34,796,273	47,934,158
Expense		
Premium Security Plan Reinsurance Expenses		
6000 · PSP Eligible Health Carrier Expense		
6021 · Federal Funds Expense	34,607,143	47,591,361
6022 · State Funds - Prior High Risk Pool Expense	-	-
6023 · State Funds - Health Care Access Funds Expense	-	-
6024 · State Funds - General Funds Expense	-	-
Total Premium Security Plan Reinsurance Expenses (d)	34,607,143	47,591,361
Premium Security Plan Admin Expenses		
5000 · Bank Charges	364	765
5040 · Consultants	52,156	111,945
5080 · Office Lease	2,022	6,178
5100 · Postage & Delivery	10	22
5120 · Telephone	(72)	199
5130 · Board/Committee Member	406	737
5140 · Supplies	252	322
5150 · Insurance	3,607	8,269
5170 · Dues & Subscriptions	1,230	1,965
5180 · Travel	-	23
5230 · Meals & Entertainment	-	58
5250 · Professional Fees	129,011	212,170
5090 · Communications/PR	144	144
Total Premium Security Plan Admin Expenses	189,130	342,797
Total Expense	34,796,273	47,934,158
Excess of Revenue Over Expenses	-	-
Other Income		
6100 · Investment Income	-	-
Total Other Income	-	-
Change in Net Position	\$ -	\$ -

Minnesota Comprehensive Health Association
Statement of Revenues, Expenses and Changes in Net Position
For the quarter and two quarters ended June 30, 2019

- (a) Source: Premium Security Plan Account Statement, June 2019, Minnesota Management and Budget.
Federal funds are available through a 1332 waiver authorized in October 2017.
- (b) Source: Premium Security Plan Account Statement, June 2019, Minnesota Management and Budget.
State funding is drawn from a combination of general fund and healthcare access fund dollars.
Details can be found at: <https://mn.gov/mmb-stat/documents/budget/operating-budget/gov-rec/mar19/premium-security-plan.pdf>.
- (c) Minnesota Comprehensive Health Association Board Approved Administrative Budget.
- (d) State law (Laws 2017, Ch 13) states that operational and administrative costs and reinsurance payments shall be made in the following order:
 - (1) any federal funding available
 - (2) funds deposited from previous MCHA balance
 - (3) state appropriations from the Health Care Access Fund
 - (4) state appropriations from the General Fund.

Minnesota Comprehensive Health Association
Statement of Cash Flows
For the quarter and two quarters ended June 30, 2019

	<u>Quarter</u>	<u>Two Quarters</u>
OPERATING ACTIVITIES		
Adjustments to reconcile Change in Net Position		
to net cash provided by operations:		
1300 · Premium Security Plan Receivable	\$ (34,607,143)	\$ (47,591,361)
1350 · Prepaid Expenses	1,836	4,723
2000 · Accounts Payable	2,151	56,065
2120 · Due to PSP Admin Expenses	402,870	249,203
2285 · Due to PSP Eligible Health Carriers	34,607,143	47,591,361
Net cash provided by Operating Activities	406,857	309,991
Net cash increase for period	406,857	309,991
Cash at beginning of period	105,361	202,227
Cash at end of period	\$ 512,218	\$ 512,218

Supplementary Information

Minnesota Comprehensive Health Association
Statement of Revenues, Expenses and Changes in Net Position
Budget Comparison

For the two quarters ended June 30, 2019

	<u>Two Quarters</u>	<u>Annual Budget</u>	<u>\$ Over (Under) Budget</u>	<u>% of Budget</u>
Revenue				
4020 · Premium Security Plan Reinsurance Revenue				
4021 · Federal Funds (a)	\$ 47,591,361	\$ 84,758,000	\$ (37,166,639)	56%
4022 · State Funds - Prior High Risk Pool (b)	-	33,319,000	(33,319,000)	0%
4023 · State Funds - Health Care Access Fund (b)	-	34,723,000	(34,723,000)	0%
4024 · State Funds - General Fund (b)	-	-	-	0%
Total 4020 · Premium Security Plan Reinsurance Revenue	47,591,361	152,800,000	(105,208,639)	31%
4000 · Premium Security Plan Admin Revenue (c)	342,797	763,400	(420,603)	45%
4010 · Other Income	-	-	-	0%
Total Revenue	47,934,158	153,563,400	(105,629,242)	31%
Expense				
Premium Security Plan Reinsurance Expenses				
6000 · PSP Eligible Health Carrier Expense				
6021 · Federal Funds Expense	47,591,361	84,758,000	(37,166,639)	56%
6022 · State Funds - Prior High Risk Pool Expense	-	33,319,000	(33,319,000)	0%
6023 · State Funds - Health Care Access Fund Expense	-	34,723,000	(34,723,000)	0%
6024 · State Funds - General Fund Expense	-	-	-	0%
Total Premium Security Plan Reinsurance Expenses (d)	47,591,361	152,800,000	(105,208,639)	31%
Premium Security Plan Admin Expenses				
5000 · Bank Charges	765	700	65	109%
5040 · Consultants	111,945	277,900	(165,955)	40%
5080 · Office Lease	6,178	18,000	(11,822)	34%
5100 · Postage & Delivery	22	2,000	(1,978)	1%
5120 · Telephone	199	700	(501)	28%
5130 · Board/Committee Member	737	2,400	(1,663)	31%
5140 · Supplies	322	1,500	(1,178)	21%
5150 · Insurance	8,269	20,000	(11,731)	41%
5160 · Furniture & Equipment	-	400	(400)	0%
5170 · Dues & Subscriptions	1,965	-	1,965	100%
5180 · Travel	23	1,000	(977)	2%
5230 · Meals & Entertainment	58	400	(342)	15%
5250 · Professional Fees	212,170	376,000	(163,830)	56%
5090 · Communications/PR	144	2,400	(2,256)	6%
7030 · Miscellaneous Contingency Exp	-	60,000	(60,000)	0%
Tota Premium Security Plan Admin Expenses	342,797	763,400	(420,603)	45%
Total Expense	47,934,158	153,563,400	(105,629,242)	31%
Excess Revenue Over Expenses	-	-	-	0%
Other Income				
6100 · Investment Income	-	-	-	0%
Total Other Income	-	-	-	0%
Change in Net Position	\$ -	\$ -	\$ -	0%

Minnesota Comprehensive Health Association
Statement of Revenues, Expenses and Changes in Net Position
Budget Comparison
For the two quarters ended June 30, 2019

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