

Minnesota Comprehensive Health Association

St. Louis Park, Minnesota

Financial Statement and Supplemental Schedule

For the Quarter and Three Quarters Ended September 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 September 30, 2019, and the related statements of revenues, expense, and changes in net position and cash flows for the quarter and three 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 September 30, 2019

	Sep 30, 19
ASSETS	
Current Assets	
Checking/Savings	
1000 · US Bank Checking	\$ 538,923
Total Checking/Savings	538,923
Other Current Assets	
1300 · Premium Security Plan Receivable	93,930,977
1350 · Prepaid Expenses	4,920
Total Other Current Assets	93,935,897
Total Current Assets	94,474,820
TOTAL ASSETS	94,474,820
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	53,582
Total Accounts Payable	53,582
Other Current Liabilities	
2230 · Due to State Plan	4,438
2280 · Due to Premium Security Plan	136,287
2285 · Due to PSP Eligible Health Carriers	93,934,156
2120 · Due to PSP Admin	346,357
Total Other Current Liabilities	94,421,238
Total Current Liabilities	94,474,820
Total Liabilities	94,474,820
TOTAL LIABILITIES & EQUITY	\$ 94,474,820

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

	<u>Quarter</u>	<u>Three Quarters</u>
Revenue		
4020 · Premium Security Plan Reinsurance Revenue		
4021 · Federal Funds (a)	\$ 37,166,639	\$ 84,758,000
4022 · State Funds - Prior High Risk Pool (b)	9,176,156	9,176,156
4023 · State Funds - Health Care Access Fund (b)	-	-
4024 · State Funds - General Fund (b)	-	-
Total 4020 · Premium Security Plan Reinsurance Revenue	46,342,795	93,934,156
4000 · Premium Security Plan Admin Revenue (c)	81,360	424,157
4010 · Other Income	-	-
Total Revenue	46,424,155	94,358,313
Expense		
Premium Security Plan Reinsurance Expenses		
6000 · PSP Eligible Health Carrier Expense		
6021 · Federal Funds Expense	37,166,639	84,758,000
6022 · State Funds - Prior High Risk Pool Expense	9,176,156	9,176,156
6023 · State Funds - Health Care Access Fund Expense	-	-
6024 · State Funds - General Fund Expense	-	-
Total Premium Security Plan Reinsurance Expense (d)	46,342,795	93,934,156
Premium Security Plan Admin Expenses		
5000 · Bank Charges	477	1,242
5040 · Consultants	50,750	163,735
5080 · Office Lease	2,944	9,122
5100 · Postage & Delivery	73	96
5120 · Telephone	225	423
5130 · Board/Committee Member	-	737
5140 · Supplies	74	397
5150 · Insurance	3,583	11,852
5170 · Dues & Subscriptions	40	414
5180 · Travel	7	30
5230 · Meals & Entertainment	53	111
5250 · Professional Fees	23,134	235,304
5090 · Communications/PR	-	694
Total Premium Security Plan Admin Exp	81,360	424,157
Total Expense	46,424,155	94,358,313
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 three quarters ended September 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 three quarters ended September 30, 2019

	<u>Quarter</u>	<u>Three Quarters</u>
Operating Activities		
Adjustments to reconcile Change in Net Position to net cash provided by operations:		
1300 · Premium Security Plan Receivable	\$ 89,781,775	\$ 42,191,643
1350 · Prepaid Expenses	3,682	8,406
2000 · Accounts Payable	(36,343)	19,721
2230 · Due to State Plan	4,438	4,438
2280 · Due to Premium Security Plan	133,109	133,109
2285 · Due to PSP Eligible Health Carriers	(89,778,596)	(42,188,464)
2120 · Due to PSP Admin Expenses	(81,360)	167,843
Net cash provided by Operating Activities	26,705	336,696
Net cash increase for period	26,705	336,696
Cash at beginning of period	512,218	202,227
Cash at end of period	\$ 538,923	\$ 538,923

Supplementary Information

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

For the three quarters ended September 30, 2019

	TOTAL			
	Three Quarters	Annual Budget	\$ Over (Under) Budget	% of Budget
Revenue				
4020 · Premium Security Plan Reinsurance Revenue				
4021 · Federal Funds (a)	\$ 84,758,000	\$ 84,758,000	\$ -	100%
4022 · State Funds - Prior High Risk Pool (b)	9,176,156	33,319,000	(24,142,844)	28%
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	93,934,156	152,800,000	(58,865,844)	61%
4000 · Premium Security Plan Admin Revenue (c)	424,157	763,400	(339,243)	56%
4010 · Other Income	-	-	-	0%
Total Revenue	94,358,313	153,563,400	(59,205,087)	61%
Expense				
Premium Security Plan Reinsurance Expense				
6000 · PSP Eligible Health Carrier Expense				
6021 · Federal Funds Expense	84,758,000	84,758,000	-	100%
6022 · State Funds - Prior High Risk Pool Expense	9,176,156	33,319,000	(24,142,844)	28%
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 Expense (d)	93,934,156	152,800,000	(58,865,844)	61%
Premium Security Plan Admin Expenses				
5000 · Bank Charges	1,243	700	543	178%
5040 · Consultants	163,735	277,900	(52,115)	59%
5080 · Office Lease	9,121	18,000	(8,879)	51%
5100 · Postage & Delivery	97	2,000	(1,903)	5%
5120 · Telephone	423	700	(277)	60%
5130 · Board/Committee Member	737	2,400	(1,663)	31%
5140 · Supplies	394	1,500	(1,106)	26%
5150 · Insurance	11,853	20,000	6,853	59%
5160 · Furniture & Equipment	-	400	(400)	0%
5170 · Dues & Subscriptions	414	-	414	100%
5180 · Travel	30	1,000	(970)	3%
5230 · Meals & Entertainment	111	400	(289)	28%
5250 · Professional Fees	235,305	376,000	(68,695)	63%
5090 · Communications/PR	694	2,400	(1,106)	29%
7030 · Miscellaneous Contingency Exp	-	60,000	(60,000)	0%
Total Premium Security Plan Admin Expenses	424,157	763,400	(189,593)	56%
Total Expense	94,358,313	153,563,400	(59,055,437)	61%
Excess of 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 three quarters ended September 30, 2019

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**Minnesota Comprehensive Health Association
Minnesota Premium Security Plan
Reinsurance Payments
Due to Eligible Health Carriers
As of September 30, 2019**

	<u>HIOS ID</u>	<u>Amount</u>	<u>Amount</u>
Balance 12/31/18			\$ 136,124,512
Plus 2019 Benefit Year Reinsurance Payments Payable			
First Quarter 2019		12,984,218	
Second Quarter 2019		34,607,143	
Third Quarter 2019		<u>46,342,795</u>	
Total Year-To-Date 2019			93,934,156
Less 2018 Benefit Year Reinsurance Payments Paid 8/5/19			
BlueCross BlueShield of Minnesota	57129	(32,184,042)	
HealthPartners Insurance Company	34102	(33,418,021)	
HealthPartners Insurance Company	85654	(372,503)	
Medica Insurance Company	31316	(44,967,543)	
PreferredOne Insurance Company	88102	(1,031,398)	
Ucare Minnesota	85736	<u>(24,151,005)</u>	
Total 2018 Benefit Year Reinsurance Payments			(136,124,512)
Balance 09/30/2019			<u><u>\$ 93,934,156</u></u>