

Minnesota Comprehensive Health Association

Financial Statement and Supplemental Schedule

For the Two Quarters Ended June 30, 2020 and 2019

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WIPFLI

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, 2020, and December 31, 2019, and the related statements of revenues, expense, and changes in net position and cash flows for the two quarters ended June 30, 2020 and 2019, 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
September 18, 2020

Minnesota Comprehensive Health Association
Statements of Net Position
As of June 30, 2020 and December 31, 2019

	Jun 30, 20	Dec 31, 19
ASSETS		
Current Assets		
Checking/Savings		
1000 · US Bank Checking	\$ 378,148	\$ 440,608
Total Checking/Savings	378,148	440,608
Other Current Assets		
1300 · Premium Security Plan Receivable	196,248,494	149,660,233
1350 · Prepaid Expenses	7,557	15,577
Total Other Current Assets	196,256,051	149,675,810
Total Current Assets	196,634,199	150,116,418
TOTAL ASSETS	196,634,199	150,116,418
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	52,676	42,063
Total Accounts Payable	52,676	42,063
Other Current Liabilities		
2280 · Due to Premium Security Plan	-	-
2285 · Due to PSP Eligible Health Carriers	196,248,494	149,660,233
2120 · Due to PSP Admin	333,029	414,122
Total Other Current Liabilities	196,581,523	150,074,355
Total Current Liabilities	196,634,199	150,116,418
Total Liabilities	196,634,199	150,116,418
TOTAL LIABILITIES & EQUITY	\$ 196,634,199	\$ 150,116,418

Minnesota Comprehensive Health Association
Statement of Revenues, Expenses and Changes in Net Position
For the quarter and two quarters ended June 30, 2020 and 2019

	2020		2019	
	Quarter	Two Quarters	Quarter	Two Quarters
Revenue				
4020 · Premium Security Plan Reinsurance Revenue				
4021 · Federal Funds (a)	\$ 31,843,492	\$ 46,588,261	\$ 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	31,843,492	46,588,261	34,607,143	47,591,361
4000 · Premium Security Plan Admin Revenue (c)	112,893	255,093	189,130	342,797
4010 · Other Income	-	-	-	-
Total Revenue	31,956,385	46,843,354	34,796,273	47,934,158
Expense				
Premium Security Plan Reinsurance Expenses				
6000 · PSP Eligible Health Carrier Expense				
6021 · Federal Funds Expense	31,843,492	46,588,261	34,607,143	47,591,361
6022 · State Funds - Prior High Risk Pool Expense	-	-	-	-
6023 · State Funds - Health Care Access Fund Expense	-	-	-	-
6024 · State Funds - General Fund Expense	-	-	-	-
Total Premium Security Plan Reinsurance Expense (d)	31,843,492	46,588,261	34,607,143	47,591,361
Premium Security Plan Admin Expenses				
5000 · Bank Charges	352	687	364	765
5040 · Consultants	49,000	98,000	50,750	106,225
5080 · Office Lease	2,898	6,867	2,022	6,178
5100 · Postage & Delivery	2	15	10	22
5120 · Telephone	232	470	(72)	199
5130 · Board/Committee Member	-	-	406	737
5140 · Supplies	-	38	252	323
5150 · Insurance	3,555	7,900	3,607	8,269
5170 · Dues & Subscriptions	-	-	(360)	374
5180 · Travel	-	-	-	23
5230 · Meals & Entertainment	-	45	-	58
5250 · Professional Fees	56,854	140,338	129,011	212,170
5090 · Communications/PR	-	734	3,140	7,454
Total Premium Security Plan Admin Exp	112,893	255,094	189,130	342,797
Total Expense	31,956,385	46,843,355	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, 2020

- (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, 2020

	<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	\$ (31,843,492)	\$ (46,588,261)
1350 · Prepaid Expenses	3,555	8,020
2000 · Accounts Payable	(4,808)	10,613
2285 · Due to PSP Eligible Health Carriers	31,843,492	46,588,261
2120 · Due to PSP Admin Expenses	61,107	(81,093)
Net cash provided by Operating Activities	<u>59,854</u>	<u>(62,460)</u>
Net cash increase for period	59,854	(62,460)
Cash at beginning of period	318,294	440,608
Cash at end of period	<u>\$ 378,148</u>	<u>\$ 378,148</u>

Supplementary Information

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

For the two quarters ended June 30, 2020

	TOTAL			
	Two Quarters	Annual Budget	\$ Over (Under) Budget	% of Budget
Revenue				
4020 · Premium Security Plan Reinsurance Revenue				
4021 · Federal Funds (a)	\$ 46,588,261	\$ 84,757,861	\$ (38,169,600)	55%
4022 · State Funds - Prior High Risk Pool (b)	-	-	-	0%
4023 · State Funds - Health Care Access Fund (b)	-	38,523,000	(38,523,000)	0%
4024 · State Funds - General Fund (b)	-	-	-	0%
Total 4020 · Premium Security Plan Reinsurance Revenue	46,588,261	123,280,861	(76,692,600)	38%
4000 · Premium Security Plan Admin Revenue (c)	255,093	688,940	(433,847)	37%
4010 · Other Income	-	-	-	0%
Total Revenue	46,843,354	123,969,801	(77,126,447)	38%
Expense				
Premium Security Plan Reinsurance Expense				
6000 · PSP Eligible Health Carrier Expense				
6021 · Federal Funds Expense	46,588,261	84,757,861	(38,169,600)	55%
6022 · State Funds - Prior High Risk Pool Expense	-	-	-	0%
6023 · State Funds - Health Care Access Fund Expense	-	38,523,000	(38,523,000)	0%
6024 · State Funds - General Fund Expense	-	-	-	0%
Total Premium Security Plan Reinsurance Expense (d)	46,588,261	123,280,861	(76,692,600)	38%
Premium Security Plan Admin Expenses				
5000 · Bank Charges	687	1,440	(753)	48%
5040 · Consultants	98,000	205,000	(107,000)	48%
5080 · Office Lease	6,867	14,000	(7,133)	49%
5100 · Postage & Delivery	15	200	(185)	7%
5120 · Telephone	470	1,000	(530)	47%
5130 · Board/Committee Member	-	2,000	(2,000)	0%
5140 · Supplies	38	600	(562)	6%
5150 · Insurance	7,899	13,800	(5,901)	57%
5160 · Furniture & Equipment	-	2,000	(2,000)	0%
5170 · Dues & Subscriptions	-	1,000	(1,000)	0%
5180 · Travel	-	200	(200)	0%
5230 · Meals & Entertainment	45	800	(755)	6%
5250 · Professional Fees	140,338	399,000	(258,662)	35%
5090 · Communications/PR	734	7,900	(7,166)	9%
7030 · Miscellaneous Contingency Exp	-	40,000	(40,000)	0%
Total Premium Security Plan Admin Expenses	255,093	688,940	(433,847)	37%
Total Expense	46,843,354	123,969,801	(77,126,447)	38%
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 two quarters ended June 30, 2020

- (a) Source: Premium Security Plan Account Statement, June 2019, Minnesota Management and Budget.
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**Minnesota Comprehensive Health Association
Minnesota Premium Security Plan
Reinsurance Payments
Due to Eligible Health Carriers
As of June 30, 2020**

	<u>HIOS ID</u>	<u>Amount</u>	<u>Amount</u>
Balance 12/31/19			\$ 149,660,233
Plus 2020 Benefit Year Reinsurance Payments Payable			
First Quarter 2020		14,744,769	
Second Quarter 2020		31,843,492	
Third Quarter 2020		-	
Fourth Quarter 2020		-	
Total Year-To-Date 2020		<u> </u>	46,588,261
Less 2019 Benefit Year Reinsurance Payments			
BlueCross BlueShield of Minnesota	57129	-	
HealthPartners Insurance Company	34102	-	
HealthPartners Insurance Company	85654	-	
Medica Insurance Company	31316	-	
PreferredOne Insurance Company	88102	-	
Ucare Minnesota	85736	-	
Total 2019 Benefit Year Reinsurance Payments		<u> </u>	-
Balance 12/31/2020			<u><u>\$ 196,248,494</u></u>