

Minnesota Comprehensive Health Association

Financial Statement and Supplemental Schedule

For the Three Quarters Ended

September 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 September 30, 2020, and December 31, 2019, and the related statements of revenues, expense, and changes in net position and cash flows for the three quarters ended September 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
December 22, 2020

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

	Sep 30, 20	Dec 31, 19
ASSETS		
Current Assets		
Checking/Savings		
1000 · US Bank Checking	267,948.49	440,608.10
Total Checking/Savings	267,948.49	440,608.10
Other Current Assets		
1300 · Premium Security Plan Receivable	96,435,053.00	149,660,233.00
1350 · Prepaid Expenses	4,954.33	15,576.93
Total Other Current Assets	96,440,007.33	149,675,809.93
Total Current Assets	96,707,955.82	150,116,418.03
TOTAL ASSETS	96,707,955.82	150,116,418.03
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	26,905.17	42,063.03
Total Accounts Payable	26,905.17	42,063.03
Other Current Liabilities		
2230 · Due to State Plan	678.27	0.00
2285 · Due to PSP Eligible Health Carriers	96,435,053.00	149,660,233.00
2120 · Due to PSP Admin	245,319.38	414,122.00
Total Other Current Liabilities	96,681,050.65	150,074,355.00
Total Current Liabilities	96,707,955.82	150,116,418.03
Total Liabilities	96,707,955.82	150,116,418.03
TOTAL LIABILITIES & EQUITY	96,707,955.82	150,116,418.03

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

	2020		2019	
	Quarter	Three Quarters	Quarter	Three Quarters
Revenue				
4020 · Premium Security Plan Reinsurance Revenue				
4021 · Federal Funds (a)	\$ 38,169,600	\$ 84,757,861	\$ 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)	11,677,192	11,677,192	-	-
4024 · State Funds - General Fund (b)	-	-	-	-
Total 4020 · Premium Security Plan Reinsurance Revenue	49,846,792	96,435,053	46,342,795	93,934,156
4000 · Premium Security Plan Admin Revenue (c)	87,709	342,803	81,360	424,157
4010 · Other Income	-	-	-	-
Total Revenue	49,934,501	96,777,856	46,424,155	94,358,313
Expense				
Premium Security Plan Reinsurance Expenses				
6000 · PSP Eligible Health Carrier Expense				
6021 · Federal Funds Expense	38,169,600	84,757,861	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	11,677,192	11,677,192	-	-
6024 · State Funds - General Fund Expense	-	-	-	-
Total Premium Security Plan Reinsurance Expense (d)	49,846,792	96,435,053	46,342,795	93,934,156
Premium Security Plan Admin Expenses				
5000 · Bank Charges	578	1,264	476	1,242
5040 · Consultants	47,000	145,000	50,750	156,975
5080 · Office Lease	1,904	8,771	2,944	9,122
5100 · Postage & Delivery	22	37	74	96
5120 · Telephone	232	702	225	423
5130 · Board/Committee Member	-	-	-	737
5140 · Supplies	111	150	74	397
5150 · Insurance	3,555	11,454	3,583	11,852
5170 · Dues & Subscriptions	-	-	40	414
5180 · Travel	-	-	7	30
5230 · Meals & Entertainment	-	45	53	111
5250 · Professional Fees	34,308	174,646	23,134	235,304
5090 · Communications/PR	-	734	-	7,454
Total Premium Security Plan Admin Exp	87,709	342,803	81,360	424,157
Total Expense	49,934,501	96,777,856	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, 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 three quarters ended September 30, 2020

	Quarter	Three Quarters
Operating Activities		
Adjustments to reconcile Change in Net Position		
to net cash provided by operations:		
1300 · Premium Security Plan Receivable	\$ 99,813,441	\$ 53,225,180
1350 · Prepaid Expenses	2,603	10,623
2000 · Accounts Payable	(25,771)	(15,158)
2230 · Due to State Plan	678	678
2285 · Due to PSP Eligible Health Carriers	(99,813,441)	(53,225,180)
2120 · Due to PSP Admin Expenses	(87,709)	(168,803)
Net cash provided by Operating Activities	(110,199)	(172,660)
Net cash increase for period	(110,199)	(172,660)
Cash at beginning of period	378,147	440,608
Cash at end of period	\$ 267,948	\$ 267,948

Supplementary Information

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

For the three quarters ended September 30, 2020

	TOTAL			
	Three Quarters	Annual Budget	\$ Over (Under) Budget	% of Budget
Revenue				
4020 · Premium Security Plan Reinsurance Revenue				
4021 · Federal Funds (a)	\$ 84,757,861	\$ 84,757,861	\$ -	100%
4022 · State Funds - Prior High Risk Pool (b)	-	-	-	0%
4023 · State Funds - Health Care Access Fund (b)	11,677,192	38,523,000	(26,845,808)	30%
4024 · State Funds - General Fund (b)	-	-	-	0%
Total 4020 · Premium Security Plan Reinsurance Revenue	96,435,053	123,280,861	(26,845,808)	78%
4000 · Premium Security Plan Admin Revenue (c)	342,803	688,940	(346,137)	50%
4010 · Other Income	-	-	-	0%
Total Revenue	96,777,856	123,969,801	(27,191,945)	78%
Expense				
Premium Security Plan Reinsurance Expense				
6000 · PSP Eligible Health Carrier Expense				
6021 · Federal Funds Expense	84,757,861	84,757,861	-	100%
6022 · State Funds - Prior High Risk Pool Expense	-	-	-	0%
6023 · State Funds - Health Care Access Fund Expense	11,677,192	38,523,000	(26,845,808)	30%
6024 · State Funds - General Fund Expense	-	-	-	0%
Total Premium Security Plan Reinsurance Expense (d)	96,435,053	123,280,861	(26,845,808)	78%
Premium Security Plan Admin Expenses				
5000 · Bank Charges	1,264	1,440	(176)	88%
5040 · Consultants	145,000	205,000	(60,000)	71%
5080 · Office Lease	8,771	14,000	(5,229)	63%
5100 · Postage & Delivery	37	200	(163)	19%
5120 · Telephone	702	1,000	(298)	70%
5130 · Board/Committee Member	-	2,000	(2,000)	0%
5140 · Supplies	150	600	(450)	25%
5150 · Insurance	11,454	13,800	(2,346)	83%
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	174,646	399,000	(224,354)	44%
5090 · Communications/PR	734	7,900	(7,166)	9%
7030 · Miscellaneous Contingency Exp	-	40,000	(40,000)	0%
Total Premium Security Plan Admin Expenses	342,803	688,940	(346,137)	50%
Total Expense	96,777,856	123,969,801	(27,191,945)	78%
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, 2020

- (a) Source: Premium Security Plan Account Statement, June 2019, Minnesota Management and Budget.
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 - (4) state appropriations from the General Fund.

**Minnesota Comprehensive Health Association
Minnesota Premium Security Plan
Reinsurance Payments
Due to Eligible Health Carriers
As of September 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		49,846,792	
Fourth Quarter 2020		-	
Total Year-To-Date 2020		<u> </u>	96,435,053
Less 2019 Benefit Year Reinsurance Payments on 8/10/20			
HMO Minnesota (Blue Plus)	57129	36,256,344	
Group Health Plan, Inc (HealthPartners)	34102	34,336,862	
Medica Insurance Company	31616	51,462,812	
PreferredOne Insurance Company	88102	895,651	
Ucare Minnesota	85736	<u>26,708,564</u>	
Total 2019 Benefit Year Reinsurance Payments			149,660,233
Balance 12/31/2020			<u><u>\$ 96,435,053</u></u>