

Minnesota Comprehensive Health Association

Financial Statement and Supplemental Schedule

For the Two Quarters Ended

June 30, 2022 and 2021

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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 statements of net position as of June 30, 2022 and December 31, 2021, and the related statements of revenues, expense, and changes in net position and cash flows for the two quarters ended June 30, 2022 and 2021, 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".

Minneapolis, Minnesota
October 15, 2022

Minnesota Comprehensive Health Association
Statements of Net Position
As of June 30, 2022 and December 31, 2021

| | <u>Jun 30, 22</u> | <u>Dec 31, 21</u> |
|--|---------------------------|---------------------------|
| ASSETS | | |
| Current Assets | | |
| Checking/Savings | | |
| 1000 · US Bank Checking | 161,897 | 123,018 |
| Total Checking/Savings | <u>161,897</u> | <u>123,018</u> |
| Other Current Assets | | |
| 1300 · Premium Security Plan Receivable | 239,516,836 | 189,308,067 |
| 1350 · Prepaid Expenses | 11,502 | 4,264 |
| Total Other Current Assets | <u>239,528,338</u> | <u>189,312,331</u> |
| Total Current Assets | <u>239,690,235</u> | <u>189,435,349</u> |
| TOTAL ASSETS | <u><u>239,690,235</u></u> | <u><u>189,435,349</u></u> |
| LIABILITIES & EQUITY | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | | |
| 2000 · Accounts Payable | 114,486 | 29,085 |
| Total Accounts Payable | <u>114,486</u> | <u>29,085</u> |
| Other Current Liabilities | | |
| 2285 · Due to PSP Eligible Health Carriers | 239,516,836 | 189,308,067 |
| 2120 · Due to PSP Admin | 58,913 | 98,197 |
| Total Other Current Liabilities | <u>239,575,749</u> | <u>189,406,264</u> |
| Total Current Liabilities | <u>239,690,235</u> | <u>189,435,349</u> |
| Total Liabilities | <u>239,690,235</u> | <u>189,435,349</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>239,690,235</u></u> | <u><u>189,435,349</u></u> |

Minnesota Comprehensive Health Association
Statement of Revenues, Expenses and Changes in Net Position
For the quarter and two quarters ended June 30, 2022 and 2021

| | 2022 | | 2021 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Quarter | Two Quarters | Quarter | Two Quarters |
| Revenue | | | | |
| 4020 · Premium Security Plan Reinsurance Revenue (a) | | | | |
| 4021 · Federal Funds | \$ 32,494,513 | \$ 50,208,769 | \$ 43,357,902 | \$ 62,200,701 |
| 4022 · State Funds - Prior High Risk Pool | - | - | - | - |
| 4023 · State Funds - Health Care Access Fund | - | - | - | - |
| 4024 · State Funds - General Fund | - | - | - | - |
| Total 4020 · Premium Security Plan Reinsurance Revenue | 32,494,513 | 50,208,769 | 43,357,902 | 62,200,701 |
| 4000 · Premium Security Plan Admin Revenue (b) | 194,193 | 326,920 | 134,340 | 267,470 |
| 4010 · Other Income | - | - | - | - |
| Total Revenue | 32,688,706 | 50,535,689 | 43,492,242 | 62,468,171 |
| Expense | | | | |
| Premium Security Plan Reinsurance Expenses | | | | |
| 6000 · PSP Eligible Health Carrier Expense (c) | | | | |
| 6021 · Federal Funds Expense | 32,494,513 | 50,208,769 | 43,357,902 | 62,200,701 |
| 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 | 32,494,513 | 50,208,769 | 43,357,902 | 62,200,701 |
| Premium Security Plan Admin Expenses | | | | |
| 5000 · Bank Charges | 388 | 778 | 377 | 726 |
| 5040 · Consultants | 49,286 | 101,571 | 51,025 | 102,051 |
| 5080 · Office Lease | 3,086 | 6,093 | 2,906 | 5,835 |
| 5100 · Postage & Delivery | 21 | 97 | - | 22 |
| 5120 · Telephone | 236 | 380 | 229 | 458 |
| 5130 · Board/Committee Member | 333 | 333 | - | - |
| 5140 · Supplies | 65 | 85 | 19 | 19 |
| 5150 · Insurance | 4,657 | 9,251 | 4,143 | 7,678 |
| 5170 · Dues & Subscriptions | - | - | - | - |
| 5180 · Travel | - | - | - | - |
| 5230 · Meals & Entertainment | 75 | 75 | - | - |
| 5250 · Professional Fees | 135,794 | 207,271 | 75,641 | 149,947 |
| 5090 · Communications/PR | 252 | 986 | - | 734 |
| Total Premium Security Plan Admin Exp | 194,193 | 326,920 | 134,340 | 267,470 |
| Total Expense | 32,688,706 | 50,535,689 | 43,492,242 | 62,468,171 |
| 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, 2022 and 2021

- (a) Source: Minnesota Management and Budget, Premium Security Plan Account, February 2022.
- (b) Minnesota Comprehensive Health Association Board Approved Administrative Budget.
- (c) 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, 2022

| | <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 | \$ (32,494,513) | \$ (50,208,769) |
| 1350 · Prepaid Expenses | 5,173 | (7,238) |
| 2000 · Accounts Payable | 43,681 | 85,402 |
| 2230 · Due to State Plan | - | - |
| 2285 · Due to PSP Eligible Health Carriers | 32,494,513 | 50,208,769 |
| 2120 · Due to PSP Admin Expenses | (45,558) | (39,285) |
| Net cash provided by Operating Activities | <u>3,296</u> | <u>38,879</u> |
| Net cash increase for period | 3,296 | 38,879 |
| Cash at beginning of period | 158,601 | 123,018 |
| Cash at end of period | <u><u>\$ 161,897</u></u> | <u><u>\$ 161,897</u></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, 2022

| | TOTAL | | | |
|--|---------------|----------------|------------------------|-------------|
| | Two Quarters | Annual Budget | \$ Over (Under) Budget | % of Budget |
| Revenue | | | | |
| 4020 · Premium Security Plan Reinsurance Revenue (a) | | | | |
| 4021 · Federal Funds | \$ 50,208,769 | \$ 107,045,000 | \$ (56,836,231) | 47% |
| 4022 · State Funds - Prior High Risk Pool | - | - | - | 0% |
| 4023 · State Funds - Health Care Access Fund | - | - | - | 0% |
| 4024 · State Funds - General Fund | - | - | - | 0% |
| Total 4020 · Premium Security Plan Reinsurance Revenue | 50,208,769 | 107,045,000 | (56,836,231) | 47% |
| 4000 · Premium Security Plan Admin Revenue (b) | 326,920 | 557,920 | (231,000) | 59% |
| 4010 · Other Income | - | - | - | 0% |
| Total Revenue | 50,535,689 | 107,602,920 | (57,067,231) | 47% |
| Expense | | | | |
| Premium Security Plan Reinsurance Expense | | | | |
| 6000 · PSP Eligible Health Carrier Expense (c) | | | | |
| 6021 · Federal Funds Expense | 50,208,769 | 107,045,000 | (56,836,231) | 47% |
| 6022 · State Funds - Prior High Risk Pool Expense | - | - | - | 0% |
| 6023 · State Funds - Health Care Access Fund Expense | - | - | - | 0% |
| 6024 · State Funds - General Fund Expense | - | - | - | 0% |
| Total Premium Security Plan Reinsurance Expense | 50,208,769 | 107,045,000 | (56,836,231) | 47% |
| Premium Security Plan Admin Expenses | | | | |
| 5000 · Bank Charges | 778 | 1,600 | (822) | 49% |
| 5040 · Consultants | 101,571 | 212,000 | (110,429) | 48% |
| 5080 · Office Lease | 6,093 | 12,485 | (6,392) | 49% |
| 5100 · Postage & Delivery | 97 | 240 | (143) | 40% |
| 5120 · Telephone | 380 | 1,000 | (620) | 38% |
| 5130 · Board/Committee Member | 333 | 1,500 | (1,167) | 22% |
| 5140 · Supplies | 85 | 200 | (115) | 43% |
| 5150 · Insurance | 9,251 | 20,195 | (10,944) | 46% |
| 5160 · Furniture & Equipment | - | - | - | 0% |
| 5170 · Dues & Subscriptions | - | - | - | 0% |
| 5180 · Travel | - | - | - | 0% |
| 5230 · Meals & Entertainment | 75 | 400 | (325) | 19% |
| 5250 · Professional Fees | 207,271 | 266,000 | (58,729) | 78% |
| 5090 · Communications/PR | 986 | 2,300 | (1,314) | 43% |
| 7030 · Miscellaneous Contingency Exp | - | 40,000 | (40,000) | 0% |
| Total Premium Security Plan Admin Expenses | 326,920 | 557,920 | (231,000) | 59% |
| Total Expense | 50,535,689 | 107,602,920 | (57,067,231) | 47% |
| 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, 2022

- (a) Source: Minnesota Management and Budget, Premium Security Plan Account Statement, February 2022.
- (b) Minnesota Comprehensive Health Association Board Approved Administrative Budget.
- (c) 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
Minnesota Premium Security Plan
Reinsurance Payments
Due to Eligible Health Carriers
As of June 30, 2022

| | <u>HIOS ID</u> | <u>Amount</u> | <u>Amount</u> |
|---|----------------|---------------|------------------------------|
| Balance 12/31/21 | | | \$ 189,308,067 |
| Plus 2022 Benefit Year Reinsurance Payments Payable | | | |
| First Quarter 2022 | | 17,714,256 | |
| Second Quarter 2022 | | 32,494,513 | |
| Third Quarter 2022 | | - | |
| Fourth Quarter 2022 | | - | |
| Total Year-To-Date 2022 | | | 50,208,769 |
| Less 2021 Benefit Year Reinsurance Payments | | | |
| HMO Minnesota (Blue Plus) | 57129 | - | |
| Group Health Plan, Inc (HealthPartners) | 34102 | - | |
| Medica Insurance Company | 31616 | - | |
| PreferredOne Insurance Company | 88102 | - | |
| Ucare Minnesota | 85736 | - | |
| Total 2020 Benefit Year Reinsurance Payments | | | - |
| Balance 6/30/22 | | | <u><u>\$ 239,516,836</u></u> |