

Minnesota Comprehensive Health Association

Financial Statement and Supplemental Schedule

For the One Quarter Ended

March 31, 2023 and 2022

Tim Ritter, CPA
952-548-3401
tritter@wipfli.com

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 March 31, 2023 and December 31, 2022, and the related statements of revenues, expense, and changes in net position and cash flows for the one quarter ended March 31, 2023 and 2022, 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
June 26, 2023

Minnesota Comprehensive Health Association
Statements of Net Position
As of March 31, 2023 and December 31, 2022

	<u>Mar 31, 23</u>	<u>Dec 31, 22</u>
ASSETS		
Current Assets		
Checking/Savings		
1000 · US Bank Checking	138,133	132,412
Total Checking/Savings	<u>138,133</u>	<u>132,412</u>
Other Current Assets		
1300 · Premium Security Plan Receivable	169,547,222	146,898,229
1350 · Prepaid Expenses	16,618	20,237
1352 · Operating lease right-of-use asset	<u>15,217</u>	<u>18,288</u>
Total Other Current Assets	<u>169,579,057</u>	<u>146,936,754</u>
Total Current Assets	<u>169,717,190</u>	<u>147,069,166</u>
TOTAL ASSETS	<u>169,717,190</u>	<u>147,069,166</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	<u>36,183</u>	<u>52,396</u>
Total Accounts Payable	<u>36,183</u>	<u>52,396</u>
Other Current Liabilities		
2125 · Current portion of lease liability	12,988	12,744
2285 · Due to PSP Eligible Health Carriers	169,547,222	146,898,229
2120 · Due to PSP Admin	<u>118,568</u>	<u>100,253</u>
Total Other Current Liabilities	<u>169,678,778</u>	<u>147,011,226</u>
Total Current Liabilities	<u>169,714,961</u>	<u>147,063,622</u>
Long Term Liabilities		
2300 · Long-term lease liability, net of current portion	<u>2,229</u>	<u>5,544</u>
Total Long Term Liabilities	<u>2,229</u>	<u>5,544</u>
Total Liabilities	<u>169,717,190</u>	<u>147,069,166</u>
TOTAL LIABILITIES & EQUITY	<u>169,717,190</u>	<u>147,069,166</u>

Minnesota Comprehensive Health Association
Statement of Revenues, Expenses and Changes in Net Position
For the quarter and one quarter ended March 31, 2023 and 2022

	2023		2022	
	Quarter	One Quarter	Quarter	One Quarter
Revenue				
4020 · Premium Security Plan Reinsurance Revenue (a)(d)				
4021 · Federal Funds	\$ 22,648,993	\$ 22,648,993	\$ 17,714,256	\$ 17,714,256
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	22,648,993	22,648,993	17,714,256	17,714,256
4000 · Premium Security Plan Admin Revenue (b)	121,685	121,685	132,726	132,726
4010 · Other Income	-	-	-	-
Total Revenue	22,770,678	22,770,678	17,846,982	17,846,982
Expense				
Premium Security Plan Reinsurance Expenses				
6000 · PSP Eligible Health Carrier Expense (c)				
6021 · Federal Funds Expense	22,648,993	22,648,993	17,714,256	17,714,256
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	22,648,993	22,648,993	17,714,256	17,714,256
Premium Security Plan Admin Expenses				
5000 · Bank Charges	179	179	390	390
5040 · Consultants	52,950	52,950	52,286	52,286
5080 · Office Lease	3,247	3,247	3,006	3,006
5100 · Postage & Delivery	6	6	75	75
5120 · Telephone	249	249	144	144
5130 · Board/Committee Member	-	-	-	-
5140 · Supplies	-	-	393	393
5150 · Insurance	2,933	2,933	4,594	4,594
5170 · Dues & Subscriptions	-	-	-	-
5180 · Travel	-	-	-	-
5230 · Meals & Entertainment	-	-	-	-
5250 · Professional Fees	61,721	61,721	71,478	71,478
5090 · Communications/PR	400	400	360	360
Total Premium Security Plan Admin Exp	121,685	121,685	132,726	132,726
Total Expense	22,770,678	22,770,678	17,846,982	17,846,982
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 one quarter ended March 31, 2023 and 2022

- (a) Source: Minnesota Management and Budget, Premium Security Plan Account, February 2023.
- (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.
- (d) Increase in the payment parameter's coinsurance rate from 60% in 2022 to 80% in 2023
Source: MN Statue Section 62E.23, subdivision 3 as amended March 31,2022.

Minnesota Comprehensive Health Association
Statement of Cash Flows
For the quarter and one quarter ended March 31, 2023

	<u>Quarter</u>	<u>One Quarter</u>
Operating Activities		
Adjustments to reconcile Change in Net Position		
to net cash provided by operations:		
1300 · Premium Security Plan Receivable	\$ (22,648,993)	\$ (22,648,993)
1350 · Prepaid Expenses	3,619	3,619
2000 · Accounts Payable	(16,214)	(21,214)
2230 · Due to State Plan	-	-
2285 · Due to PSP Eligible Health Carriers	22,648,993	22,648,993
2120 · Due to PSP Admin Expenses	18,315	23,315
Net cash provided by Operating Activities	<u>5,720</u>	<u>5,720</u>
Net cash increase for period	5,720	5,720
Cash at beginning of period	132,413	132,413
Cash at end of period	<u><u>\$ 138,133</u></u>	<u><u>\$ 138,133</u></u>

Supplementary Information

Minnesota Comprehensive Health Association
Statement of Revenues, Expenses and Changes in Net Position
Budget Comparison
For the one quarter ended March 31, 2023

	TOTAL			
	One Quarter	Annual Budget	\$ Over (Under) Budget	% of Budget
Revenue				
4020 · Premium Security Plan Reinsurance Revenue (a)				
4021 · Federal Funds	\$ 22,648,993	\$ 121,480,000	\$ (98,831,007)	19%
4022 · State Funds - Prior High Risk Pool	-	-	-	0%
4023 · State Funds - Health Care Access Fund	-	-	-	0%
4024 · State Funds - General Fund	-	102,371,000	(102,371,000)	0%
Total 4020 · Premium Security Plan Reinsurance Revenue	22,648,993	223,851,000	(201,202,007)	10%
4000 · Premium Security Plan Admin Revenue (b)	121,685	616,506	(494,821)	20%
4010 · Other Income	-	-	-	0%
Total Revenue	22,770,678	224,467,506	(201,696,828)	10%
Expense				
Premium Security Plan Reinsurance Expense				
6000 · PSP Eligible Health Carrier Expense (c)				
6021 · Federal Funds Expense	22,648,993	121,480,000	(98,831,007)	19%
6022 · State Funds - Prior High Risk Pool Expense	-	-	-	0%
6023 · State Funds - Health Care Access Fund Expense	-	-	-	0%
6024 · State Funds - General Fund Expense	-	102,371,000	(102,371,000)	0%
Total Premium Security Plan Reinsurance Expense	22,648,993	223,851,000	(201,202,007)	10%
Premium Security Plan Admin Expenses				
5000 · Bank Charges	179	1,680	(1,501)	11%
5040 · Consultants	52,950	215,800	(162,850)	25%
5080 · Office Lease	3,247	12,600	(9,353)	26%
5100 · Postage & Delivery	6	240	(234)	3%
5120 · Telephone	249	1,000	(751)	25%
5130 · Board/Committee Member	-	2,100	(2,100)	0%
5140 · Supplies	-	1,700	(1,700)	0%
5150 · Insurance	2,933	22,626	(19,693)	13%
5160 · Furniture & Equipment	-	-	-	0%
5170 · Dues & Subscriptions	-	-	-	0%
5180 · Travel	-	-	-	0%
5230 · Meals & Entertainment	-	300	(300)	0%
5250 · Professional Fees	61,721	317,680	(255,959)	19%
5090 · Communications/PR	400	780	(380)	51%
7030 · Miscellaneous Contingency Exp	-	40,000	(40,000)	0%
Total Premium Security Plan Admin Expenses	121,685	616,506	(494,821)	20%
Total Expense	22,770,678	224,467,506	(201,696,828)	10%
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 one quarter ended March 31, 2023

- (a) Source: Minnesota Management and Budget, Premium Security Plan Account Statement, February 2023.
- (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 March 31, 2023

	<u>HIOS ID</u>	<u>Amount</u>	<u>Amount</u>
Balance 12/31/22			\$ 146,898,229
Plus 2023 Benefit Year Reinsurance Payments Payable			
First Quarter 2023		22,648,993	
Second Quarter 2023			
Third Quarter 2023			
Fourth Quarter 2023			
Total Year-To-Date 2023		<u>22,648,993</u>	
Less 2022 Benefit Year Reinsurance Payments			
HMO Minnesota (Blue Plus)	57129		
Group Health Plan, Inc (HealthPartners)	34102		
Medica Insurance Company	31616		
PreferredOne Insurance Company	88102		
Quartz Health Plan	70373		
Ucare Minnesota	85736		
Total 2022 Benefit Year Reinsurance Payments		<u>-</u>	
Balance 3/31/23			<u><u>\$ 169,547,222</u></u>