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Minnesota Comprehensive Health Association

Final 2025 Benefit Year Report
Results for The Minnesota Premium Security Plan

June 16th, 2026

Prepared by:
Wakely Consulting Group

Tyson Reed, FSA, MAAA
Senior Consulting Actuary

Contents

Introduction

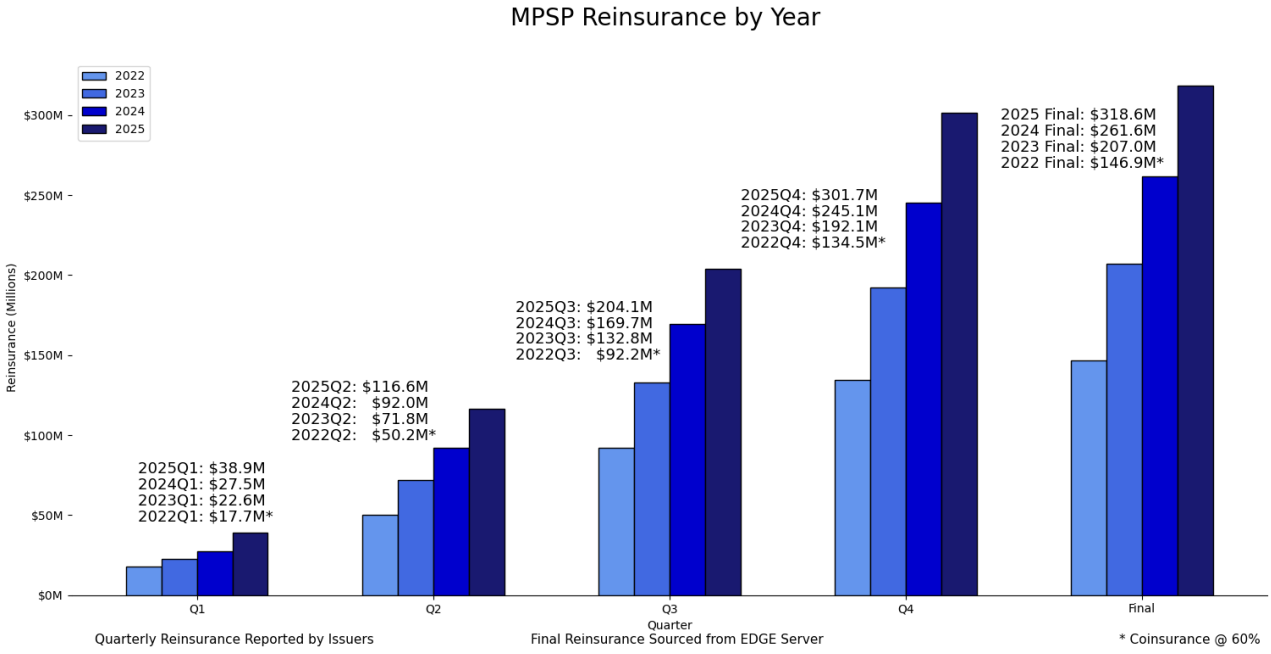
The Minnesota Comprehensive Health Association (MCHA) retained Wakely Consulting Group, LLC, an HMA Company (Wakely) to collect data related to the Minnesota state-based reinsurance program referred to as the Minnesota Premium Security Plan (MPSP), review the data for reasonability, calculate the reinsurance payments to the issuers participating in the program, and provide summary reports for MCHA to distribute, as appropriate, to stakeholders.

This document has been prepared for the use of MCHA and its Board of Directors. Wakely understands that this report will be made public and distributed to stakeholders beyond MCHA and its Board of Directors due to Minnesota Statute §62E.24. Wakely does not intend to benefit third parties and assumes no duty or liability to other parties who receive this work. This report should be reviewed in its entirety. This document contains the data, assumptions, and methods used in these analyses and satisfies the Actuarial Standard of Practice (ASOP) 41 reporting requirements.

This is the final 2025 benefit year report for MPSP. Figures and tables in this report supersede figures and values previously communicated in 2025 MPSP quarterly reporting.

Executive Summary

The 2025 benefit year reinsurance amount for MPSP is $318,620,055. The data that was used to calculate reinsurance is based on enrollment and claim data Minnesota issuers submitted to the CMS External Data Gathering Environment (EDGE) Server through April 30th, 2026 and processed by CMS with an outbound date of May 4th, 2026. To calculate reinsurance, Wakely used the High-Cost Risk Pool Detail Extract (HCRPDE) files generated by CMS to identify claims and enrollees eligible for reinsurance.



For each quarter of the 2025 benefit year, Minnesota issuers submitted data to Wakely that allowed MCHA to report on the MPSP program throughout the year. The figure above shows the reinsurance amount reported in each report between 2022 and 2025. Note that each quarter within a year is

cumulative. That is, the $38.9 million in the 2025Q1 report is included in the $301.7 million in the 2025Q4 report. The increase between fourth quarter and the final reinsurance amount is primarily caused by claim adjudication and claim systems (e.g. EDGE server vs internal claim system).

In February 2026, Wakely estimated 2025 benefit year reinsurance. The $330.0 million estimate was approximately 3.6% higher ($\approx \frac{\$330.0M}{\$318.6M}$ - 1) than the actual reinsurance amount. Wakely overestimated the average reinsurance amount per eligible enrollee ($52,597 estimated vs $50,407 actual) and underestimated the number of reinsurance eligible enrollees (6,274 estimated vs 6,321 actual). The combined impact led to an approximate $11.4 million overestimate of the final reinsurance (≈ $330.0M - $318.6M).

Table 1 displays final enrollment and reinsurance under MPSP between 2018 and 2025. The percent change column is measured from the previous year except for the row labeled *2023 Statewide* which is measured from the row labeled *2022 Statewide @ 80%*. Reinsurance increased approximately 21.8% between 2024 and 2025 ($\approx \frac{\$261.6M}{\$207.0M}$ - 1). This was primarily caused by the growth in the individual market.

Table 1: Reinsurance Amounts and Enrollee Counts

	Distinct RI Enrollees	RI Enrollee % Change	Reported Reinsurance	Reinsurance % Change
2025 Statewide	6,321	19.9%	$318,620,055	21.8%
2024 Statewide	5,274	25.2%	$261,605,013	26.6%
2023 Statewide	4,212	7.5%	$206,969,230	5.7%
2022 Statewide @ 80%	*3,919*	4.4%	*$195,864,305*	*3.5%*
2022 Statewide @ 60%	3,919	4.4%	$146,898,229	-22.4%
2021 Statewide	3,754	14.5%	$189,308,067	18.2%
2020 Statewide	3,279	3.0%	$160,210,351	7.0%
2019 Statewide	3,183	8.8%	$149,660,234	9.9%
2018 Statewide	2,925	-	$136,124,512	-

The remainder of this report provides a description of the data used, methodology, additional breakout of reinsurance for reporting, associated caveats, and disclosures.

Market Changes

Starting January 1st, 2021, Quartz entered the individual market in five southeastern counties. Appendix C of this report includes Quartz; however, the 2018 through 2020 reports do not.

As of January 1st, 2024, PreferredOne no longer offers products in the individual market.

EDGE Data Description

This section describes the data that Wakely used to calculate 2025 benefit year reinsurance. The EDGE server is a data warehouse that processes data for CMS to administer the risk adjustment program in the individual and small group markets. Files that issuers submit to the EDGE server are referred to as *inbound* files. The EDGE server processes inbound files and returns another set of data files back to the issuers. These files are referred to as *outbound* files. Additional descriptions of each type of file is provided later in this section.

Minnesota issuers provided both the 2025 inbound and the 2025 outbound files for Wakely to use to calculate final 2025 reinsurance. Specifically, Wakely used the HCRPDE outbound file to identify claims and enrollees eligible for reinsurance. This table is limited to the claims and enrollment spans eligible for payments in the 2025 benefit year federal high-cost risk pool program. The Data Review section on page 11 of this memorandum outlines Wakely's review of the issuers' EDGE data.

EDGE Server Inbound Files

All Minnesota issuers participating in the individual market are required to submit claim and enrollment data to the EDGE server. CMS uses this data to administer the permanent risk adjustment program, which includes the high-cost risk pool program. Historically, CMS used EDGE data to calculate reinsurance under the Federal Transitional Reinsurance Program that ended in benefit year 2016. CMS has extensive business rules that determine if a claim or enrollment span is eligible under the risk adjustment or high-cost risk pool programs. For example, if an issuer submits an inpatient claim for an enrollee that overlaps with an existing inpatient claim for that enrollee, then the EDGE server will reject the new claim. Issuers are permitted to fix issues with ineligible claims and then resubmit them to the EDGE server until the final submission date of the benefit year. If errors are found in data submissions after the final submission deadline, CMS may require issuers to submit corrected files. For benefit year 2025, the final submission date was April 30th, 2026.

EDGE Server Outbound Files

After the submission deadline, the EDGE Server processes the submitted inbound files to generate the outbound files. Issuers then receive the processed and summarized versions of the outbound files. There is an attestation and discrepancy-reporting period where an issuer may report to CMS any calculation issues identified by the issuer.

In addition, the issuers must respond to any final items flagged by CMS in the quantity and quality data evaluation process. The quantity assessment aims to ensure completeness of submitted data. The quality assessment measures the integrity and accuracy of the data. Both of these assessments are repeated throughout the submission process. All issuers reported to Wakely that they were not identified by CMS as an outlier in any of the metrics used by CMS.

CMS Attestation

CMS requires that an employee with the authority to both legally and financially bind the issuer attest to the accuracy of the issuer's EDGE data submission. CMS has the authority to impose default risk adjustment transfers for issuers that fail to submit sufficient EDGE data. CMS can also impose civil monetary penalties if issuers violate other federal requirements. This includes falsifying or misrepresenting data either intentionally or recklessly.

MPSP Attestation

Officers at each organization signed an attestation regarding the accuracy, truthfulness, and completeness of the EDGE data that they submitted to Wakely. Issuers attested that if there is an error found in the EDGE server data that impacts reinsurance payments, then the issuer will promptly notify and work with MCHA and Wakely to resolve any discrepancies in reinsurance calculations.

Methodology

2025 Reinsurance Timeline

Table 2 provides the timeline and key dates for calculating 2025 benefit year reinsurance. In January 2026, Wakely hosted a call with the eligible issuers to outline the spring timeline and the structure of the data request. Issuers provided EDGE server data to Wakely twice during the spring of 2026. The first data request, labeled *preliminary*, was used to work through data transfer issues and to develop the model that was used to calculate final reinsurance. The final benefit year reinsurance calculation used the final EDGE server data request.

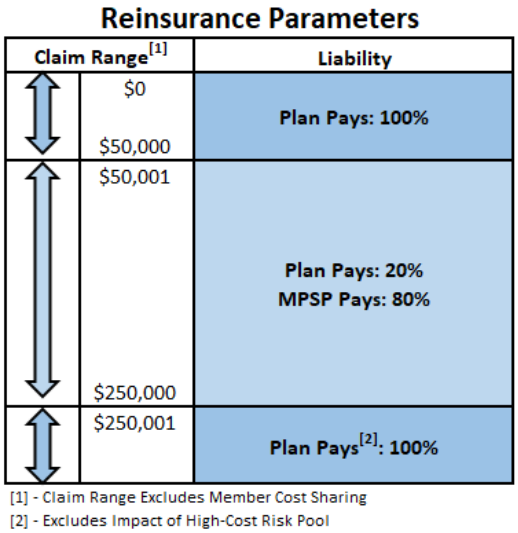
After Wakely's calculations and data review process, each issuer received a file that contained the claims for each reinsurance eligible enrollee for both the preliminary and final data requests. The file permitted issuers to review Wakely's calculation and report any discrepancies before the deadline of June 5th, 2026.

Table 2: 2025 Benefit Year Calculation Timeline

Description	Date
All Issuer Data Call	1/22/2026
Preliminary Data Requested by Wakely	1/29/2026
Preliminary Data Due to Wakely	3/6/2026
Preliminary Results Sent to Issuers	4/3/2026
Final Data Requested by Wakely	4/20/2026
Final Data Due to Wakely	5/8/2026
Final Results Sent to Issuers	5/22/2026
End of MPSP Discrepancy Reporting	6/5/2026

Methodology Description

Wakely used 2025 inbound data that was submitted to the EDGE server through April 30th, 2026 and the outbound files produced on May 4th, 2026 to calculate final 2025 benefit year reinsurance. The data included both enrollment and claim-level detail that issuers submitted to the EDGE server and the data returned by the EDGE server to the issuers. Wakely used the HCRPDE outbound file to identify eligible enrollees and claims. For each issuer, Wakely aggregated claims to the enrollee-level and applied the 2025 MPSP reinsurance parameters to calculate reinsurance. For this report, Wakely allocated reinsurance amounts for enrollees transferring between health plan identifiers based on incurred claims. For example, under certain circumstances, an enrollee might have been enrolled in both a silver and a gold plan for a portion of 2025. If 75% of an enrollee's claims occurred in the silver plan and 25% occurred in the gold plan, then Wakely allocated 75% of the reinsurance to the silver plan and 25% to the gold plan. Transferring health plan identifiers does not impact results when reporting at



an issuer level; however, when reporting at a more granular level (e.g. metal), reported results may change if another allocation method is used.

Analysis

In compliance with Minnesota Statutes 62E.24 subdivision 2, this section provides additional detail for the reinsurance amount shown in Table 1. The distribution total in the following tables may not add to 100% due to rounding.

Reinsurance by Eligible Health Carrier

Table 3 provides the total reinsurance payments to each eligible health carrier along with the associated carrier's HIOS identifier.

Table 3: Reinsurance Amount by Carrier

Health Carrier	HIOS ID	2025 Reinsurance
HMO Minnesota (Blue Plus)	57129	$108,749,970.38
HealthPartners, Inc.	79888	$67,835,228.92
Medica Insurance Company	31616	$64,120,311.63
Quartz Health Plan MN Corporation	70373	$2,070,165.04
UCare Minnesota	85736	$75,844,379.49
Total Statewide	**-**	**$318,620,055.46**

Reinsurance by Area

Table 4 shows the amount of reinsurance for each of Minnesota's rating regions. A list of counties in each rating area can be found in Appendix D or the CMS website.

Table 4: Reinsurance Amount by Area

Rate Region	2025 Reinsurance	2025 Dist'n	2024 Dist'n	2023 Dist'n	2022 Dist'n	2021 Dist'n
Rating Area 1	$31,478,158	10%	9%	10%	10%	11%
Rating Area 2	$16,792,433	5%	5%	4%	5%	6%
Rating Area 3	$17,707,280	6%	6%	7%	6%	7%
Rating Area 4	$8,645,653	3%	3%	3%	3%	3%
Rating Area 5	$13,280,839	4%	4%	4%	5%	5%
Rating Area 6	$12,383,899	4%	4%	4%	4%	4%
Rating Area 7	$27,043,654	8%	9%	8%	8%	9%
Rating Area 8	$187,092,597	59%	59%	58%	58%	56%
Rating Area 9	$4,195,542	1%	1%	1%	1%	1%
Statewide	**$318,620,055**	**100%**	**100%**	**100%**	**100%**	**100%**

Reinsurance by Metal Level

Table 5 provides the reinsurance amount and distribution by metal tier. Four different metal tiers in the individual market reflect different expected cost sharing levels. The leanest is the bronze plan where an enrollee can expect to pay for about 40% of his or her total medical costs out of pocket in the form of cost sharing such as deductibles, coinsurance, and copays. The richest plan type is the platinum tier where an enrollee can expect to pay approximately 10% of total costs out of pocket.

There is a fifth tier called catastrophic. Enrollment in catastrophic plans is generally limited to individuals who are eligible for hardship exemption or are under the age of 30.

Table 5: Reinsurance Amount by Metal Tier

Metal Tier	2025 Reinsurance	2025 Dist'n	2024 Dist'n	2023 Dist'n	2022 Dist'n	2021 Dist'n
Catastrophic	$5,848,523	2%	2%	1%	1%	0%
Bronze	$107,840,622	34%	35%	40%	44%	48%
Silver	$97,120,877	30%	30%	28%	28%	26%
Gold	$107,169,659	34%	33%	30%	26%	25%
Platinum	$640,374	0%	0%	0%	0%	0%
Total	**$318,620,055**	**100%**	**100%**	**100%**	**100%**	**100%**

Reinsurance by Exchange Status

This section provides the reinsurance based on whether the enrollee purchased coverage through Minnesota's exchange, MNSure, or directly through the issuer.[1]

Table 6: Reinsurance Amount by Exchange Status

Exchange Status	2025 Reinsurance	2025 Dist'n	2024 Dist'n	2023 Dist'n	2022 Dist'n	2021 Dist'n
On-Exchange	$221,936,016	70%	71%	69%	69%	67%
Off-Exchange	$96,684,039	30%	29%	31%	31%	33%
Total	**$318,620,055**	**100%**	**100%**	**100%**	**100%**	**100%**

Reinsurance by Plan Type

This section provides reinsurance amounts by plan type. In the Affordable Care Act, some individuals and families qualify for cost-sharing reduction subsidies (CSR) which lower out-of-pocket costs. There are several different levels of CSRs. The first is 73% which reduces the individual's out-of-pocket cost to approximately 27% (= 1 - 73%) of total medical costs. There are CSR plans available at the 87% and 94% level as well. CSR plans are only available on the exchange. Finally, there are limited cost-sharing and zero cost-sharing plans for American Indians and Alaska Natives.

Table 7: Reinsurance Amount by Plan Type

Plan Type	2025 Reinsurance	2025 Dist'n	2024 Dist'n	2023 Dist'n	2022 Dist'n	2021 Dist'n
Standard	$292,314,139	92%	92%	93%	93%	92%
Zero CS	$782,326	0%	0%	0%	0%	0%
Limited CS	$586,220	0%	0%	0%	0%	0%
73% CSR	$24,937,371	8%	7%	6%	7%	7%
94% CSR	$0	0%	0%	0%	0%	1%
Total	**$318,620,055**	**100%**	**100%**	**100%**	**100%**	**100%**

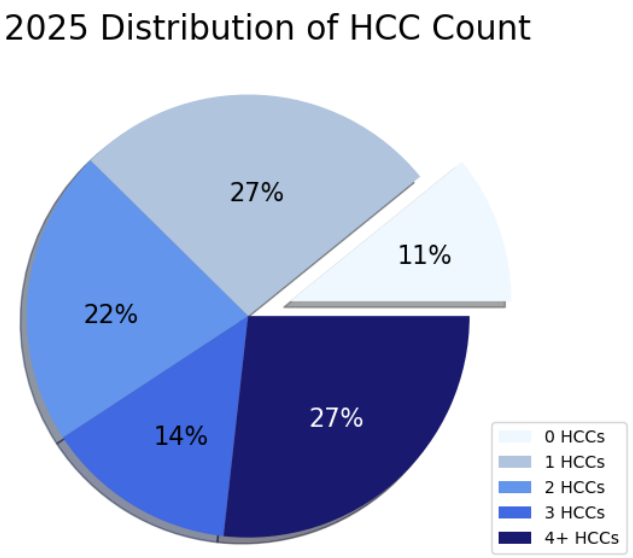
Reinsurance by Claim Spend

Please see Appendix A for reinsurance by claim spend level.

[1] Multiple issuers updated the on- and off-exchange mapping in the data they provided to Wakely between the 2019Q2 and 2019Q3 reports. As a result, distributions shown after 2020 are not directly comparable to quarterly reports prior to 2019Q2.

Distribution of HCC Count

The chart in this section provides the hierarchical condition category (HCC) distribution for the reinsurance eligible population. HCCs are used by CMS as part of the risk adjustment process that transfers money in the individual market from issuers that enrolled a healthier population to issuers that enrolled a sicker population. An enrollee is assigned to an HCC based on his or her medical diagnostic history. For example, if an enrollee fractures his or her hip in an accident, the doctor may code the medical claim with a hip fracture diagnosis code. That diagnosis code then identifies that enrollee in the *Hip Fractures and Pathological Vertebral or Humerus Fractures* condition category (HCC226). On the other hand, there are diagnosis codes that do not map to a payment HCC. As a result, an enrollee may not be assigned to an HCC even though he or she may have a claim. Enrollees can have more than one HCC in a year. Typically, the more HCCs an enrollee has, the sicker and more costly he or she is. As a general rule of thumb, approximately 20% of the individual commercial population are assigned to at least one HCC in any given year. In other words, 80% of the general individual commercial population is not assigned to an HCC. In comparison, only 11% of enrollees eligible for reinsurance payments do not have an HCC. These enrollees may have experienced a traumatic accident with a diagnosis code not included in the HCC model, may have a rare condition that is not represented in the HCC model, or may have diagnosis codes that were not coded correctly.



The HCC model is hierarchical and groups together similar conditions. For example, diabetes has three HCCs: Diabetes with Acute Complications (HCC019), Diabetes with Chronic Complications (HCC020), and Diabetes without Complication (HCC021). An enrollee with a diagnosis code in both HCC019 and HCC021 would only be classified as HCC019 to avoid double counting. Finally, the HCC model groups the diabetic HCCs into one Diabetic Group (G01). Similar hierarchies and groupings exist for other conditions. Appendix B gives the list of the most prevalent HCCs and groupings during benefit year 2025 for enrollees eligible for reinsurance.

Table 8 provides the final HCC count distribution by reinsurance year.

Table 8: HCC Distribution by Year

HCC Count	2025	2024	2023	2022	2021
0 HCCs	11%	10%	9%	9%	8%
1 HCC	27%	27%	28%	27%	26%
2 HCCs	22%	21%	21%	22%	21%
3 HCCs	14%	15%	15%	13%	15%
4+ HCCs	27%	27%	27%	29%	30%

This analysis excludes Prescription Drug Categories (RXCs). RXCs are similar to HCCs except RXCs are identified using National Drug Codes (NDCs) or service codes that indicate the enrollee's prescription drug utilization.

Reinsurance by Product

Appendix C gives the amount of reinsurance and number of claimants that exceeded $50,000 in claims by product and exchange status. To define product, Wakely used the first ten digits of the HIOS plan identifier and requested that issuers provide a product name associated with the product identifier. For the column labeled *Claimants*, an enrollee is double counted if he or she transferred between products during the experience period. As a result, the claimant count in Appendix C does not match the enrollee count in Table 1. The column labeled *Claimants* shows "*<100*" for product and exchange-status combinations with less than 100 claimants for protected health information (PHI) reasons.[2]

Data Review

This section describes the data checks performed by Wakely during the reinsurance calculation process.

Inbound Files versus High Cost Risk Pool Comparison

Wakely compared the claims in the inbound EDGE server files with an accepted flag against the list of claims underlying the HCRPDE table.[3] This analysis included a check to ensure that the plan paid amount on both the HCRPDE and the inbound EDGE server files were consistent.

1332 Waiver Application Comparison

Wakely compared the portion of enrollees with claims above the attachment point against the claim continuance table located in the actuarial report in Minnesota's 1332 Waiver. The table is based on the 2015 individual market that is significantly different from the 2025 individual market. In total, approximately 2% of the population was expected to exceed the $50,000 attachment point based on the 1332 Waiver Application, which was close to the proportion of enrollees exceeding the attachment point in this report (2.5%). Wakely reviewed the most recent waiver application and a claim distribution was not included in the report.

[2]Multiple issuers updated the on- and off-exchange mapping in the data they provided to Wakely between the 2019Q2 and 2019Q3 reports. As a result, the results shown in Appendix C for the final 2019 through 2023 reports are not directly comparable to the table shown in the quarterly reports prior to 2019Q2.

[3]Besides being accepted by the EDGE server, a claim must also meet other requirements to be included in the HCRPDE. For example, a claim must occur during a valid enrollment span. Wakely used the EDGE Server Business Rules 25.0 as a reference for reviewing the submitted EDGE encounter data. For additional information, please see https://www.regtap.info/

2025Q4 MPSP Report Comparison

Wakely compared the list of enrollees contained in the 2025Q4 quarterly report against the list of enrollees in the final EDGE server data. Issuers provided the data used for the quarterly reports that included only enrollees with claims that exceeded the reinsurance attachment point. In general, if an enrollee was in the 2025Q4 report, then he or she should also be eligible for reinsurance in the final calculation. A number of enrollees in the 2025Q4 data request were not eligible for reinsurance in the final 2025 calculation. This occurs when an enrollee has claims retroactively adjusted which causes him or her to drop below the reinsurance attachment point. Similarly, claims may fail to be accepted to the EDGE server due to business rules.

Risk Score Comparison

Wakely used the issuers' inbound claim files to independently calculate risk scores and compared the results against risk scores that CMS calculated for the federal risk transfer payment program. As described above, risk scores are calculated using diagnosis codes, pharmacy codes, demographic, and enrollment information submitted to the EDGE server. Differences between Wakely's calculated risk score and the CMS calculated risk score could imply that Wakely was missing diagnosis or pharmacy codes, and as a result, the claims associated with the missing codes.

Wakely identified two enrollees with mismatched risk scores. Upon reviewing the risk score calculations, Wakely determined that the difference resulted from the application of the HCC hierarchy. Wakely also reviewed the claim amounts and confirmed that neither enrollee had exceeded the attachment point.

State Mandated Benefits

Wakely did not adjust the reinsurance calculation methodology for state mandated benefits at the direction of MCHA. Wakely's understanding is that issuers and Minnesota Department of Commerce (DoC) will make the appropriate adjustments to the defrayal payments when issuers submit state mandated benefit data to DoC for reimbursement.

2025 Considerations

This section discusses changes occurring during 2024 and 2025 that impact reinsurance and trends.

1. **Medicaid Redetermination** - Starting April 2023, Minnesota resumed the regular renewal process for Medicaid eligibility which had been suspended due to the public health emergency. Medicaid enrollment started decreasing in July 2023 and stabilized in March / April 2024. Since the transition stabilized at the end of 2024Q1, this cohort had less than 12 full months of enrollment during 2024. The change from a partial period of during 2024 to a full period of enrollment during 2025 likely increased reinsurance all-else-equal.

2. **Market Growth** - One driver of the increase in reinsurance is the growth of the market. All else equal, reinsurance in 2025 will be larger than reinsurance in 2024 because the market is larger. In a news release, Minnesota's state based exchange, MNSure, reported a 14% increase in enrollment.[4] In total, the market increased in size in 2025 relative to 2024; however, the final year-over-year growth was smaller than the amount reported by MNSure. This is due to

[4] MNSure - 2025 Enrollment News Release

membership growth occurring throughout the year during 2024. Said differently, the difference in market size was larger in January than it was in December because 2024 grew throughout the year. After adjusting for market growth, the year-over-year change is in line with prior year reinsurance trends.

Deductible Leveraging

In a reinsurance setting, trends for a reinsurer can be higher than the overall cost trend of the reinsured entity due to deductible leveraging. Deductible leveraging occurs when the underlying claim costs for the insurer increases at a rate higher than the increase in the deductible. In context of MPSP, the words attachment point and deductible are synonymous. The example below shows the calculation of liability for an insurance company that has an enrollee with $55,000 in total claims using MPSP's $50,000 attachment point and 20% coinsurance. This example is for illustrative purposes only and does not represent an analysis of the impact of deductible leveraging for MPSP.

Table 9: Deductible Leveraging Example

Description	Amount	Formula	Payer
Deductible	$50,000	min{$55,000, $50,000}	Issuer
Coinsurance	$1,000	($55,000 - $50,000)× 20%	Issuer
Reinsurance	$4,000	($55,000 - $50,000)× 80%	Reinsurer

If the claim increases by 1% because of regular cost trends, then the cost of the claim is now $55,550 (= $55,000 × 1.01), but the cost to the reinsurer increases by approximately 11.0% (= $\frac{\$4,440}{\$4,000}$ - 1). This is shown in the next table.

Table 10: Deductible Leveraging Example – Trended

Description	Amount	Formula	Payer
Deductible	$50,000	min{$55,550, $50,000}	Issuer
Coinsurance	$1,110	($55,550 - $50,000)× 20%	Issuer
Reinsurance	$4,440	($55,550 - $50,000)× 80%	Reinsurer

The impact of deductible leveraging is minimally off-set by a reinsurance cap since the reinsurer is no longer liable for additional costs exceeding the reinsurance cap. Deductible leveraging can impact both the number of enrollees eligible for reinsurance and the average cost of reinsurance per reinsurance eligible enrollee. The overall deductible leveraging trend depends both on the proportion of claims for enrollees exceeding the attachment point and the total change in costs for enrollees exceeding the attachment point.

Disclosures and Limitations

Responsible Actuary. I, Tyson Reed, am responsible for this communication. I am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to issue this report.

Intended Users. This information has been prepared for the sole use of the management of MCHA. Wakely understands that this report will be made public. Distribution should be made in its entirety and should be evaluated only by qualified users. The parties receiving and reading this report should retain their own actuarial experts when interpreting results.

Risks and Uncertainties. The assumptions and resulting calculated reinsurance included in this report are inherently uncertain and could change depending on EDGE server review. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from Wakely's calculation. Wakely does not warrant or guarantee that Minnesota issuers will attain the calculated values included in the report. It is the responsibility of those receiving this report to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. Wakely provides actuarial services to a variety of clients throughout the health industry. Wakely's clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving Wakely's clients. I am financially independent and free from conflict concerning all matters related to performing the actuarial services underlying these analyses. In addition, Wakely is organizationally and financially independent of MCHA.

Data and Reliance. I have relied on others for data and assumptions used in the assignment. I have reviewed the data for reasonableness, but I have not performed an independent audit or otherwise verified the accuracy of the data / information. If the underlying data / information is incomplete or inaccurate, Wakely's estimates and calculations may be impacted, potentially significantly. The information included in the other sections identifies the key data and assumptions.

Subsequent Events. Material changes in state or federal laws regarding health benefit plans may have a material impact on the results included in this report. I am not aware of any events that would affect the results of this analysis not already discussed above.

Contents of Actuarial Report. This document constitutes the entirety of the actuarial report and supersedes any previous communications provided to MCHA for Benefit Year 2025.

Deviations from Actuarial Standards of Practice (ASOPs). Wakely completed these analyses using sound actuarial practice. To the best of my knowledge and belief, the report and methods used in the analyses comply with the appropriate ASOPs with no known deviations. A summary of ASOP compliance is listed below:

- ASOP No. 1, Introductory Actuarial Standard of Practice
- ASOP No. 23, Data Quality
- ASOP No. 41, Actuarial Communication
- ASOP No. 56, Modeling

Sincerely,

Tyson Reed, FSA, MAAA
Senior Consulting Actuary
612.428.0371 | Tyson.Reed@wakely.com

Appendix A - Reinsurance by Claim Spend Level

2025 Final Reinsurance Amount by Claim Spend Level

Incurred Claims		Enrollee Count	Average Incurred Claims Per Enrollee	Average Reinsurance Per Enrollee	Aggregate Reinsurance
Low Range	High Range				
$50,000	$52,508	358	$51,196	$957	$342,607
$52,508	$58,498	640	$55,520	$4,416	$2,826,226
$58,498	$119,795	3,331	$82,362	$25,889	$86,237,480
$119,795	$200,000	1,052	$151,897	$81,517	$85,756,235
$200,000	$9,999,999	940	$386,061	$152,614	$143,457,508
Total		**6,321**	**$134,615**	**$50,407**	**$318,620,055**

Notes:

1. Average Reinsurance Per Enrollee = min{(Average Incurred Claims - $50,000) × 80%, $160,000}.
2. The claim intervals originate from the 1332 Waiver Application.

Appendix A - Reinsurance by Claim Spend Level

2024 Final Reinsurance Amount by Claim Spend Level

Incurred Claims		Enrollee Count	Average Incurred Claims Per Enrollee	Average Reinsurance Per Enrollee	Aggregate Reinsurance
Low Range	High Range				
$50,000	$52,508	293	$51,326	$1,061	$310,829
$52,508	$58,498	547	$55,406	$4,325	$2,365,635
$58,498	$119,795	2,789	$81,585	$25,268	$70,472,691
$119,795	$200,000	899	$152,392	$81,913	$73,640,009
$200,000	$9,999,999	746	$398,055	$153,909	$114,815,850
Total		**5,274**	**$134,023**	**$49,603**	**$261,605,013**

2023 Final Reinsurance Amount by Claim Spend Level

Incurred Claims		Enrollee Count	Average Incurred Claims Per Enrollee	Average Reinsurance Per Enrollee	Aggregate Reinsurance
Low Range	High Range				
$50,000	$52,508	226	$51,213	$970	$219,250
$52,508	$58,498	464	$55,385	$4,308	$1,998,995
$58,498	$119,795	2,232	$81,337	$25,070	$55,955,519
$119,795	$200,000	690	$152,757	$82,205	$56,721,698
$200,000	$9,999,999	600	$377,200	$153,456	$92,073,769
Total		**4,212**	**$130,707**	**$49,138**	**$206,969,230**

Notes:

1. Average Reinsurance Per Enrollee = min{(Average Incurred Claims - $50,000) × 80%, $160,000}.
2. The claim intervals originate from the 1332 Waiver Application.

Appendix A - Reinsurance by Claim Spend Level

2022 Final Reinsurance Amount by Claim Spend Level (60% Coinsurance)

Incurred Claims		Enrollee Count	Average Incurred Claims Per Enrollee	Average Reinsurance Per Enrollee	Aggregate Reinsurance
Low Range	High Range				
$50,000	$52,508	208	$51,236	$741	$154,216
$52,508	$58,498	417	$55,510	$3,306	$1,378,641
$58,498	$119,795	2,030	$81,153	$18,692	$37,944,165
$119,795	$200,000	697	$151,927	$61,156	$42,625,681
$200,000	$9,999,999	567	$371,412	$114,278	$64,795,526
Total		**3,919**	**$131,418**	**$37,484**	**$146,898,229**

Notes:

1. Average Reinsurance Per Enrollee = min{(Average Incurred Claims - $50,000) × 60%, $160,000}.
2. The claim intervals originate from the 1332 Waiver Application.

Appendix A (Cont.) - Reinsurance Amount by Claim Spend Level

2021 Final Reinsurance Amount by Claim Spend Level

Incurred Claims		Enrollee Count	Average Incurred Claims Per Enrollee	Average Reinsurance Per Enrollee	Aggregate Reinsurance
Low Range	High Range				
$50,000	$52,508	211	$51,220	$976	$206,019
$52,508	$58,498	411	$55,282	$4,226	$1,736,883
$58,498	$119,795	1,896	$80,874	$24,699	$46,830,194
$119,795	$200,000	678	$152,540	$82,032	$55,617,886
$200,000	$9,999,999	558	$363,677	$152,181	$84,917,085
Total		**3,754**	**$131,385**	**$50,428**	**$189,308,067**

2020 Final Reinsurance Amount by Claim Spend Level

Incurred Claims		Enrollee Count	Average Incurred Claims Per Enrollee	Average Reinsurance Per Enrollee	Aggregate Reinsurance
Low Range	High Range				
$50,000	$52,508	155	$51,198	$958	$148,534
$52,508	$58,498	354	$55,457	$4,365	$1,545,383
$58,498	$119,795	1,761	$80,824	$24,659	$43,424,822
$119,795	$200,000	557	$153,704	$82,963	$46,210,511
$200,000	$9,999,999	452	$349,424	$152,392	$68,881,102
Total		**3,279**	**$126,091**	**$48,860**	**$160,210,351**

Notes:

1. Average Reinsurance Per Enrollee = min{(Average Incurred Claims - $50,000) × 80%, $160,000}.
2. The claim intervals originate from the 1332 Waiver Application which have been combined to ensure each cohort has at least 100 enrollees.

Appendix A (Cont.) - Reinsurance Amount by Claim Spend Level

2019 Final Reinsurance Amount by Claim Spend Level

Incurred Claims		Enrollee Count	Average Incurred Claims Per Enrollee	Average Reinsurance Per Enrollee	Aggregate Reinsurance
Low Range	High Range				
$50,000	$52,508	177	$51,219	$975	$172,613
$52,508	$58,498	389	$55,448	$4,358	$1,695,271
$58,498	$119,795	1,678	$80,984	$24,787	$41,592,460
$119,795	$200,000	527	$152,994	$82,395	$43,422,371
$200,000	$9,999,999	412	$374,574	$152,373	$62,777,520
Total		**3,183**	**$126,132**	**$47,019**	**$149,660,234**

2018 Final Reinsurance Amount by Claim Spend Level

Incurred Claims		Enrollee Count	Average Incurred Claims Per Enrollee	Average Reinsurance Per Enrollee	Aggregate Reinsurance
Low Range	High Range				
$50,000	$52,508	173	$51,263	$1,010	$174,801
$52,508	$58,498	359	$55,413	$4,330	$1,554,606
$58,498	$119,795	1,513	$81,257	$25,005	$37,833,247
$119,795	$200,000	522	$150,761	$80,609	$42,077,922
$200,000	$9,999,999	358	$360,572	$152,190	$54,483,936
Total		**2,925**	**$122,901**	**$46,538**	**$136,124,512**

Notes:

1. Average Reinsurance Per Enrollee = min{(Average Incurred Claims - $50,000) × 80%, $160,000}.
2. The claim intervals originate from the 1332 Waiver Application.

Appendix B - Enrollee Count by HCC

Limited to HCCs with at least 100 Enrollees

			2025		2024	
Rank	**HCC**	**HCC Description**	**Enrollee Count[1]**	**% of Reinsurance Eligible Enrollees**	**Enrollee Count[1]**	**% of Reinsurance Eligible Enrollees**
1	G01	Diabetes	1,204	19%	989	19%
2	G15A	Chronic Obstructive Pulmonary Disease, Including Bronchiectasis; Severe Asthma; Asthma, Except Severe	1,117	18%	904	17%
3	HCC142	Specified Heart Arrhythmias	801	13%	712	14%
4	HCC056	Rheumatoid Arthritis and Specified Autoimmune Disorders	769	12%	696	13%
5	G08	Disorders of the Immune Mechanism	743	12%	595	11%
6	HCC130	Congestive Heart Failure	736	12%	629	12%
7	HCC008	Metastatic Cancer	657	10%	608	12%
8	HCC075	Coagulation Defects and Other Specified Hematological Disorders	610	10%	489	9%
9	G13	Respiratory Arrest; Cardio-Respiratory Failure and Shock, Including Respiratory Distress Syndromes	511	8%	462	9%
10	HCC002	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock	490	8%	417	8%
11	HCC023	Protein-Calorie Malnutrition	490	8%	418	8%
12	HCC048	Inflammatory Bowel Disease	461	7%	389	7%
13	G02A	Mucopolysaccharidosis; Metabolic Disorders; Endocrine Disorders	460	7%	387	7%
14	HCC088	Major Depressive Disorder, Severe, and Bipolar Disorders	431	7%	308	6%
15	HCC012	Breast (Age 50+) and Prostate Cancer, Benign/Uncertain Brain Tumors, and Other Cancers and Tumors	400	6%	326	6%
16	HCC120	Seizure Disorders and Convulsions	319	5%	262	5%
17	HCC253	Artificial Openings for Feeding or Elimination	298	5%	278	5%
18	G09A	Drug Psychosis; Drug Dependence	295	5%	220	4%

Appendix B (Cont.) - Enrollee Count by HCC

Limited to HCCs with at least 100 Enrollees

			2025		2024	
Rank	**HCC**	**HCC Description**	**Enrollee Count[1]**	**% of Reinsurance Eligible Enrollees**	**Enrollee Count[1]**	**% of Reinsurance Eligible Enrollees**
19	G09C	Alcohol Use with Psychotic Complications; Alcohol Use Disorder, Moderate/Severe, or Alcohol Use with Specified Non-Psychotic Complications; Drug Use Disorder, Mild, Uncomplicated, Except Cannabis	293	5%	239	5%
20	HCC156	Pulmonary Embolism and Deep Vein Thrombosis	293	5%	260	5%
21	HCC115	Myasthenia Gravis/Myoneural Disorders and Guillain-Barre Syndrome/Inflammatory and Toxic Neuropathy	289	5%	242	5%
22	HCC131	Acute Myocardial Infarction	229	4%	211	4%
23	HCC045	Intestinal Obstruction	209	3%	201	4%
24	HCC118	Multiple Sclerosis	193	3%	154	3%
25	G21	Hypoplastic Left Heart Syndrome and Other Severe Congenital Heart Disorders; Major Congenital Heart/Circulatory Disorders; Atrial and Ventricular Septal Defects, Patent Ductus Arteriosus, and Other Congenital Heart/Circulatory Disorders	184	3%	139	3%
26	HCC163	Aspiration and Specified Bacterial Pneumonias and Other Severe Lung Infections	178	3%	143	3%
27	HCC011	Colorectal, Breast (Age < 50), Kidney, and Other Cancers	176	3%	129	2%
28	G03	Necrotizing Fasciitis; Bone/Joint/Muscle Infections/Necrosis	168	3%	139	3%
29	HCC001	HIV/AIDS	165	3%	129	2%
30	HCC009	Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia	160	3%	166	3%
31	HCC125	Respirator Dependence/Tracheostomy Status	158	2%	137	3%
32	HCC122	Nontraumatic Coma, Except Diabetic, Hepatic, or Hypoglycemic; Nontraumatic Brain Compression/Anoxic Damage	151	2%	107	2%

Appendix B (Cont.) - Enrollee Count by HCC

Limited to HCCs with at least 100 Enrollees

			2025		2024	
Rank	**HCC**	**HCC Description**	**Enrollee Count[1]**	**% of Reinsurance Eligible Enrollees**	**Enrollee Count[1]**	**% of Reinsurance Eligible Enrollees**
33	HCC042	Peritonitis/Gastrointestinal Perforation/Necrotizing Enterocolitis	131	2%	116	2%
34	HCC010	Non-Hodgkin's Lymphomas and Other Cancers and Tumors	131	2%	122	2%
35	HCC217	Chronic Ulcer of Skin, Except Pressure	122	2%	119	2%
36	HCC135	Heart Infection/Inflammation, Except Rheumatic	121	2%	110	2%
37	HCC162	Fibrosis of Lung and Other Lung Disorders	115	2%	<100	-
38	HCC035_2	Chronic Liver Failure/End Stage Liver Disorders	108	2%	<100	-
39	HCC146	Ischemic or Unspecified Stroke	108	2%	104	2%
40	HCC154	Vascular Disease with Complications	107	2%	<100	-
41	HCC022	Type 1 Diabetes Mellitus, add-on to Diabetes HCCS 19-21	105	2%	<100	-
42	HCC057	Systemic Lupus Erythematosus and Other Autoimmune Disorders	104	2%	111	2%
43	HCC110	Spinal Cord Disorders/Injuries	100	2%	<100	-

1. An enrollee may have multiple HCCs and could be double counted if combining enrollee counts between HCCs.

Appendix C - 2025 Benefit Year Reinsurance Amount and Enrollees by Product

Carrier	Product ID	Product Name	Exchange Status	Enrollee Count[1,2]	Reinsurance
Blue Plus	57129MN054	Blue Plus Minnesota Value	On-Exchange	1,065	$51,797,817
Blue Plus	57129MN054	Blue Plus Minnesota Value	Off-Exchange	548	$25,611,332
Blue Plus	57129MN009	Blue Plus Metro MN	On-Exchange	230	$10,543,833
Blue Plus	57129MN009	Blue Plus Metro MN	Off-Exchange	194	$9,215,862
Blue Plus	57129MN015	Blue Plus Southeast MN	On-Exchange	126	$7,964,953
Blue Plus	57129MN015	Blue Plus Southeast MN	Off-Exchange	<100	$3,231,543
Blue Plus	57129MN053	Blue Plus Minnesota Value	Off-Exchange	<100	$196,574
Blue Plus	57129MN008	Blue Plus Metro MN	Off-Exchange	<100	$147,143
Blue Plus	57129MN014	Blue Plus Southeast MN	Off-Exchange	<100	$40,913
HealthPartners	79888MN031	Individual Product 3 - NG	Off-Exchange	591	$34,248,161
HealthPartners	79888MN030	Individual Product 2 - NG	On-Exchange	734	$32,979,344
HealthPartners	79888MN032	Individual Product 4 - NG - Reformized	Off-Exchange	<100	$607,724
Medica	31616MN044	Engage by Medica	On-Exchange	257	$15,407,677
Medica	31616MN042	Medica Applause	On-Exchange	296	$14,867,981
Medica	31616MN042	Medica Applause	Off-Exchange	190	$9,340,902
Medica	31616MN047	Bold by M Health Fairview and Medica	On-Exchange	167	$8,114,428
Medica	31616MN047	Bold by M Health Fairview and Medica	Off-Exchange	<100	$4,245,798
Medica	31616MN044	Engage by Medica	Off-Exchange	<100	$3,650,934
Medica	31616MN049	Essentia Choice Care with Medica	On-Exchange	<100	$2,707,159
Medica	31616MN043	North Memorial Acclaim by Medica	On-Exchange	<100	$2,086,686
Medica	31616MN049	Essentia Choice Care with Medica	Off-Exchange	<100	$692,346
Medica	31616MN021	Medica Value	Off-Exchange	<100	$618,425
Medica	31616MN045	Altru Prime by Medica	On-Exchange	<100	$577,385
Medica	31616MN020	Medica Symphony	Off-Exchange	<100	$539,151

Appendix C - 2025 Benefit Year Reinsurance Amount and Enrollees by Product

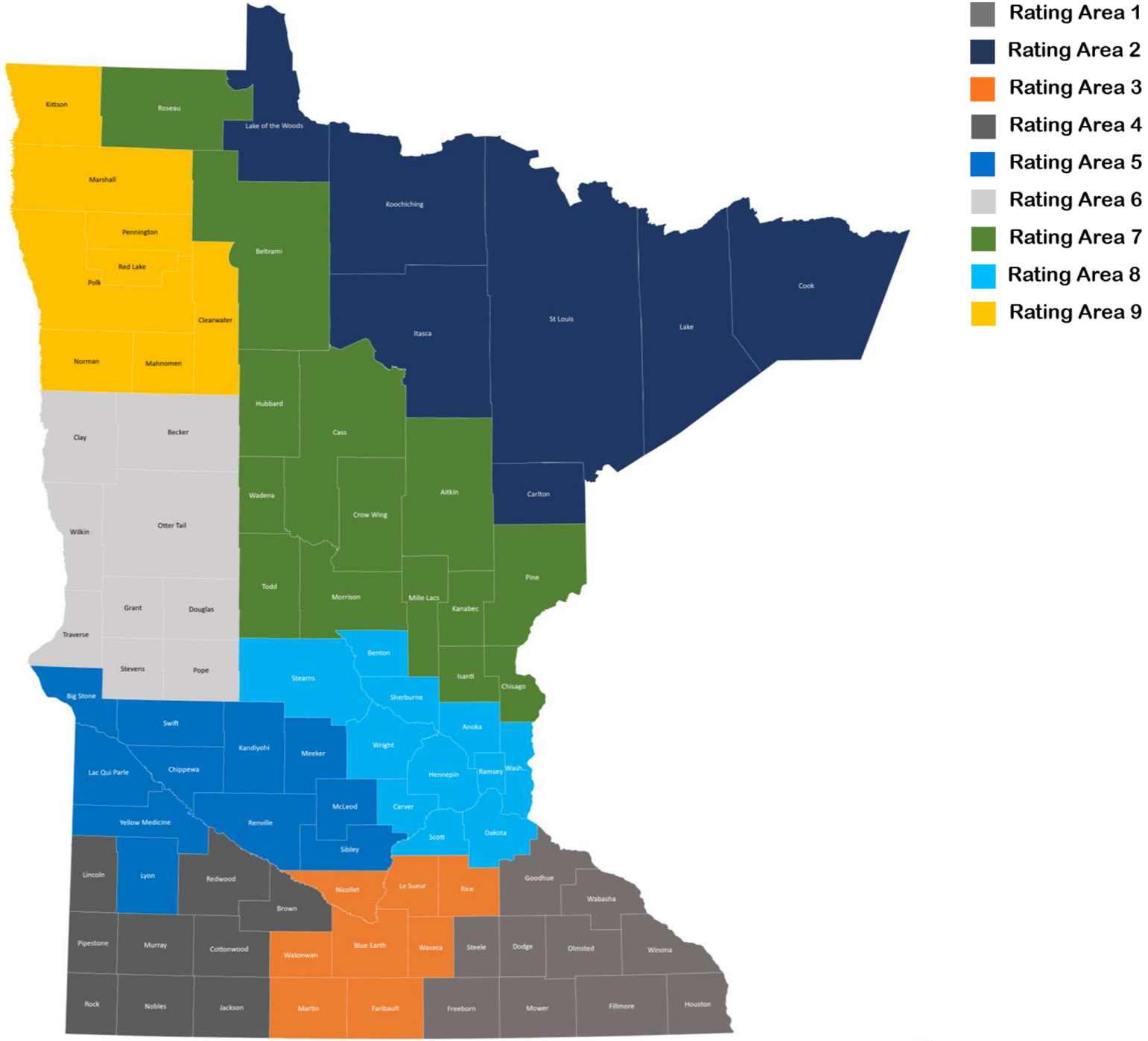
Continued...

Carrier	Product ID	Product Name	Exchange Status	Enrollee Count[1,2]	Reinsurance
Medica	31616MN043	North Memorial Acclaim by Medica	Off-Exchange	<100	$509,348
Medica	31616MN046	Ridgeview Distinct by Medica	On-Exchange	<100	$281,512
Medica	31616MN046	Ridgeview Distinct by Medica	Off-Exchange	<100	$271,787
Medica	31616MN045	Altru Prime by Medica	Off-Exchange	<100	$117,554
Medica	31616MN019	Medica Encore	Off-Exchange	<100	$59,345
Medica	31616MN018	Medica Solo	Off-Exchange	<100	$31,896
Quartz	70373MN004	Individual HMO	On-Exchange	<100	$1,671,607
Quartz	70373MN004	Individual HMO	Off-Exchange	<100	$255,819
Quartz	70373MN005	Individual Product Two	Off-Exchange	<100	$142,739
UCare	85736MN023	UCare Individual and Family Plans	On-Exchange	1,465	$72,935,635
UCare	85736MN023	UCare Individual and Family Plans	Off-Exchange	<100	$2,908,745
			Total	**6,352**	**$318,620,055**

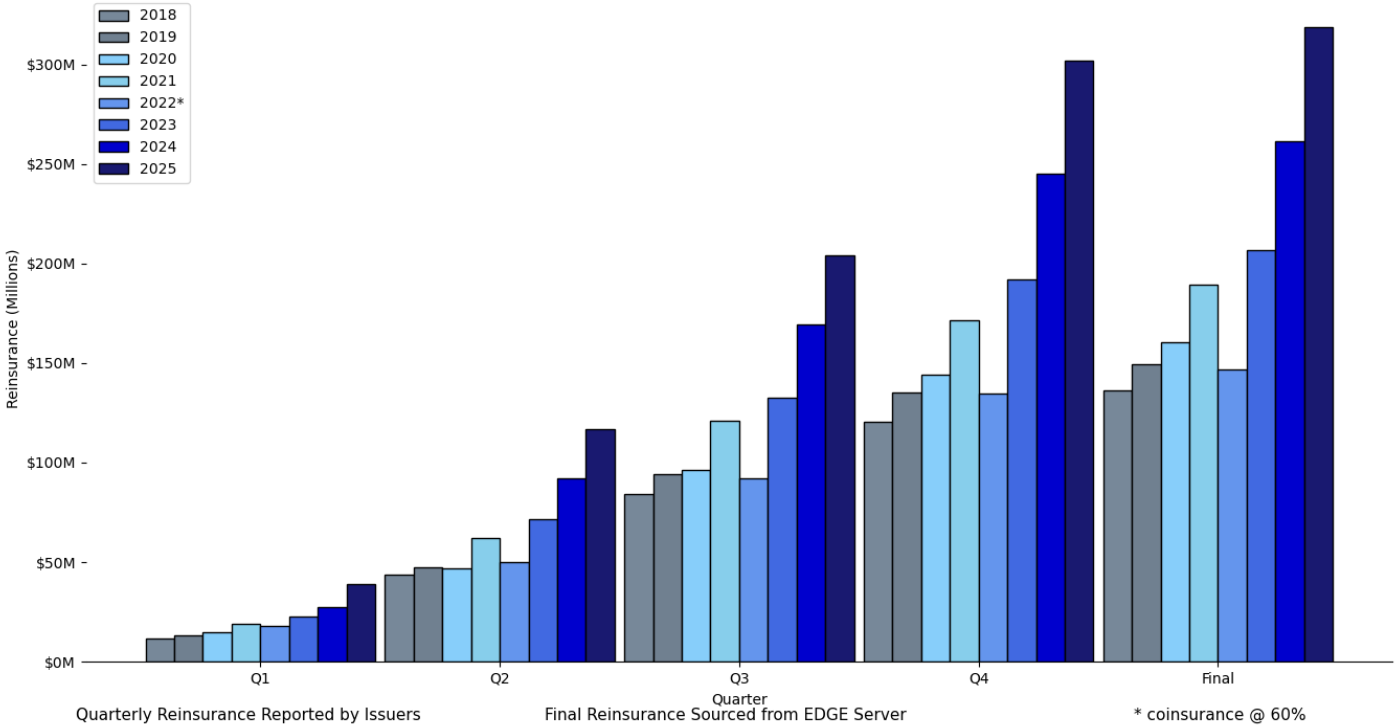
Notes:

1. Products with less than 100 enrollees are labeled as < 100 for protected health information (PHI) reasons.
2. The *Enrollees* column counts enrollees that transfer between products more than once. As a result, the total enrollees in this section differs from the enrollee count shown previous portions of this report.
3. Starting January 1st, 2021, Quartz Health Plan MN Corporation (Quartz) entered the individual market in five southeastern counties. This appendix includes Quartz; however, the 2018 through 2020 reports do not.

Appendix D - Minnesota Rating Regions



Appendix E - Reinsurance Amount by Year



Year	Q1	Q2	Q3	Q4	Final
2018	$11,808,390	$43,818,826	$84,193,971	$120,550,274	$136,124,512
2019	$12,984,218	$47,591,361	$93,934,156	$135,156,340	$149,660,234
2020	$14,744,769	$46,588,262	$96,435,053	$144,284,597	$160,210,351
2021	$18,842,799	$62,200,701	$120,786,654	$171,606,114	$189,308,067
2022*	$17,714,256	$50,208,769	$92,172,969	$134,515,213	$146,898,229
2023	$22,648,993	$71,796,199	$132,754,619	$192,098,610	$206,969,230
2024	$27,470,626	$92,047,353	$169,651,333	$245,113,998	$261,605,013
2025	$38,854,342	$116,597,916	$204,078,536	$301,692,655	$318,620,055