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**MNsure**

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[mnsure.org](http://mnsure.org)

### AT A GLANCE

- MNsure is Minnesota's health insurance marketplace. Through the MNsure website, Minnesotans can access public health care programs and shop, compare and choose private health insurance coverage.
- The Minnesota Eligibility Technology System (METS) determines eligibility for Medical Assistance, Minnesota Care, and Advanced Premium Tax Credits (APTC).
- MNsure provides customer assistance through its call center and network of assisters.
- MNsure employs between 175 and 200 people throughout the year, increasing staff levels during open enrollment.

### PURPOSE

The purpose of MNsure is to ensure that every Minnesota resident and small business, regardless of health status, can easily find, choose, and purchase a health insurance product that they value and does not consume a disproportionate share of their income. MNsure is a one-stop health insurance marketplace where consumers can compare, shop, and find affordable, comprehensive health insurance coverage.

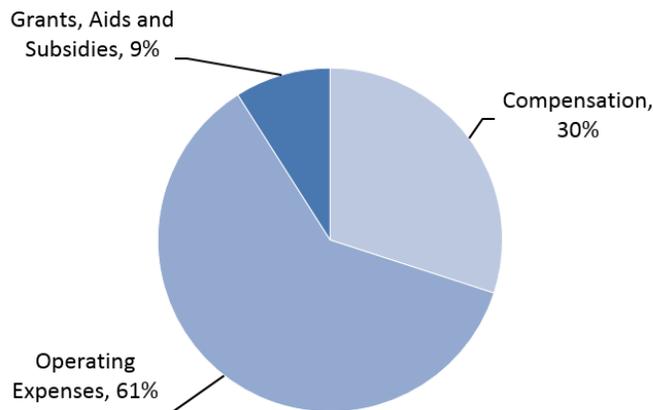
Plans and programs available to enroll in through MNsure:

- **Private:** Health and dental plans are offered by partnering insurance companies through the MNsure marketplace. These are known as qualified health plans (QHPs) or qualified dental plans (QDPs). All private plans offer the same core set of benefits called "essential health benefits" which include preventive services, mental health and substance abuse services, emergency services, prescription drugs and hospitalization, and follow established limits on cost-sharing (deductibles, co-payments and out-of-pocket maximum amounts). Each private health and dental plan has been reviewed by state regulators and are approved to be sold through MNsure. Most Minnesotans purchasing a QHP qualify for APTC (tax credits).
- **Public:** Medical Assistance (MA or Medicaid), and MinnesotaCare (Basic Health Plan). MA is the largest of Minnesota's publicly funded health care programs, providing health care coverage to a monthly average of 1.1 million low-income Minnesotans. Like MA, MinnesotaCare provides health care coverage for people with low incomes, but has higher income limits.

MNsurre's work contributes to the goals of optimal health for Minnesotans, a thriving economy that encourages business growth and employment opportunities, and Minnesota families and communities that are strong and stable.

## BUDGET

### Spending by Category FY 18 Actual



**Total FY 18 Spending = \$50.5 million**

**Source: Budget Planning & Analysis System (BPAS) FY 18 Spending as of September, 2018.**

MNsure is a self-sustainable agency utilizing QHP premium withhold revenue and reimbursements from the Department of Human Services (DHS) for costs incurred which benefit public programs. Expenditures that benefit both public and private program enrollees are allocated between MNsure and DHS based on the Public Assistance Cost Allocation Plan (PACAP). The plan allocates these expenditures using a number of metrics, such as public program enrollment and call center utilization. For Fiscal Year 2018, it is estimated that 12 percent of the budget will have been funded with federal grants, 53 percent funded with QHP premium withhold revenue, and 36 percent funded with DHS resources. Federal grants for establishment of the exchange were fully expended by December 31, 2017. For Fiscal Year 2019, the budget will be funded with QHP premium withhold revenue and DHS reimbursements.

## STRATEGIES

MNsure utilizes three primary strategies to promote enrollment in health insurance: financial assistance, customer service and application assistance, and outreach campaigns.

MNsure is the only place where consumers can access financial help to make the cost of insurance more affordable. Consumers may be eligible for tax credits to reduce private insurance premiums, a low-cost plan through MinnesotaCare, or a no-cost plan through Medical Assistance. Consumers access MNsure at [www.mnsure.org](http://www.mnsure.org) where they can apply for and receive financial assistance based on income and family size.

MNsure employs a number of customer service channels that consumers can access for help with the application and enrollment process. MNsure operates a toll-free call center that supports consumers Mondays through Fridays with extended hours during open enrollment, including Saturdays and some Sundays. Within the call center, MNsure has dedicated staff working closely with insurance agents, brokers, navigators, and insurance carriers. MNsure also supports a network of insurance agents, brokers, and navigators who provide consumers with in-person help.

MNsure executes an outreach and marketing campaign before and during the annual open enrollment period to drive enrollment and awareness. This campaign includes traditional, digital, and social media, as well as grassroots activation and outreach.

MNsure depends on information technology to support the organization and deliver value to both MNsure and its consumers.

- MNsure relies on the Minnesota Eligibility Technology System (METS) to determine whether customers are eligible to purchase a QHP and receive federal tax benefits, or whether they qualify for assistance in a public health program. MNsure agents and DHS/county caseworkers also use METS on a daily basis for case maintenance tasks. The software uses the Modified Adjusted Gross Income (MAGI) methodology to determine public program and tax credit eligibility, as required by the federal Affordable Care Act (ACA). The METS system was first introduced in 2013 and is a shared platform between MNsure, DHS, and Minnesota counties. METS IT development and maintenance is overseen by MNIT.
- MNsure uses commercial off-the-shelf software for the website’s plan comparison and shopping tools. The provider of these tools made the decision to exit the marketplace. In response, MNsure issued an RFP for decision support, shopping, enrollment and system of record software. MNsure awarded a contract in December 2018 and the vendor has delivered Phase 1 of the project. Phase 2 will be delivered in 2019, in time for 2020 open enrollment.

### RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Insured Rate in Minnesota <sup>1</sup>	95.7%	93.7%	2015 vs 2017
Quantity	MNsure Enrollment <sup>2</sup>	414,631	442,096	7/20/16 vs 7/15/18
Result	Savings via Tax Credits to Consumers <sup>3</sup>	\$107.4 Million	\$320.3 Million	2016 vs 2017
Quantity	Percentage of Minnesotans Receiving Tax Credits <sup>2</sup>	63%	65%	7/20/16 vs 7/15/18

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M.S. 62V <https://www.revisor.mn.gov/statutes/?id=62V> provides the legal authority for MNsure.

<sup>1</sup> Minnesota Department of Health, Health Economics Program, 2017 Minnesota Health Access Survey.

<sup>2</sup> MNsure Board of Directors Meeting, MNsure Slide Decks, July 20, 2016 and July 18, 2018.

<sup>3</sup> MNsure staff, tax credits Jan 2016 – Dec 2016 and Jan 2017 – Dec 2017.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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**Expenditures by Fund**

2360 - Health Care Access							57,501	138,406
4120 - MN Health Insurance Exchange	52,301	53,643	47,791	40,665	37,291	38,361	37,511	43,869
<b>Total</b>	<b>52,301</b>	<b>53,643</b>	<b>47,791</b>	<b>40,665</b>	<b>37,291</b>	<b>38,361</b>	<b>95,012</b>	<b>182,275</b>
Biennial Change				(17,488)		(12,804)		188,831
Biennial % Change				(17)		(14)		213
Governor's Change from Base								201,635
Governor's % Change from Base								267

**Expenditures by Program**

Health Insurance Marketplace	52,301	53,643	47,791	40,665	37,291	38,361	95,012	182,275
<b>Total</b>	<b>52,301</b>	<b>53,643</b>	<b>47,791</b>	<b>40,665</b>	<b>37,291</b>	<b>38,361</b>	<b>95,012</b>	<b>182,275</b>

**Expenditures by Category**

Compensation	12,650	13,915	14,946	14,454	14,430	14,600	18,713	21,197
Operating Expenses	35,209	35,160	28,383	21,586	18,236	19,136	22,316	21,481
Grants, Aids and Subsidies	4,437	4,503	4,453	4,600	4,600	4,600	53,958	139,572
Other Financial Transaction	5	65	9	25	25	25	25	25
<b>Total</b>	<b>52,301</b>	<b>53,643</b>	<b>47,791</b>	<b>40,665</b>	<b>37,291</b>	<b>38,361</b>	<b>95,012</b>	<b>182,275</b>

**Full-Time Equivalent**

	165.15	178.25	191.01	182.00	182.00	182.00	235.00	273.50
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<b>2360 - Health Care Access</b>								
Direct Appropriation							57,501	138,406
<b>Expenditures</b>							<b>57,501</b>	<b>138,406</b>
Biennial Change in Expenditures				0		0		195,907
Biennial % Change in Expenditures								
Governor's Change from Base								195,907
Governor's % Change from Base								
Full-Time Equivalents							53.00	40.50
<b>4120 - MN Health Insurance Exchange</b>								
Balance Forward In	840	1,049	7,296	7,333	3,126	2,098	3,126	5,391
Receipts	52,279	56,167	47,846	36,458	36,263	36,263	39,776	44,477
Transfers Out			18					
Balance Forward Out	819	3,573	7,332	3,126	2,098		5,391	5,999
<b>Expenditures</b>	<b>52,301</b>	<b>53,643</b>	<b>47,791</b>	<b>40,665</b>	<b>37,291</b>	<b>38,361</b>	<b>37,511</b>	<b>43,869</b>
Biennial Change in Expenditures				(17,488)		(12,804)		(7,076)
Biennial % Change in Expenditures				(17)		(14)		(8)
Governor's Change from Base								5,728
Governor's % Change from Base								8
Full-Time Equivalents	165.15	178.25	191.01	182.00	182.00	182.00	182.00	233.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<b>Direct</b>				
<b>Fund: 2360 - Health Care Access</b>				
<b>Change Items</b>				
20% Premium Subsidy		56,260	133,867	190,127
State Based Premium Tax Credit		1,241	4,539	5,780
<b>Total Governor's Recommendations</b>		<b>57,501</b>	<b>138,406</b>	<b>195,907</b>
<b>Dedicated</b>				
<b>Fund: 4120 - MN Health Insurance Exchange</b>				
<b>Planned Spending</b>	<b>40,665</b>	<b>37,291</b>	<b>38,361</b>	<b>75,652</b>
<b>Forecast Base</b>	<b>40,665</b>	<b>37,291</b>	<b>38,361</b>	<b>75,652</b>
<b>Change Items</b>				
20% Premium Subsidy		220	5,403	5,623
State Based Premium Tax Credit			105	105
<b>Total Governor's Recommendations</b>	<b>40,665</b>	<b>37,511</b>	<b>43,869</b>	<b>81,380</b>
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 4120 - MN Health Insurance Exchange</b>				
<b>Forecast Revenues</b>	<b>36,458</b>	<b>36,263</b>	<b>36,263</b>	<b>72,526</b>
<b>Change Items</b>				
20% Premium Subsidy		3,513	7,026	10,539
State Based Premium Tax Credit			1,188	1,188
<b>Total Governor's Recommendations</b>	<b>36,458</b>	<b>39,776</b>	<b>44,477</b>	<b>84,253</b>
<b>Non-Dedicated</b>				
<b>Fund: 2360 - Health Care Access</b>				
<b>Change Items</b>				
State Based Premium Tax Credit			(44,667)	(44,667)
<b>Total Governor's Recommendations</b>			<b>(44,667)</b>	<b>(44,667)</b>

**Change Item Title: 20 Percent Premium Subsidy**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Health Care Access Fund				
Expenditures	56,260	133,867	164,467	176,325
Revenues	0	0	0	0
MNSure Enterprise Fund				
Expenditures	220	5,403	4,958	4,958
Revenues	3,513	7,026	7,026	7,026
Net Fiscal Impact = (Expenditures – Revenues)	52,967	132,244	162,399	174,257
<b>FTEs</b>	<b>51.5</b>	<b>51</b>	<b>45</b>	<b>45</b>

**Recommendation:**

The Governor recommends establishing a 20 percent health insurance premium subsidy available to Minnesotans purchasing qualified health plans (QHPs) through MNSure who have been determined ineligible for Advanced Premium Tax Credits (APTC). The proposal includes an \$8.052 million appropriation to MNSure from the health care access fund in FY 2020. Ongoing program management expenses would be paid using MNSure premium withhold revenue.

**Rationale/Background:**

Approximately 150,000 people are expected to purchase insurance on the individual health insurance market in 2020. Approximately 80,000 Minnesotans are purchasing in the individual market and are not receiving federal tax credits.

In Plan Year 2016, average premiums for plans purchased through MNSure averaged \$377/month. In Plan Year 2017, these premiums swelled to \$571/month. Minnesota has attempted several measures to make premiums more affordable for individual market consumers, including a premium subsidy program in 2017 and a reinsurance program in 2018 and 2019. Unlike a reinsurance program, a premium subsidy program will target those consumers who do not already benefit from federal assistance.

Anyone purchasing health insurance through MNSure in 2020 and beyond, who is not receiving federal APTC or enrolled in a state public program, would be eligible to receive the 20 percent premium subsidy. Up to 80,000 people could participate in the program.

**Proposal:**

A 20 percent premium subsidy will be available to Minnesotans purchasing qualified health plans (QHPs) in the individual market through MNSure and were determined ineligible to receive APTC. The premium subsidy will be applied as a 20 percent discount off monthly premiums.

MNSure’s shopping tool will be enabled to implement this premium subsidy so that at the point of purchase Minnesotans will see the true premium price they will pay. Consumers who wish to see estimated costs using “anonymous shopping” prior to setting up an account with MNSure will also be able to do so. This functionality will be applied to eligible consumers renewed into plan year 2020 coverage and for new consumers submitting applications starting on November 1, 2019. This premium subsidy will continue into future years unless or until a change in law occurs.

- The subsidy will be available toward Bronze, Silver, Gold, or Platinum plans offered through MNsure.
- MNsure will administer the premium subsidy through payments to carriers, reimbursing them for premium subsidy discounts applied to premium bills sent to enrollees.
- Eligibility for a given month during the coverage year is tied to whether or not a consumer is found eligible to receive APTC for that particular month.
- MNsure will provide an online end-of-year statement to each premium subsidy recipient by January 31, 2021 and each January thereafter.

**Equity and Inclusion:**

MNsure’s mission is to ensure all Minnesotans have the security of health insurance.

We serve Minnesota individuals and families who are:

- Uninsured and underinsured
- Buying health coverage on their own
- Seeking a better option
- Qualifying for Medical Assistance (MA) or MinnesotaCare applicants and recipients

Since October 1, 2013, MNsure has processed over 2.8 million enrollments in health and dental insurance coverage. Over 75% of these enrollments resulted in a Minnesotan receiving subsidized insurance coverage, whether via a public program or federal tax credits and cost sharing reductions.

This proposal will enhance Minnesotans ability to purchase affordable health care coverage. The proposal provides relief for consumers who do not qualify for other state-based health coverage programs or do not receive affordable employer-provided insurance, such as self-employed and small business owners.

**Results:**

Providing this subsidy would mean approximately 80,000 Minnesotans currently in the individual market could be eligible for a reduction in their health insurance premium costs. Analysts at the Departments of Commerce and Health estimate take-up at 70,640 Minnesotans, including 1,040 uninsured Minnesotans. Approximately 40,000 of these individuals are already purchasing through MNsure. We have estimated the remaining 30,640 new recipients will purchase through MNsure to obtain the subsidy.

**Statutory Change(s):**

Requires new section of MS 62V.

**Change Item Title: Premium Tax Credit**

<b>Tax Aids and Credits</b>				
<b>Fiscal Impact (\$000s)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Health Care Access Fund				
Expenditures	0	0	1,037	880
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	1,037	880
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>10.3</b>
<b>MNSure</b>				
Health Care Access Fund				
Expenditures	1,241	4,539	0	0
Revenues	0	(44,667)	(117,158)	(140,100)
MNSure Enterprise Fund				
Expenditures	0	105	3,193	2,748
Revenues	0	1,188	2,503	2,696
Net Fiscal Impact = (Expenditures – Revenues)	1,241	48,123	118,538	140,052
<b>FTEs</b>	<b>1.5</b>	<b>40.5</b>	<b>40</b>	<b>34</b>

**Recommendation:**

The Governor recommends providing a state-based premium tax credit for Minnesotans who earn too much to qualify for federal assistance to increase affordability of individual market health coverage. The tax credit would be available to reduce the cost of qualified health plan (QHP) coverage starting in plan year 2021.

**Rationale/Background:**

The Affordable Care Act (ACA) established health insurance exchanges to assist people without health care insurance to find information about health insurance options and purchase health care insurance. Minnesota established a state-based exchange known as MNSure. Qualified Health Plans (QHP) purchased through MNSure may be eligible for a federal premium tax credit to either reduce the cost of the monthly premium or to be claimed after the end of the plan year on the tax return.

In Minnesota, the federal premium tax credit is available for individuals and households with an income above the threshold of public program health coverage, such as Medical Assistance or MinnesotaCare programs, and at or below 400% of the federal poverty level (FPL). Under the Federal Poverty Guidelines for 2019, 400% of FPL for an individual is \$49,960 and for a family of four is \$103,000.

Minnesotans who exceed the 400% FPL threshold do not qualify for federal premium tax credits. Even for many Minnesotans above 400% of FPL, premiums now exceed 10 percent of household budgets.

**Proposal:**

The proposal establishes a state-based tax credit (SBTC) for Minnesotans who purchase a QHP in the individual market through MNSure. SBTC will be available to any customer who applies for financial assistance through MNSure, projects their household’s annual income to be above 400% FPL, meets other program eligibility requirements, and enrolls in QHP coverage.

The amount of the SBTC will be the dollar amount necessary to reduce the premium of the second lowest cost silver plan available to the household to the affordability threshold established under the ACA (9.86% of annual income in tax year 2019, but varying by federal formula each year) after application of the 20% premium subsidy, if any.

Minnesotans will be able to qualify for the credit during the enrollment period, which starts on November 1, 2020, for plan year 2021 coverage. Similar to the federal premium tax credit, the SBTC can be applied to their monthly bill from their insurance provider, during the tax year to which it relates. This allows customers to receive a monthly reduction in premiums with the SBTC amount being paid directly to the insurance company.

Customers will also have an option to decline to claim the SBTC in advance and instead claim the credit upon filing a state tax return for the applicable tax year, generally filed during the following year.

MNSure will:

- Collect pertinent information needed to determine eligibility and facilitate the application of the SBTC, when appropriate, toward the cost of QHPs offered on the exchange.
- Enable the MNSure shopping tool to calculate the proper SBTC amount so that at the point of purchase, customers will see the actual premium price they will pay.
- Provide notice to consumers confirming amount of SBTC applied toward their selected health plan, as well as other program requirements.
- Assist consumers with change to income or other eligibility criteria throughout the coverage year.
- Administer SBTC through payments to carriers reimbursing them for SBTC discounts applied to monthly premium bills sent to enrollees and conduct regular data reconciliation with health insurance carriers.
- Provide an end-of-year file to the Department of Revenue reporting SBTC payments made to customers.
- Provide an end-of-year statement to each taxpayer by January 31 reporting the amount of advance tax credit, beginning in January 2022 and each January thereafter. This statement will include the amount of SBTC received and the premium amount of the second lowest cost silver plan available to the individual or family, less any state premium subsidy received, for each coverage month.

**NOTE:** The administrative costs for MNSure in this proposal reflect shared investments made in the Governor's 20 percent premium subsidy proposal. The administrative impact and staffing requirements of this program are higher than reflected in this change page and premium withhold revenue is insufficient to cover expenses if considered apart from the premium subsidy proposal.

The Minnesota Department of Revenue will reconcile advanced credits paid and credits due as a part of the individual income tax filing process. The department will review income and SBTC information to determine the appropriate amount of credit. The department will issue refunds for unclaimed or underpaid credits and assess additional tax as necessary to reconcile the credit. The Minnesota Department of Revenue will provide information to MMB annually to reconcile the appropriation.

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- Qualifying for Medical Assistance (MA) or MinnesotaCare applicants and recipients

Since October 1, 2013, MNsure has processed over 2.8 million enrollments in health and dental insurance coverage. Over 75% of these enrollments resulted in a Minnesotan receiving subsidized insurance coverage, whether via a public program or federal tax credits and cost sharing reductions.

This proposal will enhance Minnesotans ability to purchase affordable health care coverage. The proposal provides relief for consumers who do not qualify for other state-based health coverage programs or do not receive employer-provided insurance, such as self-employed and small business owners.

**Results:**

Analysts at the Departments of Commerce and Health estimate providing this state based tax credit would mean approximately 34,880 Minnesotans currently in the individual market would receive this tax credit by 2023 and see a reduction in their health insurance premium costs. Additionally, 13,080 uninsured Minnesotans are expected to enroll in coverage and receive this insurance premium reduction.

**Statutory Change(s):**

Minnesota Statutes, Chapter 290