



MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION  
Administrator for the Minnesota Premium Security Plan

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## 2019 OPERATIONS REPORT FOR THE MINNESOTA PREMIUM SECURITY PLAN

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### INTRODUCTION

In 2016, the Minnesota Legislature enacted legislation creating a reinsurance entity to assist in stabilizing premium rates and enrollment. MCHA was designated as the reinsurance entity to administer the state-based reinsurance program referred to as the Minnesota Premium Security Plan (MPSP). The legislation became law without the governor's signature on April 4, 2017. Operations of MCHA as the administrator of the MPSP began January 1, 2018.

The initial legislation approved the MPSP for the two benefit (calendar) years of 2018 and 2019. Extension of this initial term occurred in the spring of 2019 with the passage of the 2019 HHS Omnibus Bill during the Special Session. This extended the program for two additional benefit years – 2020 and 2021.

### BOARD OF DIRECTORS

The Board structure includes thirteen members, with the public members consisting of the majority of the Board. Six board members are from the health insurance industry, five public members are appointed by the Commissioner of Commerce and two public members are appointed by the Commissioner of Human Services.

During the All Member Annual meeting in June of 2019, the slate of Plan Directors was presented to the membership and the following Directors were elected to serve terms of two years, through June 2021:

- Scott Keefer, BCBS
- Steve Custis, Medica
- Beth Monsrud, UCare
- Brian O'Shields, HealthPartners
- Joel Ulland, UCare
- Mike Umland, PreferredOne

These Plan Directors joined the public members on the board who will also serve terms through mid-2021.

- Teresa Knoedler, Public Member
- Kerry Koestler, Public Member
- Lorry Massa, Public Member
- Sheryl Radle, Public Member
- Sara Rohde, Public Member

The Board met in February, June, and October of 2019.

## BOARD COMMITTEES

Committees of the Board include:

- Executive Committee meets in between meetings of the full Board and has the authority to act as directed by the Board. The Committee is currently made up of:
  - Scott Keefer, Chair
  - Mike Umland, Vice Chair
  - Kerry Koestler, Public Director
  - Teresa Knoedler, Public Director

The Executive Committee met in February, June, September, and December of 2019

- Actuarial Committee reviews the work of the consultant actuary in determining reinsurance payments, determines reinsurance payment parameters and responds to requests of MCHA on actuarial aspects of the reinsurance program. The Committee is currently made up of:
  - Steve Custis, Chair, Plan Director
  - Teresa Knoedler, Public Director
  - Jamie Carsello, Plan Representative
  - Andie Christopherson, Plan Representative
  - Sara Stewart, Plan Representative

The Actuarial Committee met in June and December of 2019

- Finance Committee oversees and monitors the financial condition of MCHA, reviews and recommends to the Board the annual operating and administrative budgets and provides oversight to MCHA's financial operations and accounting and auditing vendors. The Committee is currently made up of:
  - Mike Umland, Chair, Plan Director
  - Lorry Massa, Public Director\*
  - Beth Monsrud, Plan Director
  - Daniel Miesle, Public Director
  - Mary Quist, Plan Representative

The Finance Committee met in February, June, and October of 2019. *\*Note, Lorry Massa's Board position was replaced by Dr. Rahul Koranne in June 2020.*

- Nominations Committee recommends the nominees for industry Plan Directors, selects nominees for officers of the Board and submits the slate of nominees and Board Chair to the Commissioner of Commerce for approval. The Committee is currently made up of:
  - Sara Rhode, Chair, Public Director
  - Kerry Koestler, Plan Director
  - Jay McLaren, Plan Representative
  - Deb Shoemaker, Plan Representative

The Nominations Committee met in April 2019

## **MCHA BOARD AND LEADERSHIP ACTIVITIES IN 2019**

During 2019, the Board and MCHA leadership worked to assure that processes were in place to assure that the MPSP met the statutory requirements of the program in an accurate and timely way. They also continued to be focused on assuring transparency of its' actions to all stakeholders including the various State departments, elected officials, and the public at large. The Board and leadership's activities included:

- Monitoring the timelines and outcomes of the contracted actuarial firm's (Wakely) quarterly and year end reporting to assure that statutory requirements were met and that all stakeholders were aware of the reinsurance payment estimates throughout the year.
- Responding to MMB and the Commerce Department's request to provide an estimate of the benefit year 2018 reinsurance amount earlier than initially planned by amending the agreement with Wakely for this work. Deadline for completion of the work was February 14, 2019 which was met. The additional work was done within the agreed upon budget.
- Partnering with the Department of Commerce (DoC) and other State departments to create transparency and a clear set of expectations for MCHA activities. This has been evident in the inclusion of DoC and MMB in all of MCHA's Board meeting agendas as well as their participation in the Financial and Actuarial Committees. We have also held various in-person and telephonic discussions with various Departments as issues have been identified.
- Assuring that the contracted outside auditor, Eide Bailly, completed the required financial audit of MCHA's operations in accordance with statutory requirements. The audit of the 2019 calendar year was completed in mid-2020 and has been reviewed and accepted by the Finance Committee. Once accepted by the Board, it will be posted on the MCHA website, as required, and will also be shared with the State in order to be compliant with the State's Comprehensive Annual Financial Report (CAFR) timeline.
- Assuring the transparency of information about MPSP and MCHA through the use of the website. MCHA also implemented a new process for when and how quarterly and annual reports are posted on the website, as well as defining a standard process for distributing the reports to all appropriate State departments and legislators.
- Establishing a process for requesting administrative funding from the State on an as-needed basis.
- Working with the Department of Commerce on the execution of a new contract to address both administrative expenses and the transfer of funds for the reinsurance payments to the carriers. This was executed in July 2019.
- In May of 2019, the Minnesota Legislature extended the Premium Security plan for two additional years (2020 and 2021). During 2019, leadership reviewed existing agreements and operations to assure that the MPSP would continue smoothly into the new timeline.
- The new 2019 legislation required specific reporting elements that needed to be included in MPSP's quarterly summaries and specified State offices and leaders that needed to be included in the routine distribution of these report. Leadership worked with MCHA's contracted vendors and determined that most of the newly legislated required elements that were claims based were already included in the routine report produced by Wakely. The elements related to

MCHA's financial statements required minor modifications to the standard reports produced by WIPFLi. These changes were incorporated into the 3rd quarter, 2019 and annual reports.

- Under the Board's direction, MCHA pursued legal action to collect an outstanding receivable from the prior high-risk plan activities. This resulted in collection of the outstanding amount of \$136,287. This amount was transferred to the State's account dedicated to MPSP's activities.
- Payment of the benefit year 2018 reinsurance amount of \$136,124,512.79 was distributed to the carriers on August 15<sup>th</sup>, 2019. This met the statutory deadline of August 15<sup>th</sup>.

### **MCHA'S FUNDING/FINANCIALS**

The MPSP is funded by federal and state funds, as well as funds remaining from the prior high-risk pool activities. The Minnesota Department of Commerce received approval of the ACA State Innovation Waiver to implement the MPSP beginning January 2018. Minnesota law limits the total amount that the MPSP can spend for reinsurance claims payments and operation and administration costs to \$271 million for the 2019 benefit year. Minnesota law mandates that funding must be utilized in the following order: Federal funds; MCHA funds related to the organization's prior role as the high-risk pool; Minnesota health care access fund; & Minnesota general funds.

MCHA's operational expenses for 2019 were \$507,204. The 2019 MPSP reinsurance amount for the 2019 benefit year was \$149,660,234. A federal grant of approximately \$86M was first used to cover the operating and reinsurance expenses. The prior high-risk pool funds of approximately \$38 M were then used. The remaining funds for the operating and reinsurance amounts came from the health care access fund. Eligible carriers received their reinsurance payments on August 10<sup>th</sup>, 2020 which met the statutory deadline of August 15<sup>th</sup>.

### **FUTURE ACTIVITIES**

The COVID 19 pandemic began having an impact in Minnesota in March 2020. The Board and leadership's focus during 2020 will be to determine and react to the financial impact of this disease on the MPSP program and to continue to efficiently administer the program.