

# Minnesota Comprehensive Health Association

## 2023 Third Quarter Report Results for The Minnesota Premium Security Plan

December 8, 2023

Prepared by:  
**Wakely Consulting Group**

**Tyson Reed, FSA, MAAA**  
Senior Consulting Actuary

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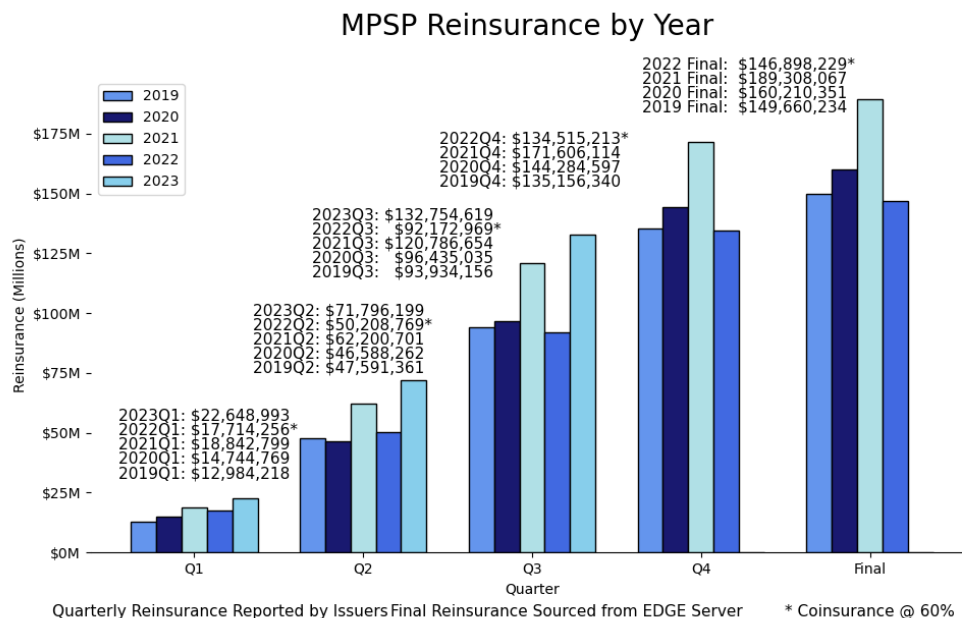
## Introduction

The Minnesota Comprehensive Health Association (MCHA) retained Wakely Consulting Group, LLC (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 carriers participating in the program, and provide summary reports for MCHA to distribute as appropriate to stakeholders. This report is not intended to project final year-end 2023 reinsurance amounts.

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 Statutes §62E.24. Wakely does not intend to benefit third parties and assumes no duty or liability to other parties who receive this work. The 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.

## Executive Summary

MPSP preliminary reinsurance amounts reported by issuers between January and September 2023 total approximately \$132.8 million for 2,853 distinct enrollees. The data underlying this analysis was provided by Minnesota carriers eligible for reinsurance under MPSP. The figure below shows the reinsurance included in the 2019 through 2023 quarterly reports.



The total year-to-date reinsurance amount in the 2023Q3 quarterly report is approximately 44.0% higher than the reinsurance in the 2022Q3 quarterly report. The year-over-year increase is caused by the change in the coinsurance parameter from 60% in 2022 to 80% in 2023.<sup>1</sup> Adjusting 2022Q3 to have 80% coinsurance, the 2022Q3 reinsurance amount would have equaled \$122,897,292 ( $= \$92,172,969 \times \frac{80\%}{60\%}$ ) and the year-over-year change would have been an increase of 8.0% ( $= \frac{\$132,754,619}{\$122,897,292} - 1$ ).

<sup>1</sup>See Article 15, Section 2 of HF 33

For additional information, please see the [Coinsurance Change](#) section on page 8 of this report.

The final 2023 reinsurance amounts and enrollee counts will increase significantly from the 2023Q3 values shown in this report. The final reinsurance will be calculated in compliance with Minnesota Statutes §62E.23 and will be based on an entire year of claim experience.

Table 1 provides enrollment and reinsurance information underlying the second quarterly reports between 2018 and 2023. The overall number of reinsurance eligible enrollees increased between 2022Q3 and 2023Q3 and the total reinsurance amount increased. The line labeled *Statewide 2022Q3 @ 80%* gives the reinsurance that would have been reported in 2022 if the coinsurance was 80% instead of 60%. In the table below, the percent change column is measured from the previous year except for the line labeled *Statewide 2023Q3* which is measured from the row labeled *2022Q3 @ 80%*.

**Table 1: Reinsurance Amounts and Enrollee Counts**


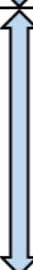

	Distinct RI Enrollees	RI Enrollee % Change	Reported Reinsurance	Reinsurance % Change
Statewide 2023Q3	2,853	10.7%	\$132,754,619	8.0%
<i>Statewide 2022Q3 @ 80%</i>	<i>2,577</i>	<i>4.7%</i>	<i>\$122,897,292</i>	<i>1.7%</i>
Statewide 2022Q3 @ 60%	2,577	4.7%	\$92,172,969	-23.7%
Statewide 2021Q3	2,462	17.1%	\$120,786,654	25.3%
Statewide 2020Q3	2,103	2.0%	\$96,435,053	2.7%
Statewide 2019Q3	2,061	10.5%	\$93,934,156	11.6%
Statewide 2018Q3	1,865	-	\$84,193,971	-

The remainder of this report provides a description of the methodology, additional breakout of reinsurance by region, metal level, and other various reporting variables, along with associated caveats and disclosures.

## Methodology

Carriers participating in Minnesota's non-grandfathered individual commercial market provided Wakely

with January through September 2023 claim experience with paid dates through October 2023 in a template developed by Wakely. The template included both enrollment and claim experience at the carrier level. The template also included enrollee-level data for Minnesotans enrolled in the individual market that carriers identified with claims above the attachment point of \$50,000. Wakely then aggregated these templates and calculated reinsurance payments using the reinsurance parameters shown in the figure to the left. Wakely validated this amount against the carrier provided calculations.

Reinsurance Parameters		
Claim Range <sup>[1]</sup>	Liability	
 \$0 \$50,000	Plan Pays: 100%	
 \$50,001 \$250,000	Plan Pays: 20% MPSP Pays: 80%	
 \$250,001	Plan Pays <sup>[2]</sup> : 100%	

[1] - Claim Range Excludes Member Cost Sharing

[2] - Excludes Impact of High-Cost Risk Pool

The enrollee-level data supplied by carriers accounted for movement between HIOS plan identifiers. For example, under certain circumstances,

an enrollee might have been enrolled in both a silver and gold plan for a portion of the benefit year. This transferring does not impact results when reporting at a carrier level; however, when reporting at a more granular level (e.g. metal), reported results may change depending on the allocation method. For this report, Wakely allocated reinsurance estimates for enrollees transferring between cohorts based on incurred claims within that time period. For example if 75% of an enrollee's claims occurred in a silver plan and 25% occurred in a gold plan, then 75% of the reinsurance for the individual was allocated to the silver plan and 25% to the gold plan.

## Analysis

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. The 2019 through 2022 final distributions are shown next to the 2023Q3 distribution for reference.

### Reinsurance by First Quarter in Report

The table below shows the enrollee count and estimated reinsurance by the quarter an enrollee first became eligible for reinsurance in 2023. For example, if an individual is in the 2023Q2 data template but not the 2023Q1 data template, then he or she is included in the 2023Q2 line. This table illustrates how much of the increase in reinsurance between quarterly reports is attributed to individuals first exceeding the attachment point and individuals that first appeared in prior quarters incurring additional claims.

**Table 2: Reinsurance Amount by Enrollee's First 2023 Report**

Cohort	Enrollees	Reinsurance by Quarter			
		2023Q1	2023Q2	2023Q3	2023 YTD
2023Q1	604	\$22,648,993	\$20,363,720	\$10,261,816	<b>\$53,274,530</b>
2023Q2	961	n/a	\$28,783,486	\$22,707,542	<b>\$51,491,028</b>
2023Q3	1,288	n/a	n/a	\$27,989,061	<b>\$27,989,061</b>
<b>Total</b>	<b>2,853</b>	<b>\$22,648,993</b>	<b>\$49,147,206</b>	<b>\$60,958,420</b>	<b>\$132,754,619</b>

1. Reinsurance amounts increased by approximately \$61.0 million between the 2023Q2 and 2023Q3 reports. This is in comparison to the \$42.0 million increase between the 2022Q2 and 2022Q3 report. After adjusting for the coinsurance change, the increase between 2022Q2 and 2022Q3 was approximately \$56.0 million ( $= \$42.0\text{M} \times \frac{80\%}{60\%}$ ).
2. There were a total of 1,288 new reinsurance eligible enrollees in the 2023Q3 report with approximately \$28.0 million in reinsurance. In comparison, during 2022Q3 there were 1,083 new reinsurance eligible enrollees with approximately \$18.4 million in reinsurance before adjusting for the coinsurance change. After adjusting for the coinsurance change, the 2022Q3 amount would have been approximately \$24.5 million ( $= \$18.4\text{M} \times \frac{80\%}{60\%}$ ).

### Reinsurance by Area

The table in this section shows the amount of reinsurance for each of Minnesota's nine rating regions. A list of counties in each rating area can be found on either the [Minnesota Department of Commerce](#) website or the [CMS](#) website.

**Table 3: Reinsurance Amount by Area**

Rate Region	2023Q3 Reinsurance	2023Q3 Dist'n	2022 Dist'n	2021 Dist'n	2020 Dist'n	2019 Dist'n
Rating Area 1	\$15,289,014	12%	10%	11%	11%	12%
Rating Area 2	\$5,563,686	4%	5%	6%	6%	6%
Rating Area 3	\$9,827,531	7%	6%	7%	7%	7%
Rating Area 4	\$4,606,158	3%	3%	3%	2%	3%
Rating Area 5	\$5,476,411	4%	5%	5%	4%	4%
Rating Area 6	\$4,783,073	4%	4%	4%	5%	4%
Rating Area 7	\$10,492,030	8%	8%	9%	7%	9%
Rating Area 8	\$75,244,390	57%	58%	56%	57%	54%
Rating Area 9	\$1,472,324	1%	1%	1%	1%	1%
<b>Statewide</b>	<b>\$132,754,619</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Reinsurance by Metal Level

The table in this section provides the reinsurance and distribution by metal tier. There are four different metal tiers in the Individual market which reflect different levels of cost sharing an enrollee is expected to pay. 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 with enrollment limited to enrollees who are eligible for a hardship exemption or are under the age of 30.

Due to the cost sharing levels of the different metal types, the distribution may shift between metal levels as 2023 completes.

**Table 4: Reinsurance Amount by Metal Tier**

Metal Tier	2023Q3 Reinsurance	2023Q3 Dist'n	2022 Dist'n	2021 Dist'n	2020 Dist'n	2019 Dist'n
Catastrophic	\$2,030,140	2%	1%	0%	1%	0%
Bronze	\$52,770,095	40%	44%	48%	45%	44%
Silver	\$38,198,590	29%	28%	26%	29%	29%
Gold	\$39,190,109	30%	26%	25%	25%	26%
Platinum	\$565,684	0%	0%	0%	1%	1%
<b>Total</b>	<b>\$132,754,619</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 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.

**Table 5: Reinsurance Amount by Exchange Status**

Exchange Status	2023Q3 Reinsurance	2023Q3 Dist'n	2022 Dist'n	2021 Dist'n	2020 Dist'n	2019 Dist'n
On-Exchange	\$91,085,557	69%	69%	67%	69%	69%
Off-Exchange	\$41,669,062	31%	31%	33%	31%	31%
<b>Total</b>	<b>\$132,754,619</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## 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 6: Reinsurance Amount by Plan Type**

Plan Type	2023Q3 Reinsurance	2023Q3 Dist'n	2022 Dist'n	2021 Dist'n	2020 Dist'n	2019 Dist'n
Standard	\$123,204,985	93%	93%	92%	90%	90%
Zero CS	\$120,952	0%	0%	0%	0%	0%
Limited CS	\$647,138	0%	0%	0%	0%	0%
73% CSR	\$8,781,543	7%	7%	7%	9%	9%
94% CSR	\$0	0%	0%	1%	0%	0%
<b>Total</b>	<b>\$132,754,619</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Reinsurance by Claim Spend

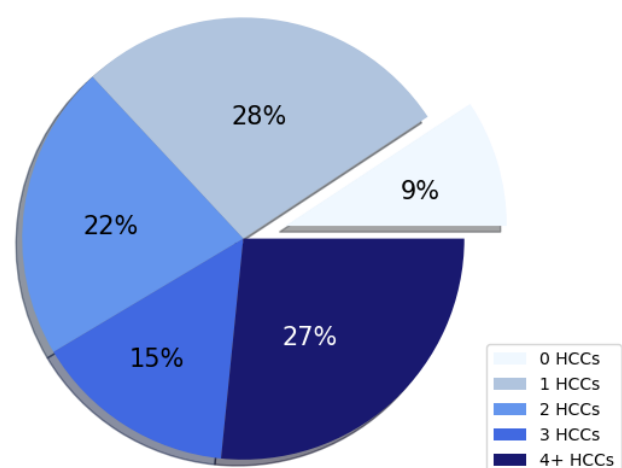
Please see [Appendix A](#) for reinsurance by claim spend level.

## Distribution of HCC Count

Minnesota carriers provided hierarchical condition categories (HCC) data by individual as part of the data submission to Wakely. HCCs are used by CMS as part of the risk adjustment process that transfers money in the Individual market from carriers that enrolled a healthier population to carriers that enrolled a sicker population. An individual is assigned to an HCC based on his or her medical diagnostic history during the benefit year. For example, if an enrollee fractures his or her hip in an accident, the doctor would code the medical claim with a hip fracture diagnosis code. That diagnosis code then identifies that individual in the *Hip Fractures and Pathological Vertebral or Humerus Fractures* condition category (HCC226).

There are diagnosis codes that do not map to an HCC. As a result, even though an individual may have a claim, he or she may not be assigned to an HCC. Enrollees can have more than one HCC in a year. Typically, the more HCCs an individual has, the sicker and more costly he or she is. As a general rule of thumb, approximately 20% of the Individual market population is assigned to an HCC. In other words, 80% of the general individual population does not have an HCC. In comparison, only 9% of the reinsurance population does not have an HCC and 91% have at least one HCC. These enrollees

## 2023 Distribution of HCC Count



may have experienced a traumatic accident with a diagnosis code that is not used in the HCC model.

The HCC model is hierarchical and similar conditions are grouped together. 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 be only classified as HCC019 to avoid double counting. Finally, all diabetic HCCs are grouped together in the Diabetic Group (G01). Similar hierarchies and groupings exist for other conditions.

The chart on the previous page shows the distribution of HCCs for the statewide reinsurance population. HCC counts and risk scores are dependent on how long an individual is enrolled during the year. An individual with 12 months of enrollment typically has more conditions identified than an individual with 6 months of enrollment. As such, the distribution shown in this report may change in future reports as 2021 completes. The table below provides the final HCC count distribution by reinsurance year.

**Table 7: HCC Distribution by Year**

HCC Count	2023Q3	2022	2021	2020	2019
0 HCCs	9%	9%	8%	10%	9%
1 HCC	28%	27%	26%	28%	29%
2 HCCs	22%	22%	21%	21%	22%
3 HCCs	15%	13%	15%	14%	13%
4+ HCCs	27%	29%	30%	27%	27%

[Appendix B](#) gives the list of the most prevalent HCCs and groupings during benefit year 2023 for enrollees eligible for reinsurance.

## 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 may be double counted if he or she transferred between products during the experience period. As a result, the claimant count in [Appendix C](#) may 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. 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 values shown in [Appendix C](#) for the 2023Q3 report are not directly comparable to the values in reports prior to 2019Q2.

## New Market Entrant

Starting January 1<sup>st</sup>, 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.

## 2023 Considerations

This section discusses changes occurring during 2022 and 2023 that impact reinsurance and trends.



1. **Coinsurance Parameter** - The coinsurance rate increased from 60% in 2022 to 80% in 2023. All else being equal, this increases the reinsurance payments by 33.3% ( $= \frac{80\%}{60\%} - 1$ ). Without the coinsurance change, the reinsurance reported in 2022Q3 would have equaled \$122,897,292 ( $= \$92,172,969 \times \frac{80\%}{60\%}$ ) and the change between 2022Q3 to 2023Q3 would be an increase of approximately 8.0% ( $= \frac{\$132,754,619}{\$122,897,292} - 1$ ).
2. **Medicaid Redetermination** - Starting April 2023, Minnesota resumed the regular renewal process for Medicaid eligibility which had been suspended due to the public health emergency. Disenrollment from Medicaid began July 2023 and will take several months to complete. Some Medicaid enrollees losing Medicaid eligibility may transfer to the individual market. The total annual impact of this transfer will be dampened in 2023 given that the transitioning enrollees will have less than 12 months of enrollment during benefit year 2023.
3. **Family Glitch Fix - Special Enrollment Period** - In 2023, eligibility for premium subsidies in the individual market was expanded to include families with employer sponsored coverage with costs that exceeded 9.5% of the family's income. Previously, affordability was determined using the single employee coverage level and not the family coverage level. This change was referred to as the "Family Glitch Fix". Minnesota enacted a Special Enrollment Period (SEP) for families enrolled in a non-calendar year employer-sponsored health insurance product between April 17 through October 31, 2023. All-else-equal, the SEP may increase enrollment in the individual market; however, the overall impact on MPSP is expected to be minimal given it limited to families enrolled in a non-calendar year employer sponsored plan meeting certain requirements.

## Coinsurance Change

The total amount of reinsurance paid by MCHA depends on the coinsurance rate, and between 2022 and 2023, the coinsurance rate increased from 60% to 80%. All else being equal for an enrollee, this increased the total amount of reinsurance paid by approximately 33.3%. The table below provides an illustrative example of the increase for a hypothetical member with \$100,000 paid claims using an attachment point of \$50,000.

**Table 8: Coinsurance Change Example**

Coinsurance	Paid Claims	Formula	Reinsurance Amt
60% Coinsurance	\$100,000	$(\$100,000 - \$50,000) \times 60\%$	\$30,000
80% Coinsurance	\$100,000	$(\$100,000 - \$50,000) \times 80\%$	\$40,000

Note that the total number reinsurance eligible enrollees is not impacted by the coinsurance change because eligibility for reinsurance depends only on the attachment point. The next table restates Table 1 to be on a per reinsurance eligible enrollee format. The *Reported Reinsurance* column in this table equals the *Reported Reinsurance* in Table 1 divided by the *Distinct RI Enrollees* column. The percent change is measured from the previous year except for the row labeled *Statewide 2023Q3* which is measured from the line labeled *Statewide 2022Q3 @ 80%*.

**Table 9: Reinsurance Amounts per Enrollee and Enrollee Counts**

	Distinct RI Enrollees	RI Enrollee % Change	Reported Reinsurance	Reinsurance % Change
Statewide 2023Q3	2,853	10.7%	\$46,532	-2.4%
<i>Statewide 2022Q3 @ 80%</i>	<i>2,577</i>	<i>4.7%</i>	<i>\$47,690</i>	<i>33.3%</i>
Statewide 2022Q3 @ 60%	2,577	4.7%	\$35,767	-27.1%
Statewide 2021Q3	2,462	17.1%	\$49,060	7.0%
Statewide 2020Q3	2,103	2.0%	\$45,856	0.6%
Statewide 2019Q3	2,061	10.5%	\$45,577	1.0%
Statewide 2018Q3	1,865	-	\$45,144	-

The reinsurance per eligible enrollee increased 30.1% between 2022Q3 and 2023Q3 from \$35,767 to \$46,532 which is not shown on the table. This is close, but does not equal the 33.3% stated above because there is a different mix of enrollees within the claim distribution.

## 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 10: Deductible Leveraging Example**

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

If the claim increases by 1% because of regular cost trends, then the cost of the claim is now \$55,550 ( $= \$55,000 \times 1.01$ ), 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 11: Deductible Leveraging Example – Trended**

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

## Data Review

Wakely compared the portion of enrollees with claims above the attachment point underlying the carrier submitted templates against the claim continuance table located in the actuarial report in Minnesota's 1332 Waiver. In the comparison, the actual portion of enrollees with claims above the attachment point was lower than the portion of enrollees with claims above the attachment point. This is likely caused by the underlying carrier data being based on a partial year of experience with limited claim runout. For example, the enrollee-level dataset excludes enrollees that will exceed the attachment point because of claims that are incurred between October and December 2023.

As part of this review, Wakely identified reported an enrollee with incurred claims less than the \$50,000 attachment point. Wakely removed this enrollee from the enrollee count statistics. Excluding this enrollee did not change the total amount of reinsurance because his or her claims were below 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 when issuers submit data to DoC for reimbursement.

## 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 use of the management of MCHA. Wakely understands that the report will be made public and distributed to other stakeholders. Distribution to such parties should be made and evaluated in its entirety. The parties receiving this report should retain their own actuarial experts in interpreting results.

**Risks and Uncertainties.** The assumptions and resulting estimates included in this report and produced by the modeling are inherently uncertain. 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 estimates. Wakely does not warrant or guarantee that Minnesota carriers will attain the estimated values included in the report. It is the responsibility of those receiving this output 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 any independent audit or other-

wise verified the accuracy of the data / information. If the underlying information is incomplete or inaccurate, my 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 and other externalities such as the on-going COVID pandemic may have a material impact on the results included in this report. I am not aware of any additional subsequent events that would impact the results of this analysis.

**Contents of Actuarial Report.** This document constitutes the entirety of the actuarial report and supersedes any previous communications provided to MCHA for Benefit Year 2023.

**Deviations from ASOPs.** Wakely completed the analyses using sound actuarial practice. To the best of my knowledge, the report and methods used in the analyses are in compliance 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

Signed,



Tyson Reed, FSA, MAAA  
Senior Consulting Actuary  
612.800.6545 | Tyson.Reed@wakely.com

## Appendix A - Reinsurance Amount by Claim Spend Level

### 2023Q3 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	200	\$51,179	\$943	\$188,580
\$52,508	\$58,498	363	\$55,431	\$4,345	\$1,577,255
\$58,498	\$119,795	1,450	\$80,423	\$24,338	\$35,290,428
\$119,795	\$200,000	464	\$152,984	\$82,387	\$38,227,745
\$200,000	\$9,999,999	376	\$356,823	\$152,847	\$57,470,611
<b>Total</b>		<b>2,853</b>	<b>\$123,421</b>	<b>\$46,532</b>	<b>\$132,754,619</b>

#### Notes:

1. Average Reinsurance Per Enrollee =  $\min\{(\text{Average Incurred Claims} - \$50,000) \times 80\%, \$160,000\}$ .
2. The claim intervals originate from the 1332 Waiver Application.
3. This distribution is expected to change as 2023 completes.

## Appendix A (Cont.) - Reinsurance Amount 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
<b>Total</b>		<b>3,919</b>	<b>\$131,418</b>	<b>\$37,484</b>	<b>\$146,898,229</b>

#### Notes:

1. Average Reinsurance Per Enrollee =  $\min\{(\text{Average Incurred Claims} - \$50,000) \times 60\%, \$120,000\}$ .
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	214	\$51,224	\$979	\$209,496
\$52,508	\$58,498	412	\$55,285	\$4,228	\$1,741,935
\$58,498	\$119,795	1,898	\$80,942	\$24,754	\$46,982,433
\$119,795	\$200,000	677	\$152,573	\$82,058	\$55,553,530
\$200,000	\$9,999,999	561	\$363,647	\$152,148	\$85,355,191
<b>Total</b>		<b>3,762</b>	<b>\$131,490</b>	<b>\$50,463</b>	<b>\$189,842,585</b>

### 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
<b>Total</b>		<b>3,279</b>	<b>\$126,091</b>	<b>\$48,860</b>	<b>\$160,210,351</b>

#### Notes:

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

## 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
<b>Total</b>		<b>3,183</b>	<b>\$126,132</b>	<b>\$47,019</b>	<b>\$149,660,234</b>

### 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
<b>Total</b>		<b>2,925</b>	<b>\$122,901</b>	<b>\$46,538</b>	<b>\$136,124,512</b>

#### Notes:

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



## Appendix B - Enrollee Count by HCC

Limited to HCCs with at least 100 Enrollees

Rank	HCC	HCC Description	2023Q3		2022Q3	
			Enrollee Count <sup>1</sup>	% of Reinsurance Eligible Enrollees	Enrollee Count <sup>1</sup>	% of Reinsurance Eligible Enrollees
1	G01	Diabetes	511	18%	487	19%
2	HCC008	Metastatic Cancer	428	15%	416	16%
3	HCC142	Specified Heart Arrhythmias	348	12%	337	13%
4	HCC130	Heart Failure	339	12%	301	12%
5	HCC056	Rheumatoid Arthritis and Specified Autoimmune Disorders	330	12%	274	11%
6	G13	Respiratory Arrest; Cardio-Respiratory Failure and Shock, Including Respiratory Distress Syndromes	275	10%	263	10%
7	G08	Disorders of the Immune Mechanism	272	10%	231	9%
8	HCC002	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock	258	9%	265	10%
9	G15A	Chronic Obstructive Pulmonary Disease, Including Bronchiectasis; Severe Asthma; Asthma, Except Severe	242	8%	221	9%
10	HCC023	Protein-Calorie Malnutrition	219	8%	234	9%
11	HCC075	Coagulation Defects and Other Specified Hematological Disorders	202	7%	182	7%
12	HCC009	Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia	200	7%	174	7%
13	HCC048	Inflammatory Bowel Disease	194	7%	167	6%
14	G02A	Mucopolysaccharidosis; Metabolic Disorders; Endocrine Disorders	185	6%	148	6%
15	HCC012	Breast (Age 50+) and Prostate Cancer, Benign/Uncertain Brain Tumors, and Other Cancers and Tumors	181	6%	139	5%
16	HCC253	Artificial Openings for Feeding or Elimination	167	6%	149	6%

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

## Appendix B (Cont.) - Enrollee Count by HCC

Limited to HCCs with at least 100 Enrollees

Rank	HCC	HCC Description	2023Q3		2022Q3	
			Enrollee Count <sup>1</sup>	% of Reinsurance Eligible Enrollees	Enrollee Count <sup>1</sup>	% of Reinsurance Eligible Enrollees
17	HCC115	Myasthenia Gravis Myoneural Disorders and Guillain-Barre Syndrome Inflammatory and Toxic Neuropathy	166	6%	144	6%
18	HCC156	Pulmonary Embolism and Deep Vein Thrombosis	158	6%	161	6%
19	G15	Asthma; Chronic Obstructive Pulmonary Disease, Including Bronchiectasis	151	5%	115	4%
20	HCC120	Seizure Disorders and Convulsions	148	5%	127	5%
21	HCC088	Major Depressive and Bipolar Disorders	133	5%	<100	-
22	HCC131	Acute Myocardial Infarction	126	4%	122	5%

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

## Appendix C - Estimated Reinsurance Amount and Claimants by Product

Carrier	Product ID	Product Name	Exchange Status	Claimants	Reinsurance
Blue Plus	57129MN008	Blue Plus Metro MN	Off-Exchange	<100	\$3,398,460
Blue Plus	57129MN014	Blue Plus Southeast MN	Off-Exchange	<100	\$1,079,113
Blue Plus	57129MN054	Blue Plus Minnesota Value HSA	On-Exchange	393	\$16,188,302
Blue Plus	57129MN015	Blue Plus Southeast MN	On-Exchange	<100	\$2,757,489
Blue Plus	57129MN053	Blue Plus Minnesota Value HSA	Off-Exchange	229	\$9,317,707
Blue Plus	57129MN009	Blue Plus Metro MN	On-Exchange	<100	\$2,461,832
HealthPartners	79888MN030	Individual Product 2 - NG	On-Exchange	298	\$11,925,174
HealthPartners	79888MN031	Individual Product 3 - NG	Off-Exchange	345	\$16,786,613
HealthPartners	79888MN032	Individual Product 4 - NG - Reformized	Off-Exchange	<100	\$383,472
HealthPartners	34102MN001	GHI On Exchange	On-Exchange	<100	\$158,520
HealthPartners	34102MN007	GHI AM Off Exchange	Off-Exchange	<100	\$139,927
Medica	31616MN042	Medica Applause	Off-Exchange	108	\$4,838,192
Medica	31616MN042	Medica Applause	On-Exchange	160	\$7,408,912
Medica	31616MN020	Medica Symphony	Off-Exchange	<100	\$332,439
Medica	31616MN044	Engage by Medica	On-Exchange	167	\$9,980,037
Medica	31616MN045	Altru Prime by Medica	On-Exchange	<100	\$268,303
Medica	31616MN044	Engage by Medica	Off-Exchange	<100	\$2,425,274
Medica	31616MN043	North Memorial Acclaim by Medica	On-Exchange	<100	\$877,882
Medica	31616MN021	Medica Value	Off-Exchange	<100	\$371,193
Medica	31616MN043	North Memorial Acclaim by Medica	Off-Exchange	<100	\$321,011
Medica	31616MN045	Altru Prime by Medica	Off-Exchange	<100	\$21,793

1. Products with less than 100 claimants are labeled as < 100 due to protected health information (PHI) reasons.
2. The *Claimants* column counts enrollees that transfer between products more than once. As a result, the total claimants in this section may differ from the enrollee count shown in Table 1.

## Appendix C (Cont.) - Estimated Reinsurance Amount and Claimants by Product

Carrier	Product ID	Product Name	Exchange Status	Claimants <sup>2</sup>	Reinsurance
Medica	31616MN046	Ridgeview Distinct by Medica	On-Exchange	<100	\$8,177
Medica	31616MN047	Bold by M Health Fairview and Medica	Off-Exchange	<100	\$337,994
Medica	31616MN047	Bold by M Health Fairview and Medica	On-Exchange	<100	\$827,291
Medica	31616MN019	Medica Encore	Off-Exchange	<100	\$20,269
Medica	31616MN049	Essentia Choice Care with Medica	Off-Exchange	<100	\$7,538
Medica	31616MN049	Essentia Choice Care with Medica	On-Exchange	<100	\$198,892
Medica	31616MN018	Medica Solo	Off-Exchange	<100	\$152,998
PreferredOne	88102MN001	PreferredHealth	Off-Exchange	<100	\$915,561
PreferredOne	88102MN021	Ultimate/Signature/Summit/Savers	Off-Exchange	<100	\$648,634
UCare	85736MN023	UCare Individual and Family Plans	On-Exchange	771	\$37,355,884
Quartz	70373MN004	Individual HMO	On-Exchange	<100	\$668,861
Quartz	70373MN004	Individual HMO	Off-Exchange	<100	\$170,875
<b>Total (All Carriers)</b>				<b>2,862</b>	<b>\$132,754,619</b>

### Notes:

1. Products with less than 100 claimants are labeled as < 100 due to protected health information (PHI) reasons.
2. The *Claimants* column counts enrollees that transfer between products more than once. As a result, the total claimants in this section may differ from the enrollee count shown in Table 1.

## Appendix D - Minnesota Rating Regions

