

## SF333 - 1E - Minnesota Premium Security Plan

Chief Author: **Gary Dahms**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **2/27/2025 9:27:09 AM**  
 Lead Agency: **Commerce Dept**  
 Other Agencies:  
     Human Services Dept      Minn Management and Budget  
     MNSure                      Revenue Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
MNsure						
General Fund	-	2,861	5,716	2,848	-	-
Minn Management and Budget	-	-	-	-	-	-
General Fund	-	512,000	-	-	-	-
Restrict Misc Special Revenue	-	(512,000)	-	-	-	-
State Total						
General Fund	-	514,861	5,716	2,848	-	-
Restrict Misc Special Revenue	-	(512,000)	-	-	-	-
Total	-	2,861	5,716	2,848	-	-
Biennial Total			8,577			2,848

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
MNsure					
General Fund	-	-	-	-	-
Minn Management and Budget	-	-	-	-	-
General Fund	-	-	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-
Total	-	-	-	-	

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Shannon Zila      **Date:** 2/27/2025 9:27:09 AM  
**Phone:** 651-296-6053      **Email:** shannon.zila@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
<b>MNsure</b>						
General Fund	-	2,861	5,716	2,848	-	-
Minn Management and Budget	-	-	-	-	-	-
General Fund	-	512,000	-	-	-	-
Restrict Misc Special Revenue	-	(512,000)	-	-	-	-
<b>Total</b>	-	<b>2,861</b>	<b>5,716</b>	<b>2,848</b>	-	-
<b>Biennial Total</b>			<b>8,577</b>		<b>2,848</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>MNsure</b>						
General Fund	-	2,861	5,716	2,848	-	-
Minn Management and Budget	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-
Transfers Out	-	512,000	-	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-	-
<b>Total</b>	-	<b>514,861</b>	<b>5,716</b>	<b>2,848</b>	-	-
<b>Biennial Total</b>			<b>520,577</b>		<b>2,848</b>	
<b>2 - Revenues, Transfers In*</b>						
<b>MNsure</b>						
General Fund	-	-	-	-	-	-
Minn Management and Budget	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-	-
Revenues	-	-	-	-	-	-
Transfers In	-	512,000	-	-	-	-
<b>Total</b>	-	<b>512,000</b>	-	-	-	-
<b>Biennial Total</b>			<b>512,000</b>			

## SF333 - 1E - Minnesota Premium Security Plan

Chief Author: **Gary Dahms**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **2/27/2025 9:27:09 AM**  
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

## LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Shannon Zila **Date:** 2/7/2025 11:41:00 AM  
**Phone:** 651-296-6053 **Email:** shannon.zila@lbo.mn.gov

### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

### Bill Description

Section 1 of the bill repeals the transfer of the Premium Security Plan Account balance to the Health Care Access Fund, currently scheduled for June 30, 2029.

Section 2 of the bill requires health carrier filings to include the impacts of the Minnesota Premium Security Plan (MPSP) in their proposed rates for all years in which the state receives federal approval for the reinsurance program.

Section 3 of the bill requires the Department of Commerce to seek a 1332 waiver for continuation of the Minnesota Premium Security Program (MPSP), also known as the reinsurance program, and to maximize federal funding for plan years 2028 and ongoing. The bill requires the submission be completed by December 31, 2026 and requires language be included that the operation of the reinsurance program past plan year 2027 is contingent on the approval of the waiver request. It also requires that the Department of Commerce continue to submit any subsequent applications required to maintain authorization of the waiver, unless otherwise directed by the legislature.

Section 4 of the bill directs Minnesota Management and Budget to transfer \$512 million in fiscal year 2026 from the General Fund to the Premium Security Plan Account. This is a one-time transfer.

### Assumptions

#### **Background**

The MPSP was created in 2017. Payments directed to the program are intended to reduce premiums for Minnesotans who buy their own insurance from what they otherwise would be absent the existence of the program. The Minnesota Comprehensive Health Association (MCHA) is responsible for administering the program. Commerce serves as the fiscal agent for state appropriations and federal payments directed to the program.

State expenditures for the program are for transfers to MCHA for the operational and administrative costs of the program as well as reinsurance payments to health insurers for eligible expenses.

The reinsurance program operates via a Section 1332 waiver approved by the federal government. The State's current 1332 waiver is approved through December 31, 2027. However, state funds have only been appropriated through 2025. Under the specific terms and conditions of the waiver, the State receives federal pass-through funds in the amount of foregone premium tax credits that Minnesota residents would have been entitled to absent the waiver. Federal funding for the program is contingent upon state funds being available to cover the state's share of the reinsurance program in each plan year of operation.

#### **Assumptions**

This fiscal note contains assumptions consistent with those made by the agency in the fiscal note for SF3472 during the

2022 legislative session and other previous fiscal notes.

Commerce assumes the MPSP program operations will continue as currently structured.

Commerce assumes the agency will continue in its existing role as fiscal agent for the State and Federal governments.

Commerce assumes that there is no cap on the program size.[1]

Commerce assumes reinsurance payments to eligible health insurers will continue to be made in one lump-sum payment in the calendar year following the applicable plan year.

Commerce assumes that reinsurance payments for the MPSP will grow by 12 percent each year of the program through plan year 2032. This reflects a larger than average health care trend assumption associated with reinsurance-eligible claims. Commerce's projection for plan year 2024 recognizes enrollment growth experienced due to Medicaid re-determinations. These assumptions are consistent with those underlying the projected reinsurance payments included in MMB's November forecast.

Commerce assumes there will be \$284,605,000 in transfers out of the premium security plan account to the General Fund in FY26 as per current statute.

Commerce assumes there is no interest income in FY29 forward because the fund balance of the premium security account is projected to be nominal in FY28 and negative thereafter.

Commerce assumes a continuation of current federal law, including an end to the expanded ARPA premium tax credit subsidies after plan year 2025. This results in an assumption of lower federal pass-through money (to pre-ARPA levels).

Reflecting these assumptions, Commerce assumes the reinsurance program's size will be as follows through 2032:

Plan Year	Reinsurance Program Size (000's)*	
2018	\$136,125	
2019	\$150,305	
2020	\$160,210	
2021	\$189,308	
2022	\$146,898	
2023	\$206,969	
2024	\$273,800	**
2025	\$306,600	**
2026	\$343,400	**
2027	\$384,600	**
*Excludes MCHA Expenditures		
**Estimated		

Based on the most recent federal funding estimate adjusted to reflect the end of expanded tax credits, Commerce assumes that federal funding for the reinsurance program will be \$99.8 million for plan years 2026-2032. The federal government does not provide estimated future funding amounts and thus Commerce does not have reliable projections of federal funding for future program years. This assumption is consistent with Commerce's assumptions in prior fiscal notes.

Commerce assumes work associated with submitting the required application for a new Section 1332 waiver extension that is required for the program to extend beyond the fifth plan year (2027) can be completed using existing resources.

[1] The reinsurance program costs were capped at \$271 million in 2018 and 2019.

#### **Expenditure and/or Revenue Formula**

in 000's	FY22	FY23	FY24	FY25	FY26	FY27
Balance forward	217,826	165,849	422,366	355,662	455,316	522,650
Federal Pass Through	142,727	91,110	119,486	129,884	129,884	99,806
Transfer from GF	0	300,092	0	229,465	0	0
Transfer from GF (SF9002)	0	0	0	0	512,000	0
Interest Income	859	12,871	21,103	14,793	17,185	10,000
Total Resources	361,412	569,922	562,955	729,804	1,114,385	632,455
MCHA Expenditures	397	586	324	688	531	531
Reinsurance Payments	189,308	146,898	206,969	273,800	306,600	343,400
Transfer to HCAF	5,948	0	0	0	0	0
Transfer to GF	0	0	0	0	284,605	0
Balance	165,759	422,438	355,662	455,316	522,649	288,524
in 000's	FY28	FY29	FY30	FY31	FY32	FY33
Balance forward	288,524	7,199	-324,327	-707,552	-1,148,677	-1,654,603
Federal Pass Through	99,806	99,806	99,806	99,806	99,806	99,806
Transfer from GF	0	0	0	0	0	0
Transfer from GF (SF9002)	0	0	0	0	0	0
Interest Income	4,000	0	0	0	0	0
Total Resources	392,330	107,004	-224,521	-607,746	-1,048,872	-1,554,797
MCHA Expenditures	531	531	531	531	531	531
Reinsurance Payments	384,600	430,800	482,500	540,400	605,200	677,800
Transfer to HCAF	0	0	0	0	0	0
Transfer to GF	0	0	0	0	0	0
Balance	7,199	-324,327	-707,552	-1,148,677	-1,654,603	-2,233,128

### Long-Term Fiscal Considerations

### Local Fiscal Impact

### References/Sources

#### **Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Amy Trumper

**Phone:** 651-539-1517

**Date:** 2/6/2025 2:53:43 PM

**Email:** amy.trumper@state.mn.us

## SF333 - 1E - Minnesota Premium Security Plan

Chief Author: **Gary Dahms**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **2/27/2025 9:27:09 AM**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Kate Schiller      **Date:** 2/24/2025 11:23:05 AM  
**Phone:** 651-296-6052      **Email:** kate.schiller@lbo.mn.gov



### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

### Bill Description

Section 1 removes language authorizing a transfer of any remaining state funds from the premium security plan not used by June 30, 2029, to the Commissioner of Commerce and the health care access fund.

Section 2 directs eligible health carriers filing individual health plans to include the impact of the premium security plan payment parameters in the plan rates filed for all benefit years that there is federal authorization for the reinsurance program.

Section 3 directs the Commissioner of the Department of Commerce to apply for a continuation of a Section 1332 waiver with the Centers for Medicare and Medicaid Services by December 31, 2026, to extend the authority to administer the premium security plan for benefit years beginning in 2028. The Commissioner is also directed to submit subsequent applications as needed to maintain continuation of the waiver until the Commissioner is otherwise directed by the legislature.

Section 4 directs the Commissioner of Management and Budget to authorize a one-time transfer of \$512,000,000 from the General Fund in FY2026 to administer the premium security plan.

### Assumptions

The effective date is assumed to be July 1, 2025.

The one-time transfer of \$512,000,000 from the General Fund in FY2026 to administer the premium security plan is expected to reduce premiums in the individual market in plan year 2026. In prior years, an extension of the premium security plan would have impacted MinnesotaCare, the state's Basic Health Program (BHP), and resulted in reduced federal funding amounts in the BHP Trust Fund. The state previously supplemented this reduced federal funding with state funding. However, the 2023 BHP Final Rule determined it is appropriate to account for the impact of an approved section 1332 waiver, which is the authorizing mechanism for the premium security plan approved through calendar year 2027, when calculating federal BHP payments. This resulted in the elimination of the reduced federal funding amounts by including the section 1332 waiver factor in the 2023 BHP payment methodology. In 2024, CMS determined it did not need to update the methodology and relied on the 2023 BHP payment methodology. As such, there is no current impact in the BHP Trust Fund for plan year 2025.

Since the one-time General Fund Transfer or extension of the Section 1332 waiver authority to administer the premium security plan would not impact BHP funding, the Minnesota Department of Human Services (DHS) assumes no cost for its health care programs absent a change in policy at the federal level.

### Expenditure and/or Revenue Formula

### **Long-Term Fiscal Considerations**

### **Local Fiscal Impact**

### **References/Sources**

#### **Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Chris Zempel

**Phone:** 651-247-3698

**Date:** 2/24/2025 8:16:49 AM

**Email:** christopher.zempel@state.mn.us

## SF333 - 1E - Minnesota Premium Security Plan

Chief Author: **Gary Dahms**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **2/27/2025 9:27:09 AM**  
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	512,000	-	-	-
Restrict Misc Special Revenue	-	(512,000)	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Chloe Burns    **Date:** 2/9/2025 10:43:28 AM  
**Phone:** 651-297-1423    **Email:** chloe.burns@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>		<b>Biennium</b>	
<b>Dollars in Thousands</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
General Fund	-	512,000	-	-	-
Restrict Misc Special Revenue	-	(512,000)	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund					
Expenditures	-	-	-	-	-
Transfers Out	-	512,000	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-
<b>Total</b>	-	<b>512,000</b>	-	-	-
<b>Biennial Total</b>			<b>512,000</b>		-
<b>2 - Revenues, Transfers In*</b>					
General Fund	-	-	-	-	-
Restrict Misc Special Revenue					
Revenues	-	-	-	-	-
Transfers In	-	512,000	-	-	-
<b>Total</b>	-	<b>512,000</b>	-	-	-
<b>Biennial Total</b>			<b>512,000</b>		-

**Bill Description**

SF 333-1E is a bill for an act relating to health insurance; requiring the commissioner of commerce to request the continuation of a state innovation waiver; transferring money from the general fund to the premium security plan account.

Section 4 requires Minnesota Management and Budget (MMB) to transfer a one-time amount of \$512,000,000 in fiscal year 2026 from the general fund to the premium security plan account at the Department of Commerce.

**Assumptions**

The one-time transfer will require de minimis administrative effort for MMB.

**Expenditure and/or Revenue Formula**

Section 4 of SF 330-1E requires MMB to transfer a one-time amount of \$512,000,000 in fiscal year 2026 from the general fund to the premium security plan account at the Department of Commerce.

**Long-Term Fiscal Considerations****Local Fiscal Impact****References/Sources**

**Agency Contact:** Ronika Rampadarat 651-201-8115

**Agency Fiscal Note Coordinator Signature:** Ronika Rampadarat

**Phone:** 651-201-8115

**Date:** 2/7/2025 12:44:11 PM

**Email:** ronika.rampadarat@state.mn.us

## SF333 - 1E - Minnesota Premium Security Plan

Chief Author: **Gary Dahms**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **2/27/2025 9:27:09 AM**  
 Agency: **MNsure**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
General Fund		-	2,861	5,716	2,848
Total		-	2,861	5,716	2,848
Biennial Total				8,577	2,848

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
		FY2025	FY2026	FY2027	FY2028
General Fund		-	-	-	-
Total		-	-	-	-

## LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Steve McDaniel **Date:** 2/25/2025 1:56:02 PM  
**Phone:** 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
General Fund	-	2,861	5,716	2,848	-	-
<b>Total</b>	-	<b>2,861</b>	<b>5,716</b>	<b>2,848</b>	-	-
<b>Biennial Total</b>			<b>8,577</b>		<b>2,848</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	2,861	5,716	2,848	-	-
<b>Total</b>	-	<b>2,861</b>	<b>5,716</b>	<b>2,848</b>	-	-
<b>Biennial Total</b>			<b>8,577</b>		<b>2,848</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			

### Bill Description

This bill (SF 333-1<sup>st</sup> Engrossment) requires the Minnesota Commissioner of Commerce to apply for a state innovation waiver extension under Section 1332 of the Affordable Care Act to continue the Minnesota Premium Security Plan (MPSP), also known as the reinsurance program. The initial waiver request must be submitted by December 31, 2026, and the program's continuation beyond 2027 is contingent upon federal approval. The commissioner must submit subsequent applications, as needed, to maintain continued authorization of the waiver until the commissioner is otherwise directed by an act of the legislature

Additionally, this bill removes the requirement that the Minnesota Comprehensive Health Association shall transfer any remaining state funds not used by June 30, 2029, in the premium security plan account to the Commissioner of Commerce, who would then transfer the unused funds to the health care access fund.

The bill also directs Minnesota Management and Budget (MMB) to transfer \$512 million from the general fund to the Premium Security Plan Account in fiscal year 2026 as a one-time transfer.

### Assumptions

This bill would have no direct effect on MNsure administrative or programmatic activities, as the reinsurance program is administered by the Minnesota Comprehensive Health Association.

For purposes of projecting premiums, MNsure assumes individual market premiums would increase 20 percent in the absence of the premium security plan, provided by Department of Commerce. MNsure assumes an annual growth rate of 5% for premiums.

The Department of Commerce 1332 Waiver Extension application dated Dec. 2021 stated the goal of the waiver was to subsidize the market's premiums. Reductions to premiums as a result of reinsurance also reduce MNsure's premium withhold revenue. Since the inception of the state reinsurance program, MNsure has received three onetime appropriations for extensions of the program to replace lost revenues through plan year 2025. Therefore, MNsure assumes it will continue to be held harmless from the loss of revenue if the reinsurance program is funded for plan years 2026 and 2027.

MNsure has assumed in prior years that the member months for participation within the exchange will remain constant, along with the member lapse rate, when projecting revenue, both with and without reinsurance, and without predicting the net effect of lost members from ARPA benefits sunset and gained members from the unwinding of continuous

coverage in public programs during the public health emergency.

Furthermore, CMS encourages state-based exchanges to build and maintain a reserve of 6-9 months of operating capital. Therefore, MNsure assumes it will not absorb revenue losses due to reinsurance at the expense of compliance with CMS recommendations.

MNsure assumes the \$11.425 million in revenue replacement funding would be appropriated from the General Fund and transferred into the MNsure Enterprise Fund as a one-time transfer at the beginning of FY26.

MNsure also assumes that it will continue to receive full revenue replacement funding for each fiscal year that reinsurance is authorized (see Long Term Fiscal Considerations)

### **Expenditure and/or Revenue Formula**

Projected revenue loss in fiscal year 2026 reflects that MNsure has already received an appropriation for the first six months of the fiscal year for the loss of revenue due to reinsurance program. This was appropriated the last time the program was extended by the Legislature in 2022.

	Member Months	Average Premium without Reinsurance	Withhold Percent	Withhold Revenue	Reinsurance- Adjusted Average Premium	Reinsurance- Adjusted Withhold Revenue	Revenue Loss
<b>July-Dec 2025</b>	797,852	619	3.5%	17,278,320	526	14,679,966	\$ 2,598,354
<b>Jan-June 2026</b>	836,720	650	3.5%	19,026,048	552	16,164,867	\$ 2,861,181
<b>July-Dec 2026</b>	795,523	650	3.5%	18,089,283	552	15,368,975	\$ 2,720,309
<b>Jan-June 2027</b>	834,278	682	3.5%	19,919,042	580	16,923,570	\$ 2,995,472
<b>July-Dec 2027</b>	793,201	682	3.5%	18,938,309	580	16,090,322	\$ 2,847,987

	Projected Revenue Loss by Fiscal Year
<b>FY26</b>	<b>2,861,181</b>
July-Dec 2025	-
Jan-June 2026	2,861,181
<b>FY27</b>	<b>5,715,780</b>
July-Dec 2026	2,720,309
Jan-June 2027	2,995,472
<b>FY28</b>	<b>5,984,052</b>
July-Dec 2027	2,847,987




**Long-Term Fiscal Considerations**

MNsure assumes that it will continue to receive full revenue replacement funding for each fiscal year that reinsurance is authorized. If the state innovation waiver is approved and the Minnesota premium security plan is extended beyond the 2027 benefit year, the total impact to MNsure for FY28 would be \$5,984,052, FY29 would be \$6,264,916, and similar impacts would continue into the future.

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Pete Engler

**Phone:** 651-247-0247

**Date:** 2/25/2025 1:22:08 PM

**Email:** pete.engler@state.mn.us

## SF333 - 1E - Minnesota Premium Security Plan

Chief Author: **Gary Dahms**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **2/27/2025 9:27:09 AM**  
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

## LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Joel Enders      **Date:** 2/6/2025 10:50:09 AM  
**Phone:** 651-284-6542      **Email:** joel.enders@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

**Bill Description**

This bill removes a transfer from the premium security plan account to the commissioner of commerce and requires the commissioner of commerce to request the continuation of a state innovation waiver.

The bill also authorizes a one-time transfer from the general fund to the premium security plan account.

**Assumptions**

The Department of Revenue assumes no impact from this bill.

**Expenditure and/or Revenue Formula**

N/A

**Long-Term Fiscal Considerations**

N/A

**Local Fiscal Impact**

N/A

**References/Sources**

Agency staff provided information for this fiscal note.

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Chelsea Magadance

**Date:** 2/6/2025 8:40:59 AM

**Phone:** 651-556-6308

**Email:** chelsea.magadance@state.mn.us