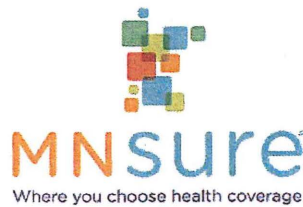


14 - 0415



March 14, 2014

Senator Tony Lourey
Chair, Health and Human Services Finance
Capitol, Room 120
75 Rev. Dr. Martin Luther King Jr. Blvd
Saint Paul, Minnesota 55155

Senator Julie Rosen
Ranking Member, Health and Human Services Finance
State Office Building, Room 139
100 Rev. Dr. Martin Luther King Jr. Blvd
Saint Paul, Minnesota 55155

Representative Tom Huntley
Chair, Health and Human Services Finance
585 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd
Saint Paul, Minnesota 55155

Representative Jim Abeler
Ranking Member, Health and Human Services Finance
203 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd
Saint Paul, Minnesota 55155

Dear Senator Lourey, Senator Rosen, Representative Huntley, and Representative Abeler,

Pursuant to Minnesota Statutes section 62V.11, subdivision 4, you will find attached to this letter MNsure's proposed budget for calendar year 2015. The proposed budget is consumer-focused, making needed investments in technology and customer service operations in advance of the 2015 open enrollment period.

This budget does not seek additional funds from the Minnesota Legislature or the federal government. Instead, we expect to seek approval from the U.S. Department of Health and Human Services to carry over \$5 million in available federal funds to calendar year 2015. Finally, this is a preliminary budget based on 5 months of actual enrollment experience. In accordance with MNsure by-laws, the final 2015 budget will be submitted to the MNsure Board in October 2014.

This budget uses funds available from the premium withhold, 2013-2014 federal grant balances and cost allocation and reprioritizes these funds in key areas, focused on technology enhancements and customer service. Reductions in business areas reflect recent utilization and cost experience. For instance, the proposed 2015 budget reflects revised estimates of areas affected by lower utilization such as appeals, premium processing, printing of notices and navigator payments. Note this budget still funds improvements to navigator training and support activities and expects the rate of navigator assisted enrollments to significantly increase.

This is a conservative budget that assumes a zero percent growth in premium rates and a growth of 95,000 in year over year enrollment.

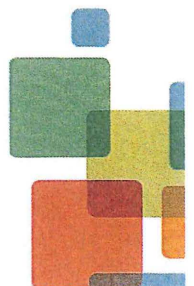
As always, please feel free to contact me if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Leitz", is written over the word "Sincerely,".

Scott Leitz
Interim CEO

Cc: MNsure Legislative Oversight Committee



Preliminary MNsure Budget for Calendar Year 15 - by Business Area

3/12/2014

Business Area		CY 14				CY 15
		Available	Proposed Reductions	Reallocation	Proposed	
Administrative						
100	Executive	2,088,126.77	(127,916.64)		1,960,210.13	1,802,679.81
150	Administrative Support	8,319,879.78	(1,478,860.75)		6,841,019.03	3,027,419.59
300	Legal/Appeals	4,761,514.40	(2,818,454.05)		1,943,060.35	1,265,109.85
Customer Service						
200	Plan Management and Reporting	2,273,535.23	(959,320.80)		1,314,214.43	874,990.04
220	Individual Eligibility and Enrollment	6,732,789.70	(555,000.00)		6,177,789.70	781,430.19
240	SHOP	642,849.60	(56,820.02)		586,029.58	532,360.99
260	Customer Service Operations	6,261,349.42	396,838.18	2,529,999.18	9,188,186.78	6,103,620.16
280	Navigator/Broker	16,799,000.13	(4,904,363.37)		11,894,636.76	6,519,486.49
Communication						
400	Communications/Marketing	14,160,808.08	(5,651,184.51)		8,509,623.57	3,921,995.07
Information Technology						
500	Information Technology Support	58,691,594.28	-	10,000,000.00	68,691,594.28	13,622,534.10
Other State Agencies						
7-900	Commerce/Health	6,168,913.05	(2,374,917.22)		3,793,995.83	1,309,790.09
Other						
	Unallocated			6,000,000.00	6,000,000.00	
Total		126,900,360.44	(18,529,999.18)	18,529,999.18	126,900,360.44	39,761,416.39
Sources						
	Grant	95,364,925.63	(18,529,999.18)	13,529,999.18	89,044,133.63	5,000,000.00
	Medicaid	31,535,434.81		5,000,000.00	36,535,434.81	\$22,221,556
	Withhold				2,194,465.75	\$11,674,887
	Carry Over Withhold					873,673.75
Total Revenue		126,900,360.44			127,774,034.19	\$39,770,116.21
Balance					873,673.75	8,699.82