



MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION  
Administrator for the Minnesota Premium Security Plan

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## 2020 OPERATIONS REPORT FOR THE MINNESOTA PREMIUM SECURITY PLAN

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### INTRODUCTION

In 2016, the Minnesota Legislature enacted legislation creating a reinsurance program intended to stabilize premium rates in Minnesota's individual marketplace. The program was entitled the Minnesota Premium Security Plan (MPSP). The Minnesota Comprehensive Health Association (MCHA) was designated as the entity to administer the 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 two benefit (calendar) years, 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. A second extension occurred in the spring of 2021 with the passage of HF 33 which extended the program for one additional benefit year, 2022.

### 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 2020, the board members were:

- Scott Keefer, BCBS
- Steve Custis, Medica
- Beth Monsrud, UCare
- Brian O'Shields, HealthPartners
- Joel Ulland, UCare
- Mike Umland, PreferredOne
- Teresa Knoedler, Public Member
- Kerry Koestler, Public Member
- Lorry Massa, Public Member
- Daniel Miesle, Public Member
- Sheryl Radle, Public Member
- Sara Rohde, Public Member

The Board is required to meet at least annually and for calendar year 2020, the Board held two meetings. The annual meeting of the Board was held on July 8, 2020, and a second board meeting was held on December 15, 2020.

## **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 includes:
  - Scott Keefer, Chair, Plan director
  - Kerry Koestler, Vice Chair, Public director
  - Teresa Knoedler, Secretary, Public director
  - Mike Umland, Treasurer, Plan director

The Executive Committee met in February, September, and November of 2020

- Actuarial Committee reviews the work of the consultant actuary in determining reinsurance payments, makes recommendation for the reinsurance payment parameters and responds to requests of MCHA on actuarial aspects of the reinsurance program. The Committee includes:
  - Steve Custis, Chair, Plan Director
  - Teresa Knoedler, Public Director
  - Tom Carlson, Plan Representative
  - Jamie Carsello, Plan Representative
  - Andie Christopherson, Plan Representative
  - Sara Stewart, Plan Representative

The Actuarial Committee met in February, July, September, and December of 2020

- 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 made up of:
  - Mike Umland, Chair, Plan Director
  - Rahul Koranne, Public Director
  - Daniel Miesle, Public Director
  - Beth Monsrud, Plan Director
  - Mary Quist, Plan Representative

The Finance Committee met in June and October of 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 includes:
  - Scott Keefer, Chair, Plan Director
  - Kerry Koestler, Plan Director
  - Jay McLaren, Plan Representative
  - Deb Shoemaker, Plan Representative

The Nominations Committee did not meet during 2020.

## **MCHA BOARD AND LEADERSHIP ACTIVITIES IN 2020**

During 2020, the Board and MCHA leadership worked to ensure that processes were in place for MPSP to meet 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 2019 reinsurance. Deadline for completion of the work was February 14, 2020, which was met. In addition, quarterly reports were prepared, reviewed and recommended for approved by the Actuarial Committee and approved by the Board of Directors.
- The final MPSP 2019 benefit year report prepared by our actuarial vendor, Wakely, and was provided to the State on July 13, 2020.
- Payment of the benefit year 2019 reinsurance amount of \$149,660,233 was distributed to the carriers on August 10<sup>th</sup>, 2020. This met the statutory deadline of August 15<sup>th</sup>.
- 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 the two departments' participation in the Financial and Actuarial Committees. We have also held various in-person and telephonic discussions with the appropriate state staff 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 2020 calendar year was completed in mid-2021 and has been reviewed and recommended for the Board's acceptance by the Finance Committee. The Board did accept the audit report in June 2021, and it has been posted on the MCHA website, as required, and has been shared with the State in order to be compliant with the State's Comprehensive Annual Financial Report (CAFR) timeline. The independent audit report for 2019 was provided to the State on July 13, 2020.
- Assuring the transparency of information about MPSP and MCHA through the use of the website continues to be of importance to the Board and leadership. Quarterly reinsurance and financial reports are posted on the website routinely. Notification of upcoming meetings are also posted, and public members are welcomed to the meeting.
- The Minnesota Legislature extended the Premium Security plan for two additional years (2020 and 2021) in May of 2019. During 2020, leadership focused on assuring that the MPSP would continue smoothly into the new timeline by extending the contracts of various vendors and assuring the on-going engagement of the contracted Executive Director.

## **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 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 2020 were \$419,455. The MPSP reinsurance amount for the 2020 benefit year was \$160,210,351. The federal grant of \$86,063,821 will be first used to cover the reinsurance expenses. As there are no prior high-risk pool funds remaining, \$74,565,985 for the operating and reinsurance amounts above the federal grant will come from the health care access fund. Eligible carriers received their reinsurance payments for benefit year 2020 on July 15, 2021.

### **FUTURE ACTIVITIES**

The Board and leadership's focus during 2021 will be to consider the activities necessary to complete the final year of the program on December 31, 2022, continue to assure that the MPSP operates as efficiently as possible and determine the best path to conclude the financial and operational aspects of the program in 2023.