



MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION
Administrator for the Minnesota Premium Security Plan

BOARD CHAIRMAN'S 2021 REPORT TO THE MEMBERSHIP OF THE ASSOCIATION

INTRODUCTION

In 2016, the Minnesota Legislature enacted legislation creating a reinsurance program to assist in stabilizing premium rates and enrollment. MCHA was designated as the 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. MCHA began operating the MPSP as of January 1, 2018 and has continued throughout 2021.

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. In 2021, the Minnesota legislature again 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. Five public members are appointed by the Commissioner of Commerce and two public members are appointed by the Commissioner of Human Services. Six board members are elected by the members of MCHA and represent the health insurance industry.

During 2021, the board members were:

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

The Board is required to meet at least annually and for calendar year 2021, the Board held two meetings. The annual meeting of the Board was held on June 24, 2021, and a second board meeting was held on December 9, 2021.

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 and September of 2021

- 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 includes:
 - Steve Custis, Chair, Plan Director
 - Tom Carlson, Plan Representative
 - Jamie Carsello, Plan Director
 - Andie Christopherson, Plan Representative
 - Teresa Knoedler, Public Director
 - Sara Rohde, Public Director
 - Garin Strobl, Public Director
 - Sara Stewart, Plan Representative

The Actuarial Committee met in February, June, September, and December of 2021

- 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
 - Beth Monsrud, Plan Director
 - Daniel Miesle, Public Director
 - Mary Quist, Plan Representative
 - Sara Rohde, Public Director

The Finance Committee met in May, September and December of 2021.

- 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:
 - Sara Rohde, Chair, Public Director
 - Scott Keefer, Plan Director

- Kerry Koestler, Public Director
- Jay McLaren, Plan Representative

The Nominations Committee met in May 2021.

MCHA BOARD AND LEADERSHIP ACTIVITIES IN 2021

During 2021, the Board and MCHA leadership worked to ensure that processes were in place to assure that the MPSP met the statutory requirements in an accurate and timely way although in-person discussions were put on hold due to the pandemic. During 2021 Board and committee meetings were all held remotely. The program 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 2020 reinsurance. Deadline for completion of the work was February 14, 2021, 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 or the Executive Committee.
- The final MPSP 2020 benefit year report prepared by our actuarial vendor, Wakely, and was provided to the State on June 30, 2021.
- Payment of the benefit year 2020 reinsurance amount of \$160,210,351 was distributed to the carriers on July 15th, 2021. This met the statutory deadline of August 15th.
- Partnering with the Department of Commerce (DoC) and other State departments to create transparency. 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 department 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 the report was reviewed and accepted by the Finance Committee and the Board. It was provided to the State, as required, on June 30, 2021, posted on the MCHA website, and shared with the Office of Management and Budget 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 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 noted.
- The Minnesota Legislature voted to extend the Premium Security plan for one additional year (2022) and the Governor signed the bill in June 2021. During 2021, leadership assured that the

MPSP would continue to operate smoothly into the new timeline by extending the contracts of various vendors and assuring the on-going engagement of the contracted Executive Director.

- The Board and committees continued to monitor and discuss what impact COVID-19, the various executive orders related to managing the pandemic, and the impact of enrollment in the individual market would have on the reinsurance program. The table below represents the final year-end numbers for the program since its' inception:

	Distinct Enrollees	Reinsurance
2018 Statewide	2,925	\$136,124,512
2019 Statewide	3,183	\$149,660,234
2020 Statewide	3,279	\$160,210,351
2021 Statewide	3,704	\$189,308,067

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 for the state of Minnesota, Minnesota's health care access fund; and Minnesota general funds.

The MPSP reinsurance amount for the 2021 benefit year was \$189,308,067 and the operational expenses for 2021 were \$428,130. The federal 1332 grant funding of approximately \$143M was first used to cover reinsurance expenses. As there are no prior high-risk pool funds remaining, funds for the remaining \$47M of reinsurance and administrative expenses were paid for out of the Premium Security Plan Account held by the State of Minnesota. Eligible carriers received the reinsurance payments on July 15th, 2021.

FUTURE ACTIVITIES

The Board and leadership's focus during 2022 will be to continue to monitor the impact of COVID-19 on the reinsurance program and consider activities necessary to continue to effectively and efficiently operate the MPSP for the betterment of residents of Minnesota.