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MNsure

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<https://www.mnsure.org/>

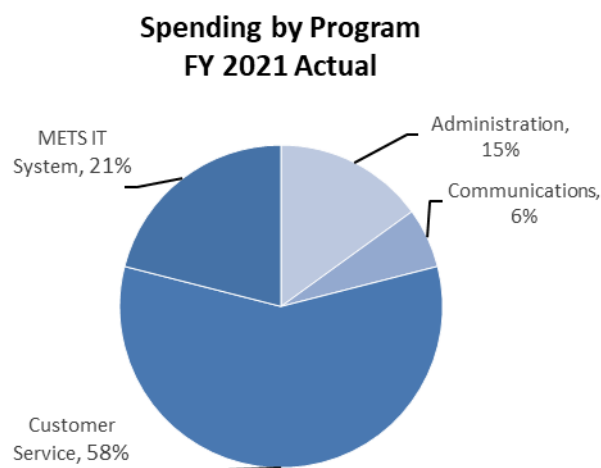
AT A GLANCE

- MNsure is Minnesota's health insurance marketplace. Through the MNsure website, Minnesotans can shop, compare, and choose private health insurance coverage, and access public health care programs.
- MNsure continues efforts to promote informed consumer choice, simplify health plan comparisons, and help Minnesotans obtain affordable, comprehensive access to health care coverage.
- Despite increased public health and economic challenges over the past two years, the number of uninsured Minnesotans declined from 4.7% in 2019 to 4.1% in January 2021.
- The American Rescue Plan Act (ARPA) increased the level of federal financial help available under the Affordable Care Act, improving health care access and making health coverage more affordable.
 - Of the 349,000 Minnesotans who obtained health coverage through MNsure in 2021, over 84% qualified for tax credits, MinnesotaCare, or Medical Assistance.
 - As of December 2021, nearly 58% of households received tax credits averaging \$517 per month, or \$6,204 in savings per year.
- MNsure employs between 175 and 210 people throughout the year, increasing staff levels to meet consumer needs during open enrollment.

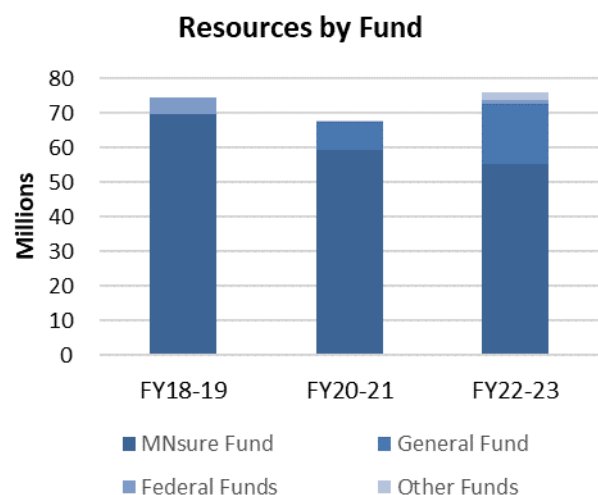
PURPOSE

The purpose of MNsure is to ensure that every Minnesota resident and small business, regardless of health status, can easily find, choose, and purchase a health insurance product that they value and does not consume a disproportionate share of their income. MNsure remains the only place where Minnesotans can easily shop and compare health insurance plans, find free and expert enrollment assistance, and access low-cost or no-cost health insurance through Medical Assistance or MinnesotaCare, or private health insurance with financial help including federal tax credits and cost-sharing reductions.

BUDGET



Source: Statewide Integrated Financial Tools System (SWIFT)



Source: Statewide Integrated Financial Tools System (SWIFT) and July 20, 2022 board-approved FY23 budget. Other Funds include Health Care Access, Covid Relief, and ARP State Fiscal Recovery Funds

Plans and programs available to enroll in through MNsure:

- Private: Health and dental plans are offered by partnering insurance companies through the MNsure marketplace. These are known as qualified health plans (QHPs) or qualified dental plans (QDPs). All private plans offer the same core set of benefits called "essential health benefits" which include preventive services, mental health and substance abuse services, emergency services, prescription drugs and hospitalization, and follow established limits on cost-sharing (deductibles, co-payments and out-of-pocket maximum amounts). Each private health and dental plan has been reviewed by state regulators and is approved to be sold through MNsure. Most Minnesotans purchasing a QHP qualify for APTC (tax credits).
- Public: Medical Assistance (MA or Medicaid), and MinnesotaCare (Basic Health Program). MA is the largest of Minnesota's publicly funded health care programs, providing health care coverage each month to nearly a million low-income Minnesotans. Like MA, MinnesotaCare provides health care coverage for people with low incomes, but has higher income limits.

MNsure's work contributes to the goals of optimal health for Minnesotans, a thriving economy that encourages business growth and employment opportunities, and Minnesota families and communities that are strong and stable.

The MNsure budget seeks to leverage its resources efficiently and effectively to carry out its mission and goals. While MNsure continues to meet its mission, the agency is committed to continuous improvement efforts that focus on efficiency, sustainability, and scalability. Funding for agency operations and program activities comes from a mix of state and federal funds, with the largest source coming from a 3.5% fee on insurers' premium revenues for plans sold on the exchange. Additional resources come from General fund transfers, reimbursement payments from other agencies, Health Care Access fund, Covid Relief fund, and ARPA federal and state funds.

In state fiscal year 2020, the legislature appropriated an \$8 million transfer from the General fund to the MNsure fund to hold MNsure resources harmless by replacing lost revenue resulting from the extension of the state reinsurance program. In state fiscal year 2022, the legislature appropriated \$3.8 million to the MNsure fund and in state fiscal year 2023, appropriated \$13.3 million to the MNsure fund for replacement of lost revenue through calendar year 2025 due to additional extensions of the state reinsurance program. MNsure resources also include reimbursements from the Department of Human Services (DHS) for costs incurred which benefit public health care programs and their enrollees, as outlined in the Public Assistance Cost Allocation Plan (PACAP) submitted to Centers for Medicare & Medicaid Services (CMS) by DHS. Approximately one quarter of MNsure's resources come from reimbursements from DHS.

During the pandemic, MNsure continued expanding coverage and providing financial assistance to consumers and focused on health equity and quality while managing organizational impacts of the pandemic. In state fiscal year 2020, MNsure received \$502.6 thousand from the Covid Relief fund for the Special Enrollment Period (SEP) held between March 23 and April 21, 2020. The SEP was in direct response to COVID-19 to help uninsured Minnesota residents enroll into the security of comprehensive health insurance coverage during the pandemic. MNsure handled almost 40,000 calls and supported approximately 100,000 plan comparison sessions during the SEP, and nearly 10,000 Minnesotans were newly enrolled into a QHP. In March 2021, President Biden signed ARPA into law. It expanded access to and affordability of health coverage, increasing eligibility for financial assistance to help pay for health coverage, which required MNsure to make significant investments in IT development and consumer education/outreach. In the fiscal year 2022-2023 biennium, MNsure received a \$1.1 million direct federal ARPA grant for exchange modernization and \$2 million from the ARPA State Fiscal Recovery fund to cover the remaining cost of that work.

Finally, in April 2020, Governor Walz signed into law the Alec Smith Insulin Affordability Act to provide relief to Minnesotans struggling to afford their insulin. The Minnesota Insulin Safety Net Program launched July, 2020 and is run through a partnership between MNsure and the Minnesota Board of Pharmacy. To support this work, the

legislature appropriated \$547 thousand in one-time funding from the Health Care Access fund to develop the navigator training program, issue payments to navigators, and launch a public awareness campaign. MNsure continues to support the program by shifting resources to cover finance and administrative costs for managing communications contracts, outreach efforts by MNsure staff, and processing navigator payments. Through the end of fiscal year 2022, nearly \$200 thousand, or 36.5%, of MNsure's one-time funding has been expended. More than 1,100 Minnesotans used the Minnesota Insulin Safety Net Program to access over \$6 million worth of insulin in 2021.¹ Many more Minnesotans are likely eligible for assistance and, therefore, public awareness efforts are ongoing.

STRATEGIES

The ongoing pandemic spurred efforts at the federal level to expand access to health coverage, including initiating a national public health emergency in 2020, opening an extended SEP in 2021, and expanding the Affordable Care Act (ACA) to reduce the cost of coverage in the individual market. MNsure quickly responded by establishing an extended SEP from February to July 2021 and implemented enhanced federal premium tax credits that made health insurance premiums in Minnesota more affordable. MNsure partnered with DHS and Minnesota IT Services (MNIT) to coordinate the development and implementation of those benefits in the Minnesota Eligibility Technology System (METS) and continues its partnership in preparation for the eventual end of the public health emergency to ensure Minnesotans maintain their health coverage or experience a smooth transition to new coverage.

Even in the midst of a global pandemic, MNsure has successfully met multiple challenges and continually sought to deliver on its mission. Despite public health and economic challenges, the Minnesota Department of Health reports the number of uninsured Minnesotans declined from 4.7% in 2019 to 4.1% as of January 2021.² Their analysis showed that MNsure played an important role in mitigating pandemic-related coverage losses and continuing to drive down the rate of uninsurance. While Minnesota's uninsured rate remains among the lowest in the nation, MNsure is working to improve access to information and services in multiple languages and to increase outreach efforts statewide to reach uninsured and underserved populations.

MNsure remains committed to enhancing the consumer experience through excellent personal customer service, convenient online features like plan shopping comparisons and consumer self-service functionality, streamlined internal processes, strengthened relationships with stakeholder partners, and ongoing training and instructional design support. MNsure has dedicated staff working to support a network of insurance agents, brokers, navigators, and assisters who provide consumers with in-person help.

MNsure executes an outreach and marketing campaign before and during the annual open enrollment period, and throughout the year, to drive enrollment and awareness. This campaign includes traditional, digital, and social media, as well as grassroots activation and outreach.

MNsure depends on information technology to support the organization and deliver value to both MNsure and its consumers.

- METS is the online IT system used by MNsure and DHS. METS serves as a centralized resource for individuals to apply for public health care programs and explore private health insurance options. DHS and counties rely on METS to help determine eligibility and maintain enrollment records for the 1.3 million individuals enrolled in public programs.
- MNsure, MNIT, and DHS all have roles in the governance and administration of METS; however, MNIT is responsible for the design, maintenance, and operation of the system. Expenditures for METS in fiscal year 2020 totaled \$62.8 million.

¹ Governor Walz news release, dated April 13, 2022, <http://mn.gov/governor/news/index.jsp?id=1055-525142>

² Minnesota Department of Health, <https://www.health.state.mn.us/data/economics/docs/inscoverage2021.pdf>; Issued May 2021.

- MNsure relies on technology from an outside health insurance and e-commerce technology vendor for decision support, plan comparison, shopping and enrollment tools that help Minnesotans enrolling in a private health plan find a health insurance product that matches their budget and their individual health care needs.

A constant focus on investments in technology and process improvements to back-end operations and administration ensures MNsure will be able to meet the needs of the future and continue to improve the services Minnesotans rely on. MNsure remains committed to continuous improvement and effective strategies such as introducing consumer self-service capabilities and publishing the online health insurance application in multiple languages to build on the progress made in recent years.

The MNsure budget for the fiscal years 2022-2023 biennium is a testament to the success of these continuous improvement efforts and our sustained fiscal prudence.

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|-------------------------------|---|------------------------|-----------------------|------------------------|
| Result | Insured Rate in Minnesota | 95.3% | 95.9% | 2019, 2021 |
| Quantity | MNsure Cumulative QHP Sign-ups for the Plan Year ³ | 140,914 | 151,547 | 2019, 2021 |
| Result | Savings via Tax Credits to Consumers for the Plan Year ⁴ | \$164 million | \$251 million | 2019, 2021 |
| Quantity | Percentage of Minnesotans Receiving Tax Credits ⁵ | 50.8% | 57.6% | 11/15/2020, 12/15/2021 |

M.S. 62V <https://www.revisor.mn.gov/statutes/?id=62V> provides the legal authority for MNsure.

³ MNsure Board of Directors Meetings, November 13, 2019, https://www.mnsure.org/assets/bd-2019-11-13-deck_tcm34-410230.pdf, and January 12, 2022, https://www.mnsure.org/assets/bd-2022-01-12-deck_tcm34-515211.pdf

⁶ MNsure Annual Report, Issued January 15, 2022, https://www.mnsure.org/assets/mnsure-annual-report-2021_tcm34-515243.pdf

⁶ Note: The Minnesota Premium Security Plan has reduced premiums in the individual market via a statewide reinsurance program since 2018. Because the APTC benefit is calculated using the benchmark cost of insurance coverage to an individual, the reductions in premiums via reinsurance result in a corresponding reduction in the percentage of individuals qualifying for APTC and the amount of APTC qualifying individuals receive. Minnesota's reinsurance program works in tandem with the federal APTC benefit to lower the cost of insurance coverage for MNsure enrollees. ARPA expanded the APTC benefit.

⁵ MNsure Board of Directors Meeting, November 18, 2020, https://www.mnsure.org/assets/bd-2020-11-18-deck_tcm34-454165.pdf, and MNsure Annual Report, Issued January 15, 2022, https://www.mnsure.org/assets/mnsure-annual-report-2021_tcm34-515243.pdf

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY24 | FY25 | FY24 | FY25 |

Expenditures by Fund

| | | | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1000 - General | | | | | | | 11,095 | 14,996 |
| 2360 - Health Care Access | 30 | 124 | 72 | 347 | | | 800 | |
| 3010 - Coronavirus Relief | 503 | 1 | | | | | | |
| 3015 - ARP-State Fiscal Recovery | | | 1,374 | 595 | | | | |
| 4120 - MN Health Insurance Exchange | 37,296 | 36,367 | 33,011 | 35,638 | 36,065 | 35,209 | 36,065 | 35,209 |
| Total | 37,828 | 36,492 | 34,457 | 36,580 | 36,065 | 35,209 | 47,960 | 50,205 |
| Biennial Change | | | | (3,283) | | 237 | | 27,128 |
| Biennial % Change | | | | (4) | | 0 | | 38 |
| Governor's Change from Base | | | | | | | | 26,891 |
| Governor's % Change from Base | | | | | | | | 38 |

Expenditures by Program

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Health Insurance Marketplace | 37,828 | 36,492 | 34,457 | 36,580 | 36,065 | 35,209 | 47,960 | 50,205 |
| Total | 37,828 | 36,492 | 34,457 | 36,580 | 36,065 | 35,209 | 47,960 | 50,205 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 14,287 | 14,883 | 15,878 | 17,946 | 18,306 | 18,669 | 18,421 | 18,694 |
| Operating Expenses | 19,033 | 17,197 | 14,167 | 13,936 | 13,246 | 12,027 | 25,026 | 26,998 |
| Grants, Aids and Subsidies | 4,469 | 4,408 | 4,401 | 4,660 | 4,475 | 4,475 | 4,475 | 4,475 |
| Capital Outlay-Real Property | 7 | | | 8 | 8 | 8 | 8 | 8 |
| Other Financial Transaction | 32 | 4 | 11 | 30 | 30 | 30 | 30 | 30 |
| Total | 37,828 | 36,492 | 34,457 | 36,580 | 36,065 | 35,209 | 47,960 | 50,205 |

Full-Time Equivalents

| | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| | 167.16 | 168.07 | 181.81 | 177.00 | 177.00 | 177.00 | 179.55 | 179.55 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------|--------|--------|----------|---------------|------|---------------------------|--------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Direct Appropriation | 8,000 | | | | | | 11,095 | 14,996 |
| Transfers Out | 8,000 | | | | | | | |
| Expenditures | | | | | | | 11,095 | 14,996 |
| Biennial Change in Expenditures | | | | 0 | | 0 | | 26,091 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 26,091 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | | | | | | | 2.25 | 2.25 |

2360 - Health Care Access

| | | | | | | | | |
|-----------------------------------|-----------|------------|-----------|------------|--|-------|------------|------|
| Balance Forward In | | 530 | 419 | 347 | | | | |
| Direct Appropriation | 547 | | | | | | 800 | |
| Balance Forward Out | 517 | 406 | 347 | | | | | |
| Expenditures | 30 | 124 | 72 | 347 | | | 800 | |
| Biennial Change in Expenditures | | | | 264 | | (419) | | 381 |
| Biennial % Change in Expenditures | | | | 172 | | (100) | | 91 |
| Governor's Change from Base | | | | | | | | 800 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | | | | | | | 0.30 | 0.30 |

3010 - Coronavirus Relief

| | | | | | | | | |
|-----------------------------------|------------|----------|--|-------|--|---|--|---|
| Direct Appropriation | 503 | 25 | | | | | | |
| Cancellations | 0 | 24 | | | | | | |
| Expenditures | 503 | 1 | | | | | | |
| Biennial Change in Expenditures | | | | (504) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | (100) | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

3015 - ARP-State Fiscal Recovery

| | | | | | | | | |
|----------------------|--|--|-------|-----|--|--|--|--|
| Balance Forward In | | | | 595 | | | | |
| Direct Appropriation | | | 1,969 | | | | | |
| Balance Forward Out | | | 595 | | | | | |

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base FY24 FY25 | | Governor's Recommendation FY24 FY25 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|---------|---|---------|
| Expenditures | | | 1,374 | 595 | | | | |
| Biennial Change in Expenditures | | | | 1,969 | | (1,969) | | (1,969) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

4120 - MN Health Insurance Exchange

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Balance Forward In | 4,516 | 8,471 | 3,029 | 5,286 | 14,740 | 10,264 | 14,740 | 10,264 |
| Receipts | 29,331 | 28,165 | 31,424 | 31,823 | 31,589 | 31,026 | 31,589 | 31,026 |
| Transfers In | 8,000 | | 3,844 | 13,269 | | | | |
| Balance Forward Out | 4,551 | 269 | 5,286 | 14,740 | 10,264 | 6,081 | 10,264 | 6,081 |
| Expenditures | 37,296 | 36,367 | 33,011 | 35,638 | 36,065 | 35,209 | 36,065 | 35,209 |
| Biennial Change in Expenditures | | | | (5,013) | | 2,625 | | 2,625 |
| Biennial % Change in Expenditures | | | | (7) | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 167.16 | 168.07 | 181.81 | 177.00 | 177.00 | 177.00 | 177.00 | 177.00 |

(Dollars in Thousands)

| | FY23 | FY24 | FY25 | Biennium 2024-25 |
|--|---------------|---------------|---------------|---------------------|
| Direct | | | | |
| Fund: 1000 - General | | | | |
| Change Items | | | | |
| Technology Modernization | | 11,025 | 10,726 | 21,751 |
| Easy Enrollment | | 70 | 70 | 140 |
| Increasing Access to Health Insurance for Minnesotans | | | 4,200 | 4,200 |
| Total Governor's Recommendations | | 11,095 | 14,996 | 26,091 |
| Fund: 2360 - Health Care Access | | | | |
| Change Items | | | | |
| Expanding Public Awareness of the Minnesota Insulin Safety Net Program | | 800 | | 800 |
| Total Governor's Recommendations | | 800 | | 800 |
| Dedicated | | | | |
| Fund: 4120 - MN Health Insurance Exchange | | | | |
| Planned Spending | 35,638 | 36,065 | 35,209 | 71,274 |
| Forecast Base | 35,638 | 36,065 | 35,209 | 71,274 |
| Total Governor's Recommendations | 35,638 | 36,065 | 35,209 | 71,274 |
| Revenue Change Summary | | | | |
| Dedicated | | | | |
| Fund: 4120 - MN Health Insurance Exchange | | | | |
| Forecast Revenues | 31,823 | 31,589 | 31,026 | 62,615 |
| Total Governor's Recommendations | 31,823 | 31,589 | 31,026 | 62,615 |

MNsure

FY 2024-25 Biennial Budget Change Item

Change Item Title: Technology Modernization

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures – MNsure | 11,025 | 10,726 | 3,521 | 0 |
| Expenditures – DHS | 1,596 | 1,625 | 935 | 1,029 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 12,621 | 12,351 | 4,456 | 1,029 |
| FTEs | 6 | 6 | 4 | 0 |

Recommendation:

The Governor recommends investing \$30.457 million to upgrade and replace the core technology that supports MNsure, the Minnesota Health Insurance Marketplace, and the Minnesotans who use the technology to shop and enroll in a Qualified Health Plan (QHP). Modernization would introduce self-service functionality for consumers to access and update their account information, replace eligibility determination for consumers who are shopping for a QHP while preserving the existing “No Wrong Door” approach to applying for health coverage across state programs, introduce a fully-integrated portal for navigators and brokers who assist QHP applicants, and upgrade the systems caseworkers use to access, maintain, and update consumer accounts. Costs for the Department of Human Services are included in this proposal.

Rationale/Background:

MNsure was established on March 20, 2013 to promote consumer choice, reduce health disparities, simplify enrollment in QHPs, and facilitate transitions in coverage between QHPs and public health care programs. The Minnesota Eligibility Technology System (METS) is the online IT system used by MNsure, the Department of Human Services (DHS) and counties, and serves as a centralized resource for individuals to apply for public health care programs and explore private health insurance options. This web-based enrollment system opened in October 2013.

MNsure has worked with state agency partners to upgrade the platform and improve service delivery for Minnesotans since our launch. However, structural limitations in the aging technology limit improvements to those that are incremental, often expensive, and hinder efforts necessary for creating a modern application and enrollment experience.

MNsure addressed some of these limitations in 2019 by replacing the enrollment portion of the legacy technology. New functionality was introduced that allowed individuals to compare, shop, and enroll in QHPs. At the same time, it enabled MNsure to better manage and report consumer enrollment information and to interface with insurance carriers’ and federal entities’ systems. The result has been substantial improvements to MNsure operations and significant service improvements for consumers.

The value of the 2019 technology investment became more evident when MNsure was able to leverage the new technology and rapidly implement program changes mandated by the American Rescue Plan Act of 2021. By modernizing the remaining legacy components of the IT platform, MNsure will be better poised to support new or

revised regulations and policies affecting the state exchange, and to provide the flexibility to support healthcare policy innovation quickly and more cost effectively.

MNsure has also responded to the structural limitations in the legacy technology with higher staffing levels and increased manual work; but these measures are costly, inefficient, and cannot address the constraints Minnesotans who access the system are experiencing.

Upgrading and replacing outdated legacy technology will not only improve the consumer experience, it will result in a meaningful reduction of MNsure's operating costs. Expenditures that benefit both public and private program enrollees are allocated between MNsure and DHS in accordance with the Public Assistance Cost Allocation Plan (PACAP). The PACAP describes how the agencies allocate these expenditures, using metrics such as program enrollment and contact center utilization. The reduction to MNsure's operations costs resulting from this IT project would result in annual savings to DHS through the PACAP formula.

Public Input:

This proposal addresses feedback from multiple stakeholders. Stakeholders cited easier access for consumers and navigators to view and update critical information related to eligibility and enrollment, more efficient processing of life event changes, and enhanced capabilities for serving Minnesotans with limited English proficiency as critical factors in removing barriers to access to health insurance coverage. All of these stakeholder priorities are directly addressed by the new functionality in the proposal described in further detail below.

Proposal:

The Governor recommends developing and launching new technology that would: support consumers in completing and submitting QHP applications; support certified navigators and brokers who assist consumers in submitting an application and enrolling in coverage; verify consumers' income and identities with the federal data hub; determine eligibility and calculate APTC and cost-sharing reductions (CSR, also known as cost-sharing subsidies); produce eligibility notices; and add case and caseworker management functions. The technology upgrades in this proposal would replace the current legacy eligibility technology used to support QHP consumers and programs.

This proposal preserves the existing "No Wrong Door" approach as envisioned by the Affordable Care Act and complies with Minnesota Statutes 2020, section 62V.03, subdivision 1 by integrating new and legacy technologies to facilitate continuous coverage for individuals transitioning between public health care programs and QHPs. Utilizing IT interoperability for a streamlined consumer application experience, Minnesotans can apply for health coverage without having to specify the program they are applying for or needing to navigate multiple agencies and systems. Applicants would be enrolled in the most beneficial program for which they are eligible, and caseworkers would have access to the data needed for assisting consumers through the application and renewal processes.

Upgrading and replacing legacy eligibility technology supports MNsure's efforts to improve the service levels provided to QHP members, establish more sustainable operations, and update the platform with modular and scalable technology that is easily upgradable, has lower maintenance and operations costs, and has the flexibility to support future federal and state healthcare policy innovation.

Key Features of This Proposal:

- 60% of MNsure's IT costs are attributable to keeping METS' legacy technology operational. These costs increase each year, taking a larger share of MNsure's budget without delivering discernable improvements to QHP consumers or caseworkers. While METS governance is shared between MNsure, DHS, County and Tribal agencies, MNsure has very limited ability to prioritize fixes or enhancements that are important for QHP programs and consumers. This technology modernization proposal would give MNsure more control over its limited resources and the flexibility to be more responsive to market and

consumer needs. Improving MNsure's ability to remain sustainable would preserve the programmatic activities that help MNsure fulfill its mission.

- MNsure spends more than \$4 million annually in contact center and operations costs to compensate for gaps in IT functionality and the resulting inefficiencies. Operational work, such as life events, are a pain point for consumers and assisters as they report the change to the contact center, wait for the changes to be manually processed, and wait again for their eligibility determination to become effective. Data from FY21 confirms that modernizing technology used by caseworkers would reduce MNsure's dependence on manual operations work, resulting in a workload reduction of almost 34,000 staff hours.
- This proposal would introduce self-service capabilities allowing consumers to access and update their account information, remove information when it becomes outdated, and answer common questions without the assistance of a customer service agent. An analysis of FY21 data suggests self-service capabilities would have reduced the most common calls to the contact center by 55%, from about 285,000 calls per year to about 128,000. Tickets for manual work associated with life event changes would decline 66%, from about 73,000 manually-processed tickets to 25,000. Combined, these two categories represent a potential reduction in customer-facing interactions of more than 33,000 consumer and staff hours.
- Assisters will benefit from a dedicated portal that allows them to enter, review and update information on behalf of the Minnesotans seeking the security of health insurance coverage. With modernized technology, they will be able to report life event changes directly to the system, significantly reducing delays in eligibility determination and ensuring individuals and families are receiving the benefits for which they are eligible. Brokers would have improved ability to track their client list and ensure accurate Agent of Record processing.
- The design and architecture of the legacy platform make it prohibitively expensive to implement changes or enhancements. The proposal will introduce technology that can be expanded and built upon to meet business needs, implement federal or state regulatory changes and support health care policy innovation.

Integration between replacement and legacy systems, or any other future system designed for public program applicants, would ensure the best experience for Minnesotans applying for and enrolling in a QHP while allowing DHS and county caseworkers to continue enrolling new members in public programs and managing existing cases without disruption.

- Legacy technology within METS or another future eligibility system would continue operations in support of public programs: completing and submitting health insurance applications, verifying income and identity with the federal data hub, determining eligibility for public programs, and managing the cases of those who are enrolled in public programs.
- Interface functionality that currently exists to share information between METS' legacy enrollment and eligibility platform and MNsure's enrollment system would be expanded to support bi-directional transfers of application information, eligibility determinations, case updates, and other data. This would ensure continued integration and transition of individuals' information between enrollment systems to facilitate continuous coverage for those individuals in public health care programs and QHPs.

Fiscal Detail

MNIT costs to decommission QHP programs from the legacy METS system account for the majority of expected expenses. MNIT has outlined a two-year project that would remove the QHP application process, QHP eligibility determination, notices and QHP caseworker case and consumer management functions. MNIT has also projected annual maintenance and operations (M&O) costs for ongoing system support. With funding, the work could begin in July 2023 and complete in June 2025, prior to the open enrollment period for plan year 2026.

MNsure would license replacement eligibility, caseworker, assister and other technology from an outside vendor. Replacement costs have been estimated using estimates MNsure has received and have been compared with information from other state exchanges who have completed comparable IT modernization projects. Design,

development, and integration (DDI) of replacement technology will take place in parallel with MNIT development work. Vendor work to deliver the replacement IT would complete in June 2025, prior to the open enrollment period for plan year 2026.

| Fiscal Detail | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|-----------------|-----------------|----------------|----------------|
| METS Costs, incl. Decommission and Year One M&O | \$8,815 | \$8,816 | \$521 | |
| New Eligibility License, DDI, and Year One M&O | \$1,890 | \$1,610 | \$3,000 | |
| Temporary Personnel | \$320 | \$300 | | |
| Total | \$11,025 | \$10,726 | \$3,521 | |

IT modernization would introduce operational efficiencies that produce material savings. Support for consumer self-service, a corresponding reduction in telephone calls and manually-processed life event changes and improved caseworker technology would eliminate the dependence on increased staffing levels to compensate for IT gaps and inefficiencies. We cannot estimate potential savings in FY26 during the transition period moving from the legacy technology to the new system, but we estimate permanent annual savings to the state of over \$4 million beginning July 2026. We also expect other management, operations, training, and system support savings will manifest as MNsure updates policies and practices once the system deploys. The proposal includes a temporary FTE increase to support project planning and deployment.

| MNsure FTE Detail | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--------------------------|----------------|----------------|----------------|----------------|
| 1 Temporary BA | \$200 | \$200 | | |
| 1 Temporary QA | \$100 | \$100 | | |
| Other | \$20 | | | |
| Total (\$000s) | \$320 | \$300 | | |
| FTE | 2 | 2 | | |

Decommissioning QHP programs from METS will reduce MNsure's responsibility for some METS costs. MNsure currently pays a percentage of METS operations charges, and while MNsure will continue funding some enterprise activities, IT modernization will result in an estimated \$1.5 million reduction in MNsure's funding of METS beginning in FY27.

The Department of Human Services estimates \$3.221 million in the first biennium and \$1.964 million in the second biennium for costs associated with MNsure's IT modernization proposal. These costs cover temporary staffing and other business resources to assist with system design and implementation, and funding to replace lost revenue to DHS related to ongoing METS sustainability.

| Department of Human Services Costs | | | | | | |
|--|--------------|----------------------------|--------------|--------------|--------------|--------------|
| Net Impact by Fund (dollars in thousands) | | | FY 24 | FY 25 | FY 26 | FY 27 |
| General Fund | | | 1,596 | 1,625 | 935 | 1,029 |
| HCAF | | | | | | |
| Federal TANF | | | | | | |
| Other Fund | | | | | | |
| Total All Funds | | | 1,596 | 1,625 | 935 | 1,029 |
| Fund | BACT# | Description | FY 24 | FY 25 | FY 26 | FY 27 |
| GF | 13 | HCA Admin - FTEs (4,4,4,2) | 566 | 661 | 661 | |
| GF | 13 | HCA Admin - Other | 368 | 354 | 158 | |
| GF | REV1 | FFP @ 32% | (299) | (325) | (262) | |

| | | | | | | |
|-------------|--------------|--------------------------------------|--------------|--------------|--------------|--------------|
| GF | 11 | State Share of Systems Costs (METS) | 961 | 936 | 379 | 229 |
| GF | 11 | METS operational funding replacement | | | | 800 |
| | | Requested FTE's | | | | |
| Fund | BACT# | Description | FY 24 | FY 25 | FY 26 | FY 27 |
| GF | 13 | HCA Admin - FTEs (4,4,4,0) | 4 | 4 | 4 | |

Impact on Children and Families:

Since October 2013, when QHP enrollments were first opened to Minnesotans through the State's online marketplace, MNsure has processed almost 1.1 million QHP signups for health insurance coverage and administered over \$1.6 billion in federal APTC. For the current 2022 plan year, over 150,000 Minnesotans have signed up for coverage in a QHP, and MNsure is on track to make more than \$275 million in premium reductions available to qualifying Minnesotans. These savings lower the cost of monthly insurance payments and provide immediate assistance to those who qualify.

This proposal improves the consumer experience by making it possible for consumers to self-report and maintain their account and other information without having to phone the contact center for assistance. Increasingly, self-service support is becoming the medium of choice for consumers, in part because it saves time and is more convenient. Self-service would deliver much more than just savings in time and cost. Introducing self-service would improve consumer satisfaction and strengthen the relationship between MNsure and consumers, increasing the likelihood of consumers retaining their health coverage.

Equity and Inclusion:

MNsure's mission is to ensure all Minnesotans have the security of health insurance. MNsure serves individuals and families in Minnesota who are:

- Uninsured or underinsured
- Buying health coverage on their own
- Seeking a better option
- Qualifying for Medical Assistance (MA)
- Applying for and receiving MinnesotaCare

Some Minnesotans face barriers while navigating the health care system. We know that individuals with limited English proficiency (LEP) too often encounter linguistic barriers when seeking health care and coverage, and the consequences can be dire for these individuals and their families. LEP is a key barrier to health care and is associated with poorer health status in non-white racial/ethnic groups who are more likely to be uninsured. Though the uninsured rate in Minnesota is 4%, that figure is significantly higher for communities of color. Minnesotans born outside the U.S. have an uninsured rate of 20% and, in the Twin Cities metro area, people of color account for nearly 70% of the underinsured/uninsured population.

The IT upgrades proposed in this request will allow MNsure to publish the online health insurance application in multiple languages, in addition to English, thereby removing a significant accessibility barrier. With upgraded technology, Minnesotans will more easily find and enroll in comprehensive health coverage. Offering the application and enrollment experience in more languages will be a significant benefit to Minnesotans who speak another language with LEP, meaning more Minnesotans' will be able to obtain health coverage on the state's marketplace.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

This is an infrastructure investment that will decommission QHP program support from METS legacy technology, and extend interfaces to support bi-directional transfer of application, eligibility, case updates and other data between state systems and the replacement technology. MNIT estimated costs to decommission QHP from METS in November 2022. The cost of replacement technology is based on estimates MNsure has received and has been compared with other state exchanges who have completed comparable IT modernization projects.

| Category | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|----------------------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|
| Payroll | | | | | | |
| Professional/Technical Contracts | \$320 | \$300 | | | | |
| Infrastructure | | | | | | |
| Hardware | | | | | | |
| Software | \$1,890 | \$1,610 | \$3,000 | | | |
| Training | | | | | | |
| Enterprise Services | | | | | | |
| Staff costs (MNIT or agency) | \$8,815 | \$8,816 | \$521 | | | |
| Total | \$11,025 | \$10,726 | \$3,521 | | | |
| MNIT FTEs | | | | | | |
| Agency FTEs | 2 | 2 | | | | |

Results:

Modernizing the technology that supports the MNsure exchange will improve the consumer experience by providing self-service functionality and making the process for reporting life event changes and receiving eligibility updates easier and more efficient. Assistors will benefit from a dedicated portal that allows them to report life event and other changes on behalf of their clients. Making the online application available in multiple languages will improve accessibility for Minnesotans with LEP. And fewer calls to the contact center and upgraded caseworker tools will result in permanent annual savings to the state.

| Type of Measure | Name of Measure | Current | Projected |
|------------------------|-----------------------------------|----------------|------------------|
| Result | Annual CC/Ops Budget | \$ 12M | \$8M |
| Quantity | Reduction in CC/Broker line calls | 285,000 | >30% |
| Quantity | Reduction in manual LE processing | 73,000 tickets | >60% |

Statutory Change(s):

N/A

Change Item Title: Expanding Public Awareness of the Minnesota Insulin Safety Net Program

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------------|----------------|----------------|----------------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Health Care Access Fund | | | | |
| Expenditures | 800 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 800 | | 0 | 0 |
| FTEs | 0.3 | 0.3 | 0.3 | 0 |

Recommendation:

The Governor recommends investing \$800,000 from the health care access fund to increase public awareness for the Minnesota Insulin Safety Net Program. The funding would allow MNSure, the state agency charged with creating public awareness, to further its reach with television, radio, out of home and online public awareness announcements.

Rationale/Background:

The Minnesota Insulin Safety Net Program launched July 2020 and is run through a partnership between MNSure and the Minnesota Board of Pharmacy. The program was created to help Minnesotans who face difficulty affording their insulin. According to the Minnesota Department of Health (MDH) close to 400,000 Minnesotans¹ have been diagnosed with diabetes, and for many who use insulin to manage their diabetes, costs for their prescriptions can sometimes exceed hundreds of dollars per month or more. Since its launch in July 2020, the program has helped approximately 1,640 Minnesotans access over \$9 million² worth of insulin.

MNSure is responsible for creating public awareness for the program. To support this work, in 2020 the legislature appropriated \$250 thousand in one-time funding from the health care access fund to launch a public awareness campaign. This funding has been critical for raising awareness of Minnesota's new, nation-leading insulin affordability program. However, the initial appropriation was time-limited through 2024 and less than what a typical high-impact statewide marketing effort would require, meaning MNSure has had to be strategic and measured to stretch available dollars over time. Fortunately, these efforts were temporarily aided by significant earned media around the passage of the new law but that initial rise in media attention has since passed.

MNSure has been using the \$250 thousand appropriation to create an online public awareness campaign that leverages social media ads and paid online ads. While the campaign has generated some awareness among Minnesota's diabetic populations, the campaign relies heavily on leveraging existing social media networks and word of mouth.

Using information from the first two annual reports about the program issued by the Board of Pharmacy and given the prevalence of diabetes in Minnesota and the continued high cost of insulin, MNSure assumes there are many more Minnesotans who could benefit from the program but are not aware of its existence or how to apply.

¹ <https://www.health.state.mn.us/diseases/diabetes/data/diabetesfacts.html>

² https://www.lrl.mn.gov/mndocs/mandates_detail?orderid=16211

As the program will continue to operate beyond the sunset of MNSure's initial one-time appropriation, it is unlikely that the number of Minnesotans who learn about this life-saving program will increase without additional funding.

Additional funding would help MNSure increase the reach and scope of the public awareness campaign. The appropriation will be used to create television, radio and out-of-home ads which have a much wider reach than online and social ads and do not rely so heavily on those who already know about the program to amplify the message.

This request is informed by MNSure's ten years of experience with statewide marketing campaigns during the annual health insurance open enrollment period and various targeted campaigns throughout the year to connect people to health insurance through MNSure and access enrollment assistance from MNSure's network of assister-partners around the state.

Proposal:

The Governor recommends a one-time appropriation of \$800 thousand from the health care access fund for MNSure to continue operating a public awareness campaign for the Minnesota Insulin Safety Net Program, increasing the reach of the campaign to help more Minnesotans access affordable insulin products. The one-time appropriation will be available for use in FY24 through FY26.

The current public awareness campaign leverages social media ads and paid online ads but relies heavily on leveraging existing social media networks and word of mouth. This proposal would allow MNSure to continue the online campaign and increase awareness by introducing print, television, radio, and "out-of-home" ads (i.e., billboards, transit, or in other physical locations like pharmacies or gas stations) which are able to reach a broader base of Minnesotans.

MNSure will also provide technical assistance, administration, outreach and communication, and program oversight with this funding. Staff needed for implementation include: two State Program Senior Directors (0.25 FTE) and one State Director (0.05 FTE).

Examples of potential impact

- Digital ads
 - The current monthly budget of \$2,500/month for digital ads averages a reach of 380,000 views and 2,600 clicks from ads into the MNinsulin.org website. By increasing the monthly budget by \$3 thousand, the program could increase views to over 700,000 and clicks into the website by 200 – 300 per month.
- Television ads
 - The current budget does not allow for television ads. A one-time \$200 thousand television ad buy could bring up to 50 million impressions (views of the ads).
- Radio ads
 - The current budget does not allow for radio ads. An \$80 thousand radio ad buy could bring up to 25 million impressions (times the ads are heard).

Impact on Children and Families:

The cost of insulin can be a burden for Minnesota families and many times insurance coverage and other existing consumer assistance programs are not enough to lower out-of-pocket costs to manageable levels, forcing families to make impossible financial decisions in order to access the prescriptions they or their children need to survive and thrive.

This proposal will allow MNsure to continue to raise awareness and expand the reach of Minnesota’s affordable insulin program, allowing more Minnesota families to put resources toward other household necessities and providing peace-of-mind that affordable insulin is available when it is needed most.

Equity and Inclusion:

The Minnesota Department of Health reports³ that some racial and ethnic groups experience higher rates of type 2 diabetes, including Black, Latino, Indigenous, and Asian/Pacific Islander communities.

This proposal will target public awareness activities in high-risk communities across Minnesota using zip-code level data available from the United States Census Bureau and State Health Access Data Assistance Center (SHADAC).

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
- ☒ No

IT Costs

N/A

Results:

The Minnesota Insulin Safety Net Program’s public awareness program currently measures performance through tracking social media, website, and other digital ad analytics. The public awareness campaign efforts created through this proposal would be tracked in similar ways, but with the addition of measuring the estimated times a television, out-of-home, or radio ad was seen or heard. MNsure will continue to track website traffic. MNsure will also track program utilization through the Minnesota Board of Pharmacy’s annual report for the program.

Without additional funding for public awareness, MNsure will not have the ability to reach Minnesotans who do not already know about the program and fewer Minnesotans will access the program over time.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current Value</i> | <i>Date</i> | <i>Projected Value (without)</i> | <i>Projected Value (with)</i> | <i>Date</i> |
|------------------------|---|---|-------------|----------------------------------|---|-------------|
| Quantity | Website traffic | 36,800 visits | FY22 | 5,000 | 50,000 | FY24 |
| Quantity | Number of ad views/impressions (social, digital, other) | 7,830,000 views/impressions digital and social only | FY22 | 0 | 60 million views/impressions (including TV and radio ads) | FY24 |

Statutory Change(s):

N/A

³ <https://www.health.state.mn.us/diseases/diabetes/docs/diabetesfacts.pdf>

Change Item Title: Easy Enrollment

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|----------------|----------------|----------------|----------------|
| General Fund | | | | |
| Expenditures – MNSure | 70 | 70 | 70 | 70 |
| Expenditures – Dept. of Revenue | 40 | 4 | 4 | 4 |
| Expenditures – Human Services | 343 | 394 | 394 | 394 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 453 | 468 | 468 | 468 |
| FTEs | 2.2 | 2.2 | 2.2 | 2.2 |

Recommendation:

The Governor recommends establishing an “Easy Enrollment” program to reduce the number of uninsured Minnesotans and increase access to affordable health insurance coverage. Uninsured individuals and families will have the option to check a box on their annual income taxes filed with the Minnesota Department of Revenue (the Department) and be connected to the state’s health insurance exchange (MNSure) for access to no- or low-cost health insurance. This proposal requires an investment in the FY2024-2025 biennium of \$876 thousand from the general fund and \$936 thousand from the general fund in the FY2026-2027 biennium. Costs for the Department of Revenue and the Department of Human Services are included in this proposal.

Rationale/Background:

Minnesota has long been a leader in health care policies and programs that expand access to health insurance coverage and Minnesota consistently ranks among the top states for low rates of uninsurance. According to the Minnesota Department of Health (MDH), the uninsurance rate in Minnesota in 2021 was four percent, the lowest rate the survey has recorded¹. However, four percent means about 230,000 Minnesotans continue to lack the security and peace-of-mind of affordable health insurance coverage, and uninsurance rates remain stubbornly high for communities of color and indigenous communities. This is unacceptable.

According to the last two consecutive Health Access Surveys from the MDH, as many as 75% or more of uninsured Minnesotans may be eligible, based on their income, for programs that would make their health insurance more affordable. This includes Medical Assistance, MinnesotaCare, or federal premium tax credits and cost-sharing reductions available on private insurance plans sold through MNSure.

Determining exactly why some Minnesotans remain uninsured has historically been a complex question. That many uninsured Minnesotans are likely eligible for affordable coverage that already exists suggests awareness of options and simply not knowing where to start could be key barriers.

While MNSure manages ongoing strategic statewide awareness campaigns designed to reach Minnesotans in need of affordable health insurance, and our statewide network of certified navigators and brokers undertake

¹ [Chartbook Section 6: Uninsurance and the Safety Net \(state.mn.us\)](#)

their own outreach efforts in their communities, these outreach methods are oftentimes more generalized public awareness communications to reach a broad audience of people. A more targeted approach would amplify these efforts and allow MNSure to directly reach people who have self-identified as in need of information about health insurance options.

An Easy Enrollment program is a simple and cost-effective way for the state to increase health insurance rates. The program is designed to help those who are uninsured easily and voluntarily request help accessing affordable health insurance coverage. The program leverages an existing touch point between the person and the state enterprise: the annual income tax filing process. The tax filer authorizes the Department of Revenue to share relevant information from their income tax forms with MNSure in order to assess their projected eligibility for financial assistance and coverage options. MNSure would conduct targeted outreach to each participating household that includes their potential eligibility and information on how to enroll.

A voluntary, opt-in Easy Enrollment program would meet uninsured Minnesotans where they are at, by making it simple and easy to request information about their potential eligibility for financial assistance to lower the cost of their health insurance, giving them concrete details about their coverage options and specific information about how to apply and enroll. The program also reduces the level of effort and resources it would otherwise take to identify and reach them.

Proposal:

The proposal establishes an Easy Enrollment program at MNSure and the Minnesota Department of Revenue. Any Minnesotan who files state income taxes would see a simple box to check on their income tax form indicating they or a member of their tax household are currently without health insurance and they authorize the Department to share their information with MNSure to determine their potential eligibility for insurance coverage and for MNSure to contact them with the results.

The Department would share the appropriate information – like adjusted gross income, tax household size, and taxpayer address-with MNSure in a secure format and MNSure would complete a preliminary eligibility determination for the household. MNSure would then send a letter to the household indicating what they might be eligible for and providing information on application and enrollment assistance, including connecting with a navigator or broker near them for free enrollment assistance.

After completing the application, households that qualify for private coverage through MNSure would qualify for a special enrollment period that permits the household to enroll if outside the open enrollment period. Minnesotans who qualify for public program coverage are already able to enroll at any time during the year once they are determined eligible.

Analyzing Easy Enroll program data available from Maryland, which has a similar state population and total number of estimated uninsured, MNSure assumes Minnesota's experience will be similar to Maryland.[1] MNSure estimates 60,000 households will check the box on their tax forms and approximately 5,000 people could ultimately gain coverage each year. MNSure could see an estimated 1,500 new enrollments each year and the Minnesota Department of Human Services could see an increase of over 3,500 enrollments in Medical Assistance and MinnesotaCare each year.

The program would be fully implemented by the beginning of calendar year 2025 for tax year 2024 filings.

MNSure estimates \$ 25 thousand in staffing costs each year for receiving data and processing preliminary eligibility determinations and increased calls to MNSure's contact center about the program; as well as \$45 thousand for sending notices to participating households each year.

The Department of Revenue estimates \$40 thousand in the first year for IT costs for development of a secure database or virtual room and costs for form and instruction changes, including \$4,000 ongoing for maintenance and updates.

The Department of Human Services (DHS) estimates \$505 thousand in the first fiscal year for two health care access staff, and a federal reimbursement of \$162 thousand. In each subsequent fiscal year, DHS estimates \$579 thousand for two health care access staff, and a federal reimbursement of \$185 thousand.

Impact on Children and Families:

This proposal will increase access to affordable health insurance coverage to more children and families, increasing their ability to seek medical care when it is needed and reducing the risk of medical debt that comes from being uninsured.

Equity and Inclusion:

Minnesotans of color have disproportionately higher rates of uninsurance. This proposal is designed to provide direct outreach to the uninsured population to connect them with affordable coverage options, which will reduce the number of Minnesotans who are uninsured, including Minnesotans of color and Indigenous Minnesotans.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

| <i>Category</i> | <i>FY 2024</i> | <i>FY 2025</i> | <i>FY 2026</i> | <i>FY 2027</i> | <i>FY 2028</i> | <i>FY 2029</i> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Payroll | | | | | | |
| Professional/Technical Contracts | 40 | 4 | 4 | 4 | 4 | 4 |
| Infrastructure | | | | | | |
| Hardware | | | | | | |
| Software | | | | | | |
| Training | | | | | | |
| Enterprise Services | | | | | | |
| Staff costs (MNIT or agency) | | | | | | |
| Total | | | | | | |
| MNIT FTEs | | | | | | |
| Agency FTEs | | | | | | |

Results:

The Department will be able to track the success of the program through the number of tax filers who check the box. MNsure will be able to assess the desired impact of the program by tracking the exact number of households that use the special enrollment period to enroll into coverage and the uninsured rate after the program goes into effect.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current Value</i> | <i>Date</i> | <i>Projected Value (with)</i> | <i>Date</i> |
|------------------------|---------------------------------|----------------------|-------------|-------------------------------|-------------|
| Quantity | Boxes checked | - | - | 60,000 | 2025 |
| Quantity | New enrollments (QHP, MA, MCRE) | - | - | 5,000 | 2025 |
| Results | Uninsured Rate | 4.0% | 2021 | 3.8% | 2026 |

Statutory Change(s):

MNsure anticipates a possible change to MN Stat. Ch. 62V for a special enrollment period.

Revenue anticipates a potential change to the tax disclosure statute (Minn. Stat. Ch. 270B) to allow sharing of taxpayer data for the purpose of determining eligibility for subsidized health insurance.

FY 2024-25 Biennial Budget Change Item

Change Item Title: Increasing Access to Health Insurance for Minnesotans

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures-DHS | 9,255 | 8,167 | 3,417 | 7,960 |
| Expenditures-MNSure | | 4,200 | | 3,460 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 9,255 | 12,367 | 3,417 | 11,420 |
| FTEs | 0 | 0 | 0 | 30.5 |

Recommendation:

The Governor recommends allowing additional Minnesotans to buy comprehensive health insurance coverage via the MinnesotaCare program. This proposal requires an investment of \$21,622,000 in FY2024-2025 and \$14,837,000 in FY2026-2027.

Rationale/Background:

Since the passage of the Affordable Care Act (ACA), Minnesota has been a leader in health insurance coverage and health innovation. However, many Minnesotans still do not have access to affordable health care, regardless of how and if they have health care coverage.

Minnesota's uninsurance rate of 5.3 percent in 2020 remains below the national average of 8.6 percent; however, the state no longer ranks in the top 10 states with the lowest uninsurance rates.¹ An estimated 294,000 Minnesotans remain uninsured, and, of those 294,000, about half are likely eligible for Minnesota Health Care Programs (MHCP), Medical Assistance or MinnesotaCare, as they exist today. Another 36.5 percent are likely eligible for advanced premium tax credits (APTCs) through MNSure. Additionally, even for insured Minnesotans, high out-of-pocket costs may prevent them from seeking necessary medical care. Minnesota has the highest rate of out-of-pocket (OOP) spending in the country (\$3,750 annually), which is roughly twice the national average (\$1,768 annually).

Research indicates that three groups of Minnesotans continue to need help accessing and affording health insurance:

- People who are uninsured;
- People in qualified health plans (QHPs) with unaffordable coverage (i.e., those with high deductible health plans); and
- People in employer-sponsored insurance (ESI) with unaffordable out-of-pocket costs.

Proposal:

This proposal expands coverage options by making MinnesotaCare available to people with incomes over 200% FPL, including undocumented noncitizens, as well as those with access to employer-sponsored coverage or other coverage that is deemed "affordable" according to federal guidelines. People who enroll via the buy-in must still meet all other MinnesotaCare eligibility requirements. Enrollment will be limited to MNSure's annual open

enrollment period or special enrollment periods. DHS will develop a premium scale for enrollees with incomes over 200% FPL.

This provision would be effective January 1, 2027, or upon federal approval, and would require 30.5 FTEs upon full implementation. Duties of these FTEs would include processing enrollments, providing business expertise in systems testing, responding to health care eligibility appeals, corresponding with the federal government, and providing data analytics related to external stakeholder requests.

This provision would also require \$400,000 in contract costs in FY25 and \$100,000 in contract costs in FY26 to complete analysis related to a 1332 state innovation waiver, analysis related to tax implications and increasing provider enrollment in MinnesotaCare, and designing an alternative delivery system.

Lastly, this provision would require systems changes as outlined in the IT Related Proposals section below.

Impact on Children and Families:

Under this proposal, children and families will have better access to health insurance coverage. A recent report by SHADAC found that, nationally, 5% of children age 17 and under lacked health insurance between 2016-2020.¹ While the analysis showed that Minnesota's uninsurance rate for children was significantly below the national average at 3.3%, there is still room to improve access to health insurance for children and their families in Minnesota.

Equity and Inclusion:

According to a SHADAC analysis of 2018-2019 American Community Survey data, populations of color are overrepresented in the number of uninsured Minnesotans. Black Minnesotans represent 6.5% of the total population, but 11.3% of the uninsured. Similarly, Hispanic/Latino Minnesotans represent 5.5% of the total population, but 18.9% of the uninsured.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

This proposal does not directly impact counties.

IT Costs

Provisions in this portion of the proposal are estimated to impact the following systems:

- METS at an upfront cost of \$9,309,299;
- MMIS at an upfront cost of \$6,224,309, and;
- FileNet at an upfront cost of \$1,047,521.
- Because of the magnitude of costs, this project will also require an Independent Risk Assessment at a cost of \$440,000.

The METS, MMIS, and FileNet projects are all expected to take 24 months; upfront costs are split evenly across the first two fiscal years. For these three projects, ongoing costs are estimated at 20% of the upfront cost per

¹ State Health Access Data Assistance Center (SHADAC). 2022. *Room to Grow: Inequities in Children's Health Insurance Coverage*. https://www.shadac.org/sites/default/files/publications/Room%20to%20grow_KHIC_Brief_22.pdf.

fiscal year. No federal match is reflected for this work as it is assumed to be ineligible for federal systems funding.

Results:

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current Value</i> | <i>Date</i> | <i>Projected Value (without)</i> | <i>Projected Value (with)</i> | <i>Date</i> |
|------------------------|---|----------------------|------------------------------|----------------------------------|-------------------------------|-------------|
| Quantity | Number of uninsured Minnesotans | | | | | |
| Quality | Number of Minnesotans who enroll in the buy-in option | N/A | Sept. 2022 | 0 | TBD | |
| Results | Minnesota uninsurance rate | 4.0% | 2021 MN Health Access Survey | TBD | TBD | Annual |

| Evidence-based Practice | Source of Evidence |
|--------------------------------|---|
| Health insurance access | Expanding access to public health insurance. (Source: Finkelstein (2012), https://academic.oup.com/qje/article-abstract/127/3/1057/1923446) |

Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 24 | FY 25 | FY 24-25 | FY 26 | FY 27 | FY 26-27 |
|---|-------|-------------------------------|-------|--------|----------|-------|--------|----------|
| General Fund | | | 9,255 | 12,367 | 21,622 | 3,417 | 11,420 | 14,837 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| Total All Funds | | | 9,255 | 12,367 | 21,622 | 3,417 | 11,420 | 14,837 |
| Fund | BACT# | Description | FY 24 | FY 25 | FY 24-25 | FY 26 | FY 27 | FY 26-27 |
| GF | 13 | HCA Admin (Contract) | | 400 | 400 | 100 | | 100 |
| GF | 13 | HCA Admin -FTEs (0,0,0,30.5) | 0 | 0 | 0 | 0 | 4,643 | 4,643 |
| GF | 11 | Systems modifications (METS) | 4,655 | 4,655 | 9,310 | 1,862 | 1,862 | 3,724 |
| GF | 11 | Systems modifications (MMIS) | 3,112 | 3,112 | 6,224 | 1,245 | 1,245 | 2,490 |
| GF | 11 | Systems modifications (Other) | 1,488 | 0 | 1,488 | 210 | 210 | 420 |
| GF | | MNsured estimated costs | | 4,200 | 4,200 | | 3,460 | 3,460 |

| | | Requested FTE's | | | | | | |
|------|-------|-----------------|-------|-------|----------|-------|-------|----------|
| Fund | BACT# | Description | FY 24 | FY 25 | FY 24-25 | FY 26 | FY 27 | FY 26-27 |
| GF | 13 | HCA Admin | 0 | 0 | | 0 | 30.5 | |

Statutory Change(s):

Minnesota Statutes, section 256L.04, subdivisions 1c, 7a, 10; adds a new subd. 15

Minnesota Statutes, section 256L.07, subdivisions 1, 2

Minnesota Statutes, section 256L.15, subdivision 2

MNsure

Federal Funds Summary

(Dollars in Thousands)

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | FY 2022 Actual | FY 2023 Revised | FY 2024 Revised | FY 2025 Revised | Required State Match or MOE? | FTEs |
|--|---|-----------------|-----------------|-----------------|-----------------|------------------------------|----------|
| US Department of the Treasury CFDA 21.027 | ARP State Fiscal Recovery: MNsure ARPA Affordable Care Act Expansion Implementation | \$ 1,374 | \$ 595 | \$ - | \$ - | No | - |
| US Department of the Treasury CFDA 93.525 | American Health Benefit Exchange State Planning and Establishment Grants | \$ 560 | \$ 347 | \$ 200 | | No | |
| | ARP-State Fiscal Recovery [3015 Fund] and American Health Benefit Exchange State Planning and Establishments Grants (Fund 4120) Agency Total | \$ 1,934 | \$ 942 | \$ 200 | \$ - | | - |

Narrative

Congress passed pandemic response legislation in March of 2021 called the American Rescue Plan Act (ARPA). The legislation included several historic changes to the ACA that increased the level of financial help available under the law, improving access and making coverage more affordable. The new law modified the expected household contribution for households between 100 percent and 400 percent of the federal poverty level (FPL), and eliminated the subsidy cliff for households above 400 percent FPL through the 2022 plan year. It also created a new tax credit eligibility category for households that received unemployment insurance benefits during the 2021 plan year, making extremely low-cost plans available to those enrollees.

The result was an increase in the amount of tax credits available to households already receiving premium tax credits and an expansion of the tax credits available to households whose income was previously too high to qualify for financial help. For the first time ever, all eligible Minnesotans are able to find a health insurance plan on MNsure with premiums that cost no more than 8.5 percent of their household income.