



MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION
Administrator for the Minnesota Premium Security Plan

2022 ANNUAL SUMMARY OF OPERATIONS

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 administrating the MPSP as of January 1, 2018, and has continued throughout 2022.

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. In July 2022, the State of Minnesota received permission to continue the operations of the MPSP through 2027 from CMS. During the 2022 Minnesota's legislative session, legislation was adopted to extend the reinsurance program through 2025 and allocated funding to support the program through this same period.

BOARD OF DIRECTORS

The Board structure includes thirteen members, with the public members consisting of the majority of the Board. The five public members are appointed by the Commissioner of Commerce and two public members are appointed by the Commissioner of Human Services. Six additional board members are elected by the members of MCHA and represent the health insurance industry.

During 2022, the board members were:

- Teresa Knoedler, Public Member
- Kerry Koestler, Public Member
- Rahul Koranne, Public Member
- Daniel Miesle, Public Member
- Sheryl Radle, Public Member
- Sara Rohde, Public Member
- Garin Strobl, Public Member
- Steve Custis, Industry Member, Medica
- Scott Keefer, Industry Member, BCBS
- Alexis Meyer, Industry Member, United Healthcare/PreferredOne
- Beth Monsrud, Industry Member, UCare
- Brian O'Shields, Industry Member, HealthPartners
- Joel Ulland, Industry Member, UCare

The Board is required to meet at least annually. During calendar year 2022, the Board held two meetings. The annual meeting of the Board and the All-Member meeting were held on June 23, 2022, and a second board meeting was held on December 16, 2022.

BOARD COMMITTEES

Committees of the Board include:

- The 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
 - Beth Monsrud, Treasurer, Plan Director

The Executive Committee met in February, June, and September of 2022

- The 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
 - Jamie Carsello, Plan Director
 - Andie Christopherson, Plan Representative
 - Teresa Knoedler, Public Director
 - Sara Rohde, Public Director
 - Garin Strobl, Public Director
 - Sara Stewart, Plan Representative
 - Donavan Wackman, Plan Representative

The Actuarial Committee met in February, June, September, and December of 2022

- The 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:
 - Beth Monsrud, 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 February, June, October of 2022

- The 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
 - Pahoua Hoffman, Plan Representative
 - Scott Keefer, Plan Director
 - Kerry Koestler, Public Director
 - Jay McLaren, Plan Representative

The Nominations Committee met in May 2022

MCHA BOARD AND LEADERSHIP ACTIVITIES IN 2022

During 2022, 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 2022, Board and committee meetings were held both remotely and in-person when possible. 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:

- Responding to MMB and the Commerce Department's request to provide an estimate of the benefit year 2022 reinsurance payments. The deadline for completion of the work was February 14, 2021, which was met. In addition, quarterly reports were prepared, reviewed, and recommended for approval by the Actuarial Committee and approved by the Board of Directors or the Executive Committee.
- Monitoring the timelines and outcomes of the contracted actuarial firm's (Wakely) quarterly and year end reporting to ensure that statutory requirements were met and that all stakeholders were aware of the reinsurance payment estimates throughout the year.
- Monitoring the outcome of the quarterly and annual financial reports on the administrative expenses for operating the program and ensuring that all vendors are paid accurately and timely. Reporting and financial services are provided by MCHA's contracted accounting firm (Wipfli LLP).
- The final MPSP 2021 benefit year report was prepared by our actuarial vendor, Wakely, and was provided to the State on June 30, 2022.
- Payment of the benefit year 2021 reinsurance amount of \$189,308,067 was distributed to the carriers on July 19th, 2022. This met the statutory deadline of August 15th.
- We have partnered with the Department of Commerce (DoC) and other State departments to create transparency for the MPSP and MCHA's administrative of it. 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 Board meetings and 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 2021 calendar year was completed in mid-2022 and was reviewed and accepted by the Finance Committee and the Board. It was provided to the State, as required, on June 30, 2022, 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 using the MCHA website continues to be of importance to the Board and leadership. Quarterly reinsurance and financial reports are posted on the website routinely. Annual financial audit reports are also posted. Notification of upcoming meeting dates are also noted for the information of the public.
- During the 2022 legislative session, the program was extended by legislation for three additional years (2023, 2024, and 2025). MCHA 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	2,925	\$136,124,512
2019	3,183	\$149,660,234
2020	3,279	\$160,210,351
2021	3,754	\$189,308,067
2022	3,919	\$146,898,229

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 administrative expenses were \$428,130. The federal 1332 grant funding of approximately \$142.8M was first used to cover expenses. Funds for the remaining reinsurance and administrative expenses were paid out of the Premium Security Plan Account held by the State of Minnesota. Eligible carriers received the reinsurance payments on July 19th, 2022, which met the requirement for payment by August 15th of the year following the benefit year.

Administrative expenditures to operate the MPSP have remained fairly consistent from year to year since the program's inception. The average amount spent for the years 2018 through 2022 has been approximately \$470,00 per year. The lions' share of these expenditures is for professional fees of contracted vendors for accounting, audit, and actuarial services.

FUTURE ACTIVITIES

The Board and leadership's focus during 2023 will be to consider activities necessary to continue to operate the MPSP effectively and efficiently for the betterment of residents of Minnesota.