



MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION
Administrator for the Minnesota Premium Security Plan

2023 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 operating the MPSP as of January 1, 2018, and has continued throughout 2023.

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 from CMS to continue the operations of the MPSP for an additional five years, through calendar year 2027. During the 2022 Minnesota legislative session, legislation was adopted to extend the funding for the reinsurance program through 2025. MCHA currently expects that 2025 will be the last year of operations of the MPSP, with final wind-down of activities occurring as of third quarter 2026.

BOARD OF DIRECTORS

The Board structure includes thirteen members, with the seven public members making up 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. The remaining six board members are elected by the members of MCHA and represent the health insurance industry.

During 2023, 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
- Jennifer Furan, 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 2023, the Board held two meetings. The annual meeting of the Board and the All-Member meeting were held on June 23, 2023, and a second board meeting was held on December 15, 2023.

BOARD COMMITTEES

Committees of the Board include:

- The Executive Committee meets in between meetings of the full Board and has the authority to function as directed by the Board. The Committee includes:
 - Steve Custis, 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 and September of 2023

- 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:
 - Brian O’Shields, Chair, Plan Director
 - Jamie Carsello, Plan Director
 - Sara Hreha, Plan Representative
 - Chris Juhlke, Plan Representative
 - Teresa Knoedler, Public Director
 - Sara Rohde, Public Director
 - Garin Strobl, Public Director
 - Donavan Wackman, Plan Representative

The Actuarial Committee met in February, June, September, and December of 2023

- 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
 - Alexis Meyer, Plan Director
 - Daniel Miesle, Public Director
 - Mary Quist, Plan Representative
 - Sara Rohde, Public Director
 - Joe Schindler, Public Director

The Finance Committee met in February, June, September, and December of 2023

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

The Nominations Committee met in May 2023

MCHA BOARD AND LEADERSHIP ACTIVITIES IN 2023

During 2023, 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. During 2023, 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 timely estimates of the benefit year 2023 reinsurance payments. The deadline for completion of the work related to benefit year 2022 was February 14, 2023, 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 were paid accurately and timely. Reporting and financial services were provided by MCHA's contracted accounting firm (Wiplfi LLP).
- Meeting the required deadline of June 30 to provide the final MPSP 2022 benefit year report to the State on June 29, 2023.
- Meeting the required deadline of distributing the benefit year 2022 reinsurance amount of \$146,898,229 to eligible carriers on July 17th, 2023. 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 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 2023 calendar year was completed in mid-2023 and will be reviewed and accepted by the Finance

Committee and the Board at their next meeting in July 2024. It will then be provided to the State, as required, 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, use of the MCHA 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 table below represents the final year-end numbers for the program:

	Reinsurance Expense	Administrative Expense	Total Program Expense
2018	\$136,124,512	\$426,626	\$136,551,138
2019	\$149,660,234	\$510,382	\$150,170,616
2020	\$160,210,351	\$419,455	\$160,629,806
2021	\$189,308,067	\$428,130	\$189,736,197
2022	\$146,898,299	\$556,179	\$147,454,407

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 2022 benefit year was \$146,898,299 and the operational expenses for 2022 were \$556,179. The federal 1332 grant funding of approximately \$119.1M was first used to cover the reinsurance expenses. As there are no prior high-risk pool funds remaining, 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 17th, 2023.

FUTURE (2024) ACTIVITIES

The Board and leadership's focus during 2024 will be to consider activities necessary to continue to operate the MPSP effectively and efficiently for the betterment of residents of Minnesota. In late 2024, the Board and staff will begin to consider the activities that will be required to complete the final year of operations in 2025 and winding down of the program in 2026.