



MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION
Administrator for the Minnesota Premium Security Plan

2024 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.

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 approval from CMS to continue the operations of the MPSP for five additional years, through calendar year 2027. During the 2022 Minnesota legislative session legislation was adopted to extend the funding necessary to continue the reinsurance program through 2025.

MCHA expected that 2025 would be the last year of operations of the MPSP, with final wind-down of activities occurring in 2026. In addition, planning for the dissolution of MCHA as a legal entity was anticipated. However, in mid-year 2025, the legislature in a special session extended the financing of the program through calendar year 2027.

BOARD OF DIRECTORS

The Board structure includes thirteen members, with the seven public members consisting of the majority of the Board. The Commissioner of Commerce appoints five public members, 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 2024, 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
- Sara Stewart, Industry Member, HealthPartners
- Joel Ulland, Industry Member, UCare

The Board is required to meet at least annually. For 2024, the Board's annual meeting and the All-Member meeting was held on July 15th.

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, March, August, October, and December of 2024

- 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:
 - Sara Stewart, 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
 - Donovan Wackman, Plan Representative

The Actuarial Committee met in February, September, and December of 2024

- 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
- Amanda Kennedy, Plan Representative
- Alexis Meyer, Plan Director
- Daniel Miesle, Public Director
- Sara Rohde, Public Director
- Joe Schindler, Public Director

The Finance Committee met in February, June, September, and December of 2024

- 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 did not meet in 2024.

MCHA BOARD AND LEADERSHIP ACTIVITIES IN 2024

During 2024, the Board and MCHA leadership worked to ensure that processes were in place to assure that the MPSP met the statutory requirements for operating the Minnesota Premium Security Plan and MCHA itself in an accurate and timely way. During 2024, Board and committee meetings were held both remotely and in-person when possible. The organization 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 initial estimates of the benefit year 2023 reinsurance payments. The deadline for completion of the forecast for 2023 was February 14, 2024, which was met. In addition, 2024 quarterly reports were prepared, reviewed, and recommended for approval by the Actuarial Committee and approved by the Board of Directors or the Executive Committee. These reports were distributed to a variety of legislators and State department leaders, as well as being posted on MCHA's website.
- 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 (Wipfli LLP).
- While the deadline for providing the final MPSP 2023 benefit year report to the State is June 30 of the year after the benefit year, in 2024 MCHA received permission from the Department of Commerce for a delay in that deadline for 2023 reporting. This was due to CMS's changed deadline for plans to submit claims to the EDGE server because of the cybersecurity incident related to Change Healthcare that impacted the usual timeline for processing claims. MCHA did meet the new deadline of July 19th.
- Even with the delay in determining the final reinsurance 2023 amount, MCHA was able to meet the required deadlines for communicating the reinsurance amount of \$206,969,230 to eligible carriers on August 7th, 2024. This met the statutory deadline of August 15th.
- MCHA staff and leadership work hard to partner with the Department of Commerce (DoC) and other State departments to create transparency around the MPSP and MCHA operations. 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, reviewed, and accepted by the Finance Committee and the Board in July 2024. It was then 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.

MCHA'S FUNDING/FINANCIALS

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. As the funds related to MCHA's prior role have been exhausted, the MPSP is currently funded by a blend of federal and state funds.

As reflected below, the MPSP reinsurance amount for the 2023 benefit year was \$206,969,230 and the operational expenses for 2023 were \$440,574; a Federal 1332 grant funding of \$119,486,495 was first used to cover the reinsurance expenses and funding for the

remaining reinsurance and administrative expenses were paid out of the Premium Security Plan Account held by the State of Minnesota. Administrative expenses for the program have remained steady over time and continue to account for less than 1% of the overall program expenses.

For 2024, based on audited financial reports, the programs' reinsurance expenses were \$261,605,013 and operational expenses were \$454,415 for a total of \$262,059,428. The growth in the program's expense was largely driven by the State's redetermination of individual's Medicaid eligibility which resulted in a significant growth in those enrolled in individual market health plans.

	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	\$146,898,229	\$556,179	\$147,454,407
2023	\$206,969,230	\$440,574	\$207,409,804
2024	\$261,605,013	\$454,415	\$262,059,428

FUTURE (2025) ACTIVITIES

The Board and leadership's focus during 2025 will be to consider activities necessary to continue to operate the MPSP effectively and efficiently for the betterment of residents of Minnesota. As the Minnesota Legislature had chosen to re-shape the approach to funding of the program as of benefit year 2027, MCHA's staff and leadership will be focusing on how to implement the new model and preparing for the need for additional actuarial and finance expertise needed to assure accurate and timely development of the assessment amounts and accounting for their collection and distribution.