

Minnesota Premium Security Plan & Section 1332 State Innovation Waiver

What is the Minnesota Premium Security Plan?

Minnesota has enacted a new law that creates the Minnesota Premium Security Plan, a state-based reinsurance program to stabilize premiums in Minnesota's individual health insurance market in 2018 and beyond.

The new law authorizes \$271 million per year for the reinsurance program in 2018 and 2019. These funds would be used to partially reimburse insurers for especially high-cost claims. Specifically, reinsurance would cover 80 percent of an individual's annual claims costs between \$50,000 and \$250,000. As a result of this financial protection against high-cost claims, insurers would be able to reduce premiums for all consumers in Minnesota's individual health insurance market.

How will the Minnesota Premium Security Plan affect me?

If you buy your own health insurance, the Minnesota Premium Security Plan will lower the premiums you pay. The Commerce Department projects that insurers will be able to reduce premiums in 2018 by an average of 20 percent from what they would be without reinsurance.

Aside from this impact on premiums, reinsurance will not affect the consumer health care experience – and its actual operation will be invisible to consumers, with no paperwork required.

The Minnesota Premium Security Plan will have no impact on you if you receive health insurance coverage through an employer or a public program such as Medicare, Medicaid or MinnesotaCare.

What is a Section 1332 State Innovation Waiver?

Section 1332 of the Affordable Care Act permits a state to apply for a State Innovation Waiver to pursue innovative strategies to provide access to more affordable health insurance while retaining the basic protections of the Affordable Care Act.

The new state law calls for the Minnesota Commerce Department to submit a waiver application to the federal government for the Minnesota Premium Security Plan. If approved, the waiver would allow Minnesota to obtain federal funding for the new reinsurance program, without affecting the federal funding that helps support the MinnesotaCare public health insurance program.

The waiver application is designed to maintain access to comprehensive health insurance for Minnesotans through more affordable premiums. It does not seek to waive any of the consumer protections in the Affordable Care Act, such as coverage for essential health benefits or pre-existing conditions.

How would the waiver affect federal health insurance funding for Minnesota?

Reinsurance would directly reduce the premium for the second-lowest cost silver plan in Minnesota's individual health insurance market. In turn, this would reduce the federal premium tax credits that Minnesota consumers receive and it would lower federal funding for MinnesotaCare.

With the waiver, Minnesota seeks to retain federal funding equal to the amount of the forgone assistance for premium tax credits and MinnesotaCare that would have otherwise been spent on Minnesotans without reinsurance.

Where can I get more information and read the draft waiver application?

More information, including the draft waiver application and the public information meeting schedule, is available on the Minnesota Commerce Department website:

<https://mn.gov/commerce/industries/insurance/reinsurance/>

How can I comment on the draft waiver application?

Comments may be submitted in writing or presented orally at a public information meeting. Written comments (which will be available for public review) will be accepted until the close of business on May 26, 2017. Please submit comments via mail or email to:

Minnesota Department of Commerce
Attn: 1332 Waiver Draft Application
85 7th Place East, Suite 280
Saint Paul, MN 55101
WaiverComments@state.mn.us