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**Minnesota Department of Human Services  
Health Care Financing Task Force  
Financial Modeling**

Prepared for:  
**Minnesota Department of Human Services**

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## I. EXECUTIVE SUMMARY

### INTRODUCTION

The Department of Human Services (DHS) retained Milliman to model the financial impacts associated with potential changes to Minnesota insurance affordability programs defined and considered by the Health Care Financing Task Force (HCFTF). This report documents the development of the financial models and estimated financial impacts. The broad goal of the HCFTF is to develop strategies to increase access and improve the quality of health care for Minnesotans.

This report only models the estimated fiscal impact of the HCFTF-defined scenarios. Other documents and information are being made available to the HCFTF by organizations other than Milliman to assist in evaluating the scenarios. Many other potential issues, such as changes in administrative burdens, level of costs at risk to the state, stability of the MNsure risk pool, provider and health plan reimbursement, and service access levels, should be considered in addition to estimated financial impacts when the state evaluates the implementation of various program changes. Neither the authors of this report, nor Milliman as an organization, are making any recommendation about which HCFTF scenarios to implement, if any.

Following are brief descriptions of each scenario modeled.

- Scenario A – Expand the prevalence of risk-based provider contracting and monthly prospective care management payments in Prepaid Medical Assistance Program (PMAP), MinnesotaCare (MNCare) and On-Exchange individual market plans
- Scenario B – Add coverage On-Exchange for benefits, primarily adult vision and dental, that are already covered in MNCare
- Scenario C – Expand eligibility for MNCare from 200% FPL to 275% FPL, while keeping it a Public Program. Member premiums and cost sharing for individuals with incomes between 200 - 275% will be greater than the current MNCare levels.
- Scenario D – Expand eligibility for MNCare from 200% FPL to 275% FPL, while transitioning all of MNCare to a “wraparound” program supplementing coverage received On-Exchange. Individuals with incomes greater than 200% FPL have reduced premiums and cost sharing below the current On-Exchange levels.
- Scenario E – Enhanced cost sharing (Cost Sharing Reductions or “CSR”) and premium subsidies (Advance Premium Tax Credits or “APTC”) are provided On-Exchange up to 275% FPL and 400% FPL, respectively. Off-Exchange members are eligible for the same subsidy structure as On-Exchange, with the exception that cost sharing subsidies are only provided up to 250% FPL.
- Scenario F – Fix the “family glitch,” which would allow certain individuals with access to employee-sponsored coverage to obtain On-Exchange subsidies. Individuals with access to “affordable,” employee-only coverage, but “unaffordable” family coverage, would become eligible for subsidies.

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**RESULTS**

Table 1a outlines the estimated combined state and federal financial impacts associated with each proposed HCFTF program change relative to current MNCare and On-Exchange member subsidy and eligibility levels, benefit coverage and provider payment mechanisms. Impacts associated with each program change are estimated as the difference in costs to the state and federal governments with and without the impact of aligning benefits between programs (i.e., providing additional benefits covered by MNCare to the On-Exchange population up to 400% FPL). Table 1b estimates the associated member financial impacts. Additional details supporting the development of these values and estimated enrollee financial impacts are provided in the remainder of the report.

**Table 1a**  
**HCFTC Proposed Program Changes**  
**Estimated State and Federal Financial Impacts (\$Millions – Calendar Year 2016 Level)**  
**With and Without On-Exchange Benefit Alignment**

Scenario	Program Change	Without On-Exchange Benefit Alignment	With Benefit Alignment up to 400% FPL <sup>1</sup>
A	Changes to Provider Payment Mechanisms	(\$48.1)	N/A
B	Benefit Alignment between all Programs	N/A	\$15.8
C	MNCare Public Option up to 275% FPL	(\$26.8)	(\$20.0)
D	MNCare Private Option up to 275% FPL	\$387.9	\$394.7
E	MNCare Public Option up to 200% FPL, Subsidies up to 400% off Marketplace	\$194.7	\$216.6
F	Fix “Family Glitch”	\$6.7	N/A

<sup>1</sup> Excludes impact of adding non-emergency transportation to MNCare; Impact for Scenarios C and D only reflects costs for the 275 - 400% population, since the 200 - 275% population impact is already reflected in the first column.

**Table 1b**  
**HCFTC Proposed Program Changes**  
**Estimated Member Financial Impacts (\$Millions – Calendar Year 2016 Level)**  
**With and Without On-Exchange Benefit Alignment**

Scenario	Program Change	Without On-Exchange Benefit Alignment	With Benefit Alignment up to 400% FPL <sup>1</sup>
A	Changes to Provider Payment Mechanisms	(\$1.2)	N/A
B	Benefit Alignment between all Programs <sup>1</sup>	N/A	(\$15.8)
C	MNCare Public Option up to 275% FPL	(\$73.1)	(\$78.7)
D	MNCare Private Option up to 275% FPL	(\$42.7)	(\$48.3)
E	MNCare Public Option up to 200% FPL, Subsidies up to 400% Off-Exchange	(\$191.5)	(\$209.9)
F	Fix “Family Glitch”	(\$8.4)	N/A

<sup>1</sup> Excludes impact of adding non-emergency transportation to MNCare.

Other than the interaction between the program structure changes (Scenarios C – E) and benefit alignment, the modeled financial impacts are quantified in isolation from each other. We are able to concurrently incorporate multiple program changes into modeling once potential options have been winnowed down at DHS’ request.

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All of the modeling in this report was performed on the statewide basis. No specific consideration was given to variation in metrics by rating regions.

We attempted to retain consistency between our modeled MNCare financial impacts and those developed by DHS for separate potential program changes. To that end, we generally placed all estimated dollar impacts on a calendar year 2016 basis and utilized the same baseline MNCare membership projection as DHS has budgeted. We developed the baseline On-Exchange enrollment estimate from MNSure-provided information. While the cost metrics are generally on a 2016 basis, in certain cases we also incorporated financial program changes that would not be realized in 2016. Two examples of this are 1) incorporating the full projected decrease in medical costs in Scenario A and 2) adding an adjustment for the ending of the federal transitional reinsurance program which expires at the end of 2016.

Unless identified otherwise in the methodology descriptions, we independently developed the modeling data and assumptions from the data sources listed in Section II. A of this report. Certain assumptions, as outlined in Section II. B, were developed using a variety of considerations, including significant discussion with state staff.

Our modeling is limited to estimating changes in program enrollment and combined state and federal program expenditures. In Scenarios C – E, we estimate the split between state and federal member subsidy level changes. Projecting changes in program funding sources is outside the scope of this report. Estimated member cost impacts are provided for many of the program changes.

This report is structured as a brief discussion of the data sources utilized and assumption development, followed by a description of the results and methodology associated with each potential program change. More detailed calculations for each program change are included in tables in each section or the exhibits at the end of the report.

## CAVEATS AND LIMITATIONS

This report is not a fiscal note and, as such, is not intending to represent a full estimate of the first year fiscal impact associated with implementing a particular scenario. Additional consideration that will need to be made for a fiscal note analysis include, but are not limited to:

- 1) Policy change phase-in timing,
- 2) Member take-up phase-in,
- 3) Administrative and implementation costs,
- 4) Fiscal analyses performed by DHS and excluded from this report, and
- 5) Funding sources – The level of federal funding available for these scenarios may vary significantly. Projecting changes in program funding sources is outside the scope of this report.

Neither the authors of this report, nor Milliman as an organization, are making any recommendation about which HCFTF scenarios to implement, if any. Many other potential issues, such as changes in administrative burdens, level of costs at risk to the state, stability of the MNSure risk pool, provider and health plan reimbursement, and service access levels, should be considered in addition to estimated financial impacts when the state weighs the implementation of various program changes.

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We utilized a wide variety of data sources and assumptions when developing the models outlined in this report, including historical claim and enrollment information, current program premiums, uninsured and health plan surveys and other sources. We had many conversations with DHS, the Minnesota Department of Health (MDH), MNsure, Department of Commerce and other stakeholders to confirm the best readily available data was utilized in the analysis and modeling assumptions were as accurate as possible given current information. That being said, it is certain the actual financial results will differ from those in this report, since future experience will not conform exactly to historical results and assumptions to project those results to the future. DHS and other stakeholders should update these projections as new information is known and monitor emerging results as any changes are implemented.

In addition, a number of potential assumptions and data sources, should be revisited for any future analysis, should new information become available. Other assumptions and data sources may require further review in the future, as well.

- 1) Proposed cost sharing and premium subsidy scale.
- 2) 2016 health plan paid claims per member per month (PMPM).
- 3) Provider reimbursement differential between On-Exchange / Off-Exchange and MinnesotaCare (MNCare).
- 4) Uninsured take-up rate.
- 5) 2014 to 2016 uninsured rate and income mix, including changes in income distribution from the 2013 survey results.
- 6) Penetration levels in special provider payment mechanisms amongst populations insured through Public Programs or On-Exchange.

There is a significant amount of uncertainty underlying many of the assumptions, and results are sensitive to the assumptions chosen.

The scope of the modeling included populations up to 400% FPL, due to the potential existence of state and federal member subsidies up to that point. However, it is possible that some of the HCFTF scenarios would ultimately impact premiums and enrollment for individuals with incomes greater than 400% FPL due to changes in On-Exchange populations and morbidity.

The individual insurance market is subject to a wide range of factors influencing member and health plan behavior. The Minnesota market, in particular, continues to realize large shifts in enrollment and premiums both on and off the Exchange. Given this environment it is certain that actual enrollment, premium levels and fiscal impacts will vary from those estimated in this report. In particular, this volatility has the potential to materially change many metrics from historical levels, including, but not limited to:

- 1) Uninsured rate, including take-up rate from currently uninsured.
- 2) Relationship between Off-Exchange and On-Exchange premiums and resulting membership mix between the two.
- 3) Percentage of members eligible for premium tax credits (APTC) and cost sharing reductions (CSR) and the magnitude of those subsidies.

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In addition, the HCFTF prescribed scope excluded the modeling of certain potential outcomes of HCFTF recommendations, including, but not limited to:

- 1) Impacts on employer group insurance products, including transitions to the individual market.
- 2) Impacts on the individual market and uninsured population with incomes greater than 400% FPL.
- 3) Certain second order, multi-year impacts such as changes in premium levels over time associated with changes in the average morbidity of the insured population.

This report is intended for use by DHS in understanding estimated financial impacts associated with HCFTF recommended changes to Minnesota insurance affordability programs. The information contained in this report may not be suitable for other purposes or audiences. This report should only be viewed in its entirety. Milliman does not intend to benefit any third party and assumes no duty or liability to other parties who receive this work. It is our understanding that DHS will incorporate certain results and assumptions from this report into broader presentations to HCFTF members.

Differences between the modeled financial impacts and actual experience will depend on the extent to which future experience conforms to the assumptions made in the model calculations. It is certain that actual experience will not conform exactly to the assumptions used.

We relied on data and information supplied to us by DHS, MDH, MNsure, the Department of Commerce, Public Programs health plans, MNsure health plans and other public sources in the development of these financial projections. While we reviewed the data for reasonableness, we did not audit or attempt independent verification of such data. If this data is incomplete or inaccurate, then our conclusions will be incomplete or inaccurate.

We are actuaries for Milliman, members of the American Academy of Actuaries and meet the Qualification Standards of the Academy to render the actuarial opinions contained herein. To the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

This report and its exhibits are subject to the terms and conditions of the contract between Milliman and the State of Minnesota #67920.

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## II. PROGRAM CHANGE FINANCIAL MODELING

This section of the report outlines the data sources, assumptions, methodologies and estimated combined state and federal financial impacts associated with each proposed HCFTF program change. For each program change we also project the corresponding financial impact to the enrollees. Differences between state and federal and enrollee financial impacts are primarily driven by changes to assumed managed care organization (MCO) reimbursement (e.g., retention levels) and medical provider reimbursement levels. Additional detail around model calculation for each program change impact is included in the exhibits.

### A. DATA SOURCES

We utilized several data sources to model the financial impact of each program change. Following is a description of the key sources. All data sources were provided to us by DHS, MNSure, MDH or Commerce other than the Milliman PMAP / MNCare rate development analyses, Milliman *Health Cost Guidelines* and the Unified Rate Review Templates (URRTs), which we accessed through the <https://filingaccess.serff.com/sfa/home/MN> website.

- Detailed encounter data and enrollment records for PMAP and MNCare for dates of service in calendar years 2012 to 2014.
- Analysis underlying the 2014, 2015 and 2016 PMAP and MNCare capitation rate development related to benefit differences between PMAP and MNCare.
- 2014 PMAP and MNCare retrospective risk scores.
- Results of 2016 PMAP and MNCare health plan bidding, including premiums, medical cost and retention metrics.
- 2014 and 2015 Integrated Health Partnership (IHP) risk share calculations.
- Detailed 2013 Minnesota Health Access Survey (MNHA) uninsured and individual market and 2014 Federal American Community Survey (ACS) results.
- Health plan enrollment, claim costs and premiums from the 2014 Small Group and Individual Health Insurance Market Survey summarized at the Metal Level, age and rating region levels.
- Summaries of 2015 enrollment, premiums, APTC and CSR for On-Exchange and Off-Exchange plans.
- 2014 to 2016 estimates of program-wide enrollment for On-Exchange and Off-Exchange individual plans and percentage of On-Exchange eligible for subsidies.
- DHS estimates of the number of individuals impacted by the “family glitch” by type of coverage.
- 2016 filed health plan Individual market Unified Rate Review Templates (URRTs), including premiums, medical cost and retention metrics.

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## B. KEY ASSUMPTIONS

### Assumptions Not Directly Calculated

Many of the assumptions underlying the financial impact models were directly calculated from the detailed data sources listed above, such as premium, claim costs and health plan retention levels. We outline the development of those assumptions in Section II. C of this report. However, certain other assumptions cannot be directly calculated and must be estimated using a variety of considerations. Following is a discussion of those assumptions and the rationale supporting them.

- **2016 uninsured rate and income mix without HCFTF changes** – We assume the number of uninsured in 2016 absent HCFTF changes would remain at the 2014 level for Minnesota (equivalent to 5.9% in 2014). For this report, we assume no material changes in the mix of income levels for the uninsured population from the 2013 MNHA results.
- **Uninsured take-up rate for individuals receiving enhanced subsidies** – We assume 10% of the estimated uninsured population who are impacted by a particular enhanced member subsidy will enroll in the affordability program. A relatively low number is appropriate because of the significant reductions in the uninsured rates already realized between 2013 and 2014. It is also consistent with state studies that indicate approximately 75% of those without insurance are long-term uninsured, which indicates the existence of structural issues or resistance to coverage. With the significant increase in coverage between 2013 and 2014 driven by member subsidies and program promotion, it is unlikely that many of the long-term uninsured would enroll simply due to additional premium and cost subsidies.

Due to the lack of precision of the uninsured enrollment percentage, we do not vary this estimate between the various HCFTC scenarios.

- **2016 On-Exchange Enrollment and Subsidy Eligibility** – Consistent with recent MNsure projections and analyses, we assume 83,000 members will participate in the On-Exchange market, with 70% of those individuals being subsidy-eligible.
- **Age-related premium impacts between uninsured population assumed to newly enroll in an affordability program and existing plans** – For purposes of this analysis, we assume the morbidity for previously uninsured enrollees in the On-Exchange or MNCare markets is lower than the current average enrolled population. This is estimated from an analysis of several data sources listed in the previous section which indicates the average uninsured age is about 32, versus the average On-Exchange age of 36. Using the MNsure age factor curve, this results in a premium differential of about 3.8%.
- **Average provider reimbursement relativities between MNCare and On-Exchange plans** – DHS and MDH have historically performed surveys of health plans and analyzed fee schedules to estimate differences in service provider reimbursement between Public Programs and Commercial business. In addition, the Minnesota Community Measurement organization publishes average Commercial and Medicaid fees for a number of representative physician services. DHS has recently discussed Individual market provider reimbursement levels relative to Public Programs with individuals familiar with health plan provider contracting. These analyses and discussions indicate an assumption of Individual Market reimbursement being 50% higher than Public Programs would be appropriate. However, there is significant uncertainty around the actual reimbursement relativity. We provide estimates of the sensitivity of the estimate financial impacts in the Sensitivity

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section below. Additional research into this assumption would provide valuable information for any future analysis.

- **Average morbidity between current MNCare and On-Exchange members** – When MNCare was first being established as a Basic Health Program, DHS and Milliman capitation rate development staff anticipated the average morbidity for MNCare members will be higher than for On-Exchange members. However, with the significant decrease in the 2014 MNCare risk scores and the significant increases in 2016 On-Exchange premiums, we now assume there is no material difference in average morbidity between MNCare and On-Exchange members.
- **Transitional federal reinsurance** – The federal transitional reinsurance program is expected to expire at the end of 2016 for the non-grandfathered Individual market in the Affordable Care Act. For modeling purposes, we increased Individual market On-Exchange and Off-Exchange premium and claims by a percentage from Milliman research for the removal of this program when modeling both the baseline scenario and HCFTF proposed program changes.
- **Off-Exchange population enrollment in MNCare** – The 2016 baseline enrollment scenario assumes some shift from Off-Exchange to On-Exchange for the 200% to 400% FPL population. As such, we assume some Off-Exchange population with incomes between 200% and 275% FPL will enroll in MNCare if MNCare eligibility is expanded to 275%. For our modeling purposes, we do not assume material Off-Exchange migration occurs beyond the 2016 baseline changes due to enhanced subsidies.

For sensitivity purposes, if the entire 200% - 275% Off-Exchange population would enroll, we estimate the combined state and federal increased cost would be about \$22.7 million (\$146.94 PMPM \* 154,496 member months) for MNCare and \$50.8 million (\$328.69 PMPM \* 154,496 member months) for On-Exchange.

- **Off-Exchange population enrollment in On-Exchange** – As mentioned in the previous bullet, the 2016 baseline enrollment scenario assumes some shift from Off-Exchange to On-Exchange for the 200% to 400% FPL population. For our modeling purposes, we do not assume material Off-Exchange migration occurs beyond the 2016 baseline changes due to enhanced subsidies.

For sensitivity purposes, if the entire 275% - 400% Off-Exchange population would enroll On-Exchange, we estimate the combined state and federal increased cost would be about \$96.4 million (\$128.84 PMPM \* 748,270 member months).

Note on retention loads: Differences in modeled provider reimbursement and health plan retention are major drivers of the variation in cost impacts between Scenarios C and D. While there is significant uncertainty around the provider reimbursement, we were able to estimate health plan retention loads directly from health plan Public Programs bid and Individual market filings. The modeled Individual market percentage retention loads (15.7% to 17.1%) are materially higher than the Public Programs load (8.2% - 8.5%). Following are several factors that influence this result:

- 1) Individual market retention includes consideration for the Exchange Fee.
- 2) Most Individual market plans are subject to the Health Insurer Fee, while most Public Programs plans are not.

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- 3) Public Programs plans generally target lower profit margins than Individual market plans in their bids or filings.

When the Individual market retention loads used in modeling populations receiving CSRs (i.e., actuarial value of plan is greater than 70%) for this report, we dampened the retention load to be equivalent to a 70% actuarial value plan, as reflected in the plan URRT filings.

### Sensitivity of Results

All of the results in this report are sensitive to changes in assumptions made. For assumptions such as premium, claims, retention and historical membership that are directly estimated from various data sources, if actual results vary from those projected in our analysis, the financial impacts will vary similarly. For example, in our modeling with a nearly static population morbidity, if impacted membership increases by 10%, financial impacts will increase by 10% as well. APTCs will generally increase dollar for dollar in our modeling as premiums increase, assuming most individuals are already paying their maximum premiums. CSRs will generally increase as premiums increase, though dampened by the actuarial value (AV) of the plan.

As mentioned previously, differences in health plan retention between Public Programs and the Individual market is one material component of the estimated financial impacts for populations that are modeled to move between the two markets. While the retention assumptions in this report are built from known bids and filings, this assumption should be revisited for any future analysis to determine if there is more recent data available from which to build a revised assumption.

The assumptions not directly calculated that could be most financially impactful in the three HCFTF scenarios with eligibility and subsidy changes (Scenarios C – E) are the enrollment level of the uninsured population and the provider reimbursement relativity between MNCare and On-Exchange. Tables 2 and 3 below illustrate the sensitivity of the state and federal impacts with different values for these assumptions.

Table 2 Uninsured Take-Up Assumptions State and Federal Cost Sensitivity (\$Millions)				
Scenario	Program Change	5%	10% (baseline)	20%
C	MNCare Public Option up to 275% FPL	(\$29.6)	(\$26.8)	(\$21.2)
D	MNCare Private Option up to 275% FPL	\$380.8	\$387.9	\$402.2
E	MNCare Public Option up to 200% FPL, Subsidies up to 400% Off-Exchange	\$188.5	\$194.7	\$207.2

Table 3 Provider Reimbursement Assumptions – On-Exchange to MNCare Ratio State and Federal Cost Sensitivity (\$Millions)				
Scenario	Program Change	2.00	1.50 (baseline)	1.11
C	MNCare Public Option up to 275% FPL	(\$61.0)	(\$26.8)	\$21.2
D	MNCare Private Option up to 275% FPL	\$687.1	\$387.9	\$155.2
E	MNCare Public Option up to 200% FPL, Subsidies up to 400% Off-Exchange	\$194.7	\$194.7	\$194.7

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## Baseline Scenarios

As mentioned in Section I of this report, we attempted to estimate MNCare program change financial impacts on a consistent basis with other DHS HCFTF modeling. Table 4 outlines the baseline scenario enrollment assumptions provided by DHS for the MNCare population, absent the impacts associated with HCFTF program changes. The On-Exchange and Off-Exchange baseline membership scenarios and all premium values in Table 4 are developed from the data sources outlined in Section II. A of this report.

<b>Segment</b>	<b>2016 Member Months</b>	<b>2016 Premiums (\$Millions)</b>
MNCare (133 - 200% FPL)	1,410,840	\$557.4
On-Exchange (200 - 275% FPL)	445,728	\$162.0
On-Exchange (275 - 400% FPL)	251,472	\$91.4
Uninsured (200 - 275% FPL)	504,557	N/A
Uninsured (275 - 400% FPL)	358,977	N/A
Off-Exchange (200 - 275% FPL)	154,496	\$65.9
Off-Exchange (275 - 400% FPL)	748,270	\$319.2

## C. METHODOLOGY AND RESULTS

Following are high level descriptions and estimated financial impacts associated with each proposed HCFTF program change. The three scenarios that change program structures (Scenarios C – E) are modeled both with and without potential benefit alignment changes. Additional calculation detail for all scenarios is provided in the exhibits at the end of this report.

### Scenario A – Changes to Provider Payment Mechanisms

To inform the potential financial impacts associated with the state requiring Public Program and On-Exchange health plans to implement changes to provider payment mechanisms, we worked with DHS to develop assumptions around the percentages of Public Programs (both MNCare and PMAP) populations and the On-Exchange population who participate in the following types of special provider payment arrangements:

- Integrated Health Partnerships (IHP) or similar program with retrospective shared savings.
- Monthly prospective care management payments without retrospective shared savings (currently estimated by DHS to be about 0.5% of medical costs).
- No special arrangement.

After considering the current penetration levels of IHP in Public Programs and the number of individuals ineligible for participation in these arrangements due to issues such as age or short enrollment duration, we are using the following assumptions for the percentage of the population participating in each provider payment mechanism.

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- PMAP: 45% IHP; 40% monthly prospective payment; 15% none.
- MNCare: 45% IHP; 40% monthly prospective payment; 15% none.
- On-Exchange QHP: 45% IHP; 45% monthly prospective payment; 10% none.

To estimate the fiscal impact associated with adding an IHP-like arrangement, we examined the 2014 IHP experience for PMAP and MNCare, including recent calculations by DHS of IHP provider settlement amounts for 2014. Those results implied a total reduction of 1% in medical cost savings across all Public Programs members (including the 75% of the population not participating in the arrangement). We estimate the impact if the entire population had enrolled to be about 3%.

For the monthly prospective care management payment arrangement, we estimate the net savings will be lower. The prospective nature of the arrangement reduces the provider incentive to achieve savings, and any savings realized will first be netted against the monthly payment itself before net savings are realized. Therefore, we assume savings of 0.5% for this arrangement.

In Exhibit 1, we apply the estimated savings to the Public Programs and On-Exchange populations to calculate revised Public Programs and On-Exchange capitation / premiums. For the On-Exchange plans we also then estimate the reduction to APTCs and CSRs.

To estimate the On-Exchange enrollee financial impact associated with lower medical costs, we assumed cost sharing would decrease by the same percentage. We do not assume Public Programs cost sharing would change materially since average cost sharing is very low.

The PMAP and MNCare population has already realized some savings through the implementation of the IHP program to date. The values in this report assume continued savings comparable to those already realized for this population, though the authors of this report do not make a recommendation on whether this is likely to occur or not. Emerging experience should be monitored to determine if savings are continued to be realized for populations already enrolled in IHP.

Please note these Public Programs premium and On-Exchange CSR and APTC savings will not be realized until Public Programs actuaries and On-Exchange MCOs actually incorporate the medical cost savings into their rate development exercises. In particular, while the state and federal savings are on a 2016 basis, they will not be realized in 2016, since the 2016 premiums are already set. Ultimately, once provider savings targets are rebased, premiums may incorporate the total realized savings.

### **Scenario B – Benefit Alignment**

We estimate the combined state and federal financial impact associated with aligning benefit designs between Public Programs and On-Exchange plans up to 400% FPL for the baseline enrollment scenarios outlined in this section. In addition, Scenarios C – E below includes financial impacts with and without benefit alignment.

There are two components of the HCFTF program change: 1) adding benefits covered under Public Programs to On-Exchange plans and 2) adding non-emergency transportation (NEMT) coverage to MNCare to match PMAP coverage. NEMT will not be covered under On-Exchange plans. We understand DHS has estimated the financial impacts associated with adding NEMT coverage to MNCare. Therefore, we did not model the impact of NEMT coverage in this report.

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In modeling the financial impact of aligning benefit coverage between Public Programs and On-Exchange plans, we considered the cost of providing adult vision, dental, acupuncture and enhanced outpatient mental health and substance abuse services. We estimate the cost of covering other MNCare benefits under On-Exchange plans, such as incremental DME and prosthetic coverage, to have immaterial costs. We examined historical service costs from MNCare when developing the projected per member per month (PMPM) costs to apply to the baseline membership scenario. We validated the PMPM dental results against the Milliman *Health Cost Guidelines* for reasonability. The resulting total state and federal projected cost associated with adding the benefits is \$15.9 million.

Since dental and vision coverage will be mandated in conjunction with medical coverage for On-Exchange plans, the potential for member anti-selection associated with these lower cost benefits will be limited. However, there is still potential for increased early year utilization associated with “pent-up demand.” We estimate this impact could increase first year costs by 20%, based on Milliman research. However, consistent with our approach for other changes to generally model “ultimate” impacts, we do not include the 20% in our modeled results.

For the member cost impact, we assume increases to benefits and On-Exchange premiums will flow directly to reduce member out of pocket costs or premium payments versus assuming that similar benefit coverage would otherwise be purchased elsewhere. In reality, the member impact will likely include some combination of reduced premium cost (potentially with materially different premium rates before and after the HCFTF changes), reduced out of pocket costs, and increased service utilization that was forgone when a member was uninsured. We did not attempt to quantify these separate drivers for this report. For members at 200 - 275% FPL, there would also be very small increases to cost sharing, which we did not model.

Table 5 outlines the calculation development for the state and federal and member cost impacts.

<b>Table 5 Benefit Alignment Development up to 400% FPL</b>		
Impacted Member Months	697,200	
	<b>PMPM</b>	<b>Total (\$ Millions)</b>
Base Cost of Additional Services	\$21.14	\$14.7
<i>* Provider Reimbursement Adjustment</i>	1.500	1.500
Allowed Cost of Additional Services	\$31.71	\$22.1
Less Member Cost Sharing (28%)	\$8.84	\$6.2
Federal / State Cost (72%)	\$22.86	\$15.9

Tables 6.a and 6.b below illustrate the historical MNCare PMPM costs for these services and the estimated equivalent costs at a variety of AV levels and at assumed MNCare versus Exchange provider reimbursement levels. Some of these values are utilized in modeling for other HCFTF program changes. Note, while the benefits are covered under MNCare with very little member cost sharing, we are targeting AV levels for the total benefit sets under the various scenarios modeled. Since we make AV adjustments to costs for current benefit sets separately, it is appropriate to also apply an adjustment to these additional benefits.

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**Table 6.a**  
**Services Covered by MNCare that are not Essential Health Benefits**  
**Summary of Paid Costs (at MNCare Reimbursement and Cost Sharing)**

Service	Paid Cost (PMPM)
Outpatient Mental Health Services	\$1.11
Adult Vision	\$4.73
Adult Dental / Dentures	\$15.03
Acupuncture	\$0.27
<b>Total</b>	<b>\$21.14</b>

**Table 6.b**  
**Services Covered by MNCare that are not Essential Health Benefits**  
**Summary of Paid Costs after Reimbursement and Cost Sharing Adjustments**

Scenario	Proposed AV	Reimbursement Level	
		Commercial	Medicaid
<b>On-Exchange (200 - 275% FPL):</b>			
Baseline Scenario	72.1%	\$22.86	\$15.24
Moving to MNCare (Exhibit 2)	82.9%	\$26.27	\$17.51
Remaining on Exchange (Exhibit 3)	82.9%	\$26.27	\$17.51
Remaining on Exchange (Exhibit 4)	82.0%	\$25.99	\$17.33
<b>On-Exchange (275 - 400% FPL):</b>			
Remaining on Exchange (Exhibit 4)	70.0%	\$22.20	\$14.80
<b>Off-Exchange (200 - 400% FPL):</b>			
Remaining on Exchange (Exhibit 4)	71.5%	\$22.68	\$15.12

**Introduction to Scenarios C – E**

Scenarios C – E include more fundamental changes to the structure or characteristics of MNCare, On-Exchange and Off-Exchange programs. In each scenario, APTC and CSR subsidies are enhanced for certain populations. Tables 7 and 8 below outline the proposed changes to CSR and APTC for Scenarios C– E.

**Table 7**  
**Current and Proposed Plan Actuarial Values**

Income Level (as % of FPL)	MNCare		On-Exchange		Off-Exchange	
	Current	Proposed	Current	Proposed	Current	Proposed
138% - 150%	94%	94%	94%	94%	N.S.*	N.S.*
151% - 200%	94%	94%	87%	94%	N.S.*	N.S.*
201% - 250%	N/A	87%	73%	87%	N.S.*	**
251% - 275%	N/A	73%	70%	73%***	N.S.*	N.S.*
276% - 400%	N/A	N/A	70%	70%	N.S.*	N.S.*

\*"N.S." = "No Subsidy." No CSR is available for Off-Exchange products, so the Current AV for Silver plans is 70%.

\*\*For Scenario E, the actuarial value is increased to 87%, and APTC is made available.

\*\*\*For Scenario E, this actuarial value is reduced to 70% as CSR are not available off the exchange above 250% of FPL.

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**Table 8**  
**Premium Tax Credits**  
**Current (2016) and Proposed Member Premiums as a Percent of Income**

Income Level (as % of FPL)	MNCare		On- and Off-Exchange*	
	Current	Proposed	Current	Proposed
138% - 150%	1.60% - 2.51%	1.60% - 2.51%	3.35% - 4.07%	1.60% - 2.51%
151% - 200%	2.54% - 4.08%	2.54% - 4.08%	4.12% - 6.41%	2.54% - 4.08%
201% - 250%	N/A	4.14% - 7.25%	6.45% - 8.18%	4.14% - 7.25%
251% - 275%	N/A	7.31% - 8.83%	8.21% - 8.92%	7.31% - 8.83%
276% - 400%	N/A	N/A	8.95% - 9.66%	8.86% - 9.66%

\*Off-Exchange premiums only receive subsidies for scenario E.

### Scenario C – MNCare Public Option up to 275% FPL

This option expands the MNCare program from 200% to 275% FPL with member cost sharing and member contribution levels that are lower than the current On-Exchange 200 - 275% segment but higher than the current MNCare 138 - 200% FPL program.

There are two segments of enrollees modeled as being impacted by this option to expand MNCare to 275% FPL:

- On-Exchange (200 - 275% FPL)
- Uninsured (200 - 275% FPL)

While it is possible that premiums and enrollment for other populations may be influenced by this change, we do not estimate that to have a material impact on these results beyond the enrollment changes already reflected in the baseline scenarios.

#### On-Exchange (200 - 275% FPL)

To estimate the impact of state and federal funding for the current 200 - 275% FPL On-Exchange segment, our modeling involves several steps as follows:

1. Estimate projected 2016 MNCare MCO revenue requirement for the 200 - 275% FPL On-Exchange segment.
  - a. The following adjustments are applied to the projected 2016 average On-Exchange paid amount:
    - i. Large claim adjustment: Reflects expiration of federal transitional reinsurance program.
    - ii. Benefit level: Reflects changes from 2014 On-Exchange segment actuarial value to proposed MNCare actuarial value.
    - iii. Provider reimbursement: Accounts for estimated provider reimbursement differences between 2016 MNCare and the 2014 On-Exchange segment.

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- iv. Additional MNCare benefits: Additive adjustment to include enhanced MNCare mental health and substance abuse benefits that are not covered in the 2014 On-Exchange market.
      - v. Retention: Includes administrative expenses, profit margin, and tax and surcharge for MNCare.
  2. Calculate MNCare state payment to MCOs net of member premium as the total revenue requirement estimated in the prior step less the 2016 proposed MNCare member premium.
  3. Estimate current 2016 On-Exchange combined premium and cost sharing subsidy.
    - a. The following adjustments are applied to the projected 2016 average On-Exchange paid amount:
      - i. Large claim adjustment: Reflects expiration of federal transitional reinsurance program.
      - ii. Retention: Includes administrative expenses, profit margin, and tax and surcharge for the On-Exchange market.
  4. State and federal funding impact is estimated by subtracting Steps 2 and 3.

The member impact is estimated by combining the differences between the 2016 MNCare member premium contribution and cost-sharing from the 2016 On-Exchange premium contribution and cost-sharing.

#### Uninsured (200 - 275% FPL)

For the impact of the 200 - 275% FPL uninsured population, our modeling involves several steps as follows:

1. Calculate projected 2016 MNCare revenue requirement for the 200 - 275% FPL uninsured segment.
  - a. The following adjustments are applied to the 2016 Proposed MNCare Paid amount (estimated from Step 1 above).
    - i. Benefit level: Reflects changes from Uninsured segment actuarial value to proposed MNCare actuarial value. Note this value is slightly different from the 200 - 275% FPL On-Exchange actuarial value due to differences in estimated income level distribution.
    - ii. Morbidity – Average Age: Adjusts for difference in average age between the Uninsured and On-Exchange segments.
    - iii. Retention: Includes administrative expenses, profit margin, and tax and surcharge for MNCare.
2. Calculate MNCare state payment to MCOs (i.e., state and federal cost impact PMPM) as the total revenue requirement estimated in the prior step less the 2016 proposed MNCare member premium.

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The member impact is estimated by adding the projected MNCare member premium and cost-sharing together and subtracting the assumed member claims cost if uninsured.

### Combined Population

The above estimates were multiplied by the projected member months for each segment to estimate total costs. All members in the current On-Exchange 200 - 275% FPL segment were assumed to have MNCare coverage for 2016. For the uninsured 200 - 275% FPL segment, we estimated the number of members currently in the segment and multiplied by a 10% take-up rate, which represents the rate at which members decide to pay premiums for MNCare coverage versus remaining uninsured.

We estimate the portion of the of the governmental financial impact attributable to changes in federal member subsidies and state MNCare costs including enhanced subsidies and benefit alignment (Scenario B). For Scenario C, we assume federal member subsidy funding will continue at current levels for the 200 - 275% FPL On-Exchange population and become effective at On-Exchange equivalent levels for the 200% - 275% Uninsured population. The estimated change in federal member subsidy funding more than offsets the change in net state MNCare costs, including enhanced subsidies and benefits, resulting in negative incremental net costs to the state. ***DHS should utilize their own expectation of the federal funding methodology for this scenario when developing budget projections.***

Exhibit 2 summarizes the calculation development.

### **Scenario D - MNCare Private Option up to 275% FPL**

This option moves the MNCare program into the private On-Exchange market and improves current On-Exchange premium and claim subsidies for 200% to 275% FPL. There are three segments of enrollees modeled as being impacted by this option:

- MNCare (138 - 200% FPL)
- On-Exchange (200 - 275% FPL)
- Uninsured (200 - 275% FPL)

While it is possible that premiums and enrollment for other populations may be influenced by this change, we do not estimate that to have a material impact on these results beyond the enrollment changes already included in the Baseline Scenario projections.

### MNCare (138 - 200% FPL)

To estimate the impact of state and federal funding for the current 138 - 200% FPL MNCare segment, our modeling involves steps as follows:

1. Estimate proposed 2016 On-Exchange revenue requirement for the current 138 - 200% FPL MNCare segment.
  - a. The following adjustments are applied to the average 2016 MNCare paid amount:
    - i. Provider reimbursement: Accounts for estimated provider reimbursement differences between MNCare and On-Exchange.

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- ii. Retention: Includes administrative expenses, profit margin, and tax and surcharge for On-Exchange.
2. Estimate current 2016 MNCare revenue requirement for the 138 - 200% FPL MNCare segment.
  - a. The following adjustments are applied to the average 2016 MNCare paid amount:
    - i. Retention: Includes administrative expenses, profit margin, and tax and surcharge for MNCare.
3. Calculate proposed 2016 On-Exchange premium and cost sharing subsidies as the total revenue requirement estimated in Step 1 less the 2016 proposed On-Exchange member premium.
4. Calculate current 2016 net MNCare state payment to MCOs as the total revenue requirement estimated in Step 2 less the current 2016 MNCare member premium.
5. State and federal funding impact is estimated by subtracting Steps 3 and 4.

Note the additional MNCare benefits that are not covered in the 2016 On-Exchange market will still be covered for the 138 - 200% FPL population in this scenario. We identify these amounts in Tables 6.a and 6.b in order for DHS to incorporate in its budgeting.

The member impact is estimated by combining the differences between the proposed 2016 On-Exchange member premium and cost-sharing from the current 2016 MNCare premium and cost-sharing.

#### On-Exchange (200 - 275% FPL)

To estimate the impact of state and federal funding for the current 200 - 275% FPL On-Exchange segment, our modeling involves several steps as follows:

1. Estimate projected 2016 proposed On-Exchange premium and cost sharing subsidies.
  - a. The following adjustments are applied to the average projected 2016 On-Exchange paid amount:
    - i. Large Claim Adjustment: Reflects expiration of federal reinsurance program.
    - ii. Benefit level: Reflects changes from 2016 On-Exchange segment actuarial value to proposed On-Exchange actuarial value.
    - iii. Additional MNCare benefits: Additive adjustment to include MNCare benefits that are not covered in the 2016 On-Exchange market.
    - iv. Retention: Includes administrative expenses, profit margin, and tax and surcharge for On-Exchange.
    - v. Reduce proposed 2016 On-Exchange total revenue requirement by proposed 2016 On-Exchange member premium.

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2. Estimate current 2016 On-Exchange premium and cost sharing subsidies.
  - a. The following adjustments are applied to the average projected 2016 On-Exchange paid amount:
    - i. Large Claim Adjustment: Reflects expiration of federal reinsurance program.
    - ii. Retention: Includes administrative expenses, profit margin, and tax and surcharge for On-Exchange.
3. State and federal funding impact is estimated by subtracting Steps 1 and 2.

The member impact is estimated by combining the differences between the proposed 2016 On-Exchange member premium and cost-sharing from the current 2016 On-Exchange premium and cost-sharing.

#### Uninsured (200 - 275% FPL)

For the impact of the 200 - 275% FPL uninsured population, our modeling involves several steps as follows:

1. Calculate projected 2016 On-Exchange revenue requirement for the 200 - 275% FPL uninsured segment.
  - a. The following adjustments are applied to the 2016 proposed On-Exchange Paid amount (based on MNCare 138 - 200% FPL population development discussed above).
    - i. Benefit level: Reflects changes from the current MNCare segment actuarial value to proposed On-Exchange actuarial value.
    - ii. Morbidity – Average Age: Adjusts for difference in average age between the Uninsured and MNCare segments.
    - iii. Retention: Includes administrative expenses, profit margin, and tax and surcharge for On-Exchange.
2. State and federal funding impact is estimated by subtracting steps 1 and the proposed On-Exchange member premium.

The member impact is estimated by adding the projected On-Exchange member premium and cost-sharing together and subtracting the assumed member claims cost if uninsured.

#### Combined Population

The above estimates were multiplied by the projected member months for each segment to estimate total costs. For the uninsured 200 - 275% FPL segment, we estimated the number of members currently in the segment and multiplied by a take-up rate, which represents the rate at which members decide to pay premiums for MNCare coverage versus remaining uninsured.

We estimate the portion of the governmental financial impact attributable to the changes in federal member subsidies and state-enhanced member subsidies and benefit alignment (Scenario B). For Scenario D, we assumed federal member subsidy funding for current MNCare members would continue at current levels

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after they move to the Exchange. Therefore, the full governmental impact for both the current MNCare and On-Exchange members is associated with state-enhanced member subsidies and benefit alignment. The total governmental cost for the previously uninsured population is split between new federal member subsidies and new costs for additional state-enhanced member subsidies and benefits. ***DHS should utilize their own expectation of the federal funding methodology for this scenario when developing budget projections.***

Exhibit 3 summarizes the calculation development.

### **Scenario E - MNCare Public Option remains up to 200% FPL, Expand Subsidies to Off-Exchange and Increase Premium and Cost Sharing Subsidies**

This option expands premium subsidies to the Off-Exchange market in addition to increasing premium subsidy levels for 200 - 275% FPL and cost sharing subsidies for 200 - 250% FPL. There are three segments of enrollees modeled as being impacted by this option:

- Off-Exchange (200 - 400% FPL)
- On-Exchange (200 - 275% FPL)
- Uninsured (200 - 275% FPL)

While it is possible that premiums and enrollment for other populations may be influenced by this change, we do not estimate that to have a material impact on these results beyond the enrollment changes already included in the Baseline Scenario projections.

#### Off-Exchange (200 - 400% FPL)

To estimate the impact of state and federal funding to expand premium subsidies to the Off-Exchange 200 - 400 % FPL segment, our modeling followed the steps below:

1. Estimate projected combined state and federal impact.
  - a. The following adjustments are applied to the average projected 2016 Off-Exchange paid amount:
    - i. Large Claim Adjustment: Reflects expiration of federal reinsurance program.
    - ii. Benefit level: Reflects changes from current Off-Exchange segment actuarial value to proposed Off-Exchange actuarial value aligned with On-Exchange values.
    - iii. Retention: Includes administrative expenses, profit margin, and tax and surcharge for Off-Exchange.
  - b. Reduce proposed 2016 Off-Exchange total revenue requirement by proposed 2016 Off-Exchange member premium (As there are currently no Off-Exchange premium and claim subsidies the answer in this step is the combined state and federal impact).

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The member impact is estimated by the difference between the proposed 2016 Off-Exchange member premium and cost sharing from the current 2016 Off-Exchange member premium and cost sharing.

#### On-Exchange and Uninsured (200 – 275% FPL)

To estimate the impact of state and federal subsidies to the 200 - 275% FPL On-Exchange and Uninsured segments, our modeling follows the same steps as described for Scenario D. We assume the Uninsured population will enroll in On-Exchange plans at the same 10% take-up rate as other scenarios, due to the enhanced APTC and CSR available under this scenario. The estimated financial impacts are different as this scenario has enhanced CSRs up to 250% FPL rather than 275% FPL. In addition, we did not include the estimated impact of aligning benefits for the 200% to 275% FPL population segments with MNCare for Exhibit 4. If these benefits were to be added, we estimate the additional annual cost to be \$15.1 million.

For the On-Exchange population, the member impact is estimated by the difference between the proposed 2016 On-Exchange member premium and cost sharing from the current 2016 On-Exchange member premium and cost sharing. For the Uninsured population, the member impact is estimated by adding the projected On-Exchange member premium and cost-sharing together and subtracting the assumed member claims cost if uninsured. The estimates were then multiplied by the projected member months for each segment to estimate total costs.

#### Combined Population

We estimate the portions of the governmental financial impact attributable to the changes in federal member subsidies and state-enhanced member subsidies and benefit alignment (Scenario B). For Scenario E, there is no change to the federal member subsidy funding for current On-Exchange members, so the full governmental financial impact is associated with state-enhanced member subsidies and benefit alignment. The total governmental cost for the Off-Exchange is split between new federal member subsidies and new costs for additional state-enhanced member subsidies and benefits. ***DHS should utilize their own expectation of the federal funding methodology for this scenario when developing budget projections.***

Exhibit 4 summarizes the calculation development.

#### **Scenario F - Fix “Family Glitch”**

For an individual to be eligible to receive APTC and CSR subsidies On-Exchange, among other requirements, the individual must not have access to “affordable” health insurance coverage through his or her employer. In determining the affordability of employee-sponsored coverage, the employee financial contribution to employee-only coverage is compared to their income. For this HCFTF program change, individuals with family members would instead have the larger required employee financial contribution to the appropriate family tier of coverage compared to their income. The impact of this change is that family members of employees with access to employer-sponsored coverage will be eligible to receive subsidies.

In order to estimate the financial impact of this program change, we utilized previous MDH estimates of individuals impacted by the “family glitch.” These estimates vary by the source of coverage (Individual, Uninsured, Public Programs and Employer Group) and three income ranges. We understand the MDH effort to estimate the number of individuals impacted by the family glitch included material uncertainty around the precision and completeness of the underlying data and results. The total population identified by MDH might be understated as it is somewhat lower than we would have expected given other, national studies on the family glitch. However, because of the state-specific nature of the analysis, we believe the

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MDH study is the best data source to use for this report. If implementation of fixing the family glitch is considered in the future, further updates to the impacted population estimates and their behavior should be considered as the financial results could be significantly impacted.

We assume the Uninsured population with incomes greater than 200% of FPL will enroll in an On-Exchange plan and the On-Exchange market population will remain in such a plan and start receiving subsidies. We assume that individuals identified as currently being enrolled in Public Programs will not switch to an On-Exchange plan.

The MDH estimates include a material population identified as being uninsured with incomes less than 200% of FPL. Such individual are eligible for MNCare, we assumed all these individuals will move to MNCare as part of our financial modeling.

For the Employer Group population, we assume there will not be a material number of individuals switching to an On-Exchange plan. In discussions with DHS and MDH, they believe it is unlikely for a material number of individuals to become aware of the financial benefit of the program change and then go through the effort of switching from an employer plan that typically has a simple enrollment process. This is one reasonable outcome and is the assumption utilized for this report. *However, there is potential for employers to gain a financial advantage in this scenario by significantly increasing family contribution levels unless there are changes made to the employer mandate requirements. Such increases could result in significant movement from the employer to the On-Exchange markets and increase state and federal costs.* To develop an estimate of the potential sensitivity of the financial estimate to this assumption, if the full number of members identified by MDH as having employer coverage and being subject to the family glitch moved to On-Exchange and received APTCs and CSRs comparable to the Uninsured 200 - 275% population, we estimate the value of the additional member subsidies to be \$28.0M.

To estimate the total impact across populations, we multiplied the projected number of individuals newly receiving subsidies by the average annual subsidies as calculated for previous program changes in this report. For the projected new MNCare enrollees, we multiplied the projected number of individuals newly receiving coverage by the average state MNCare net premium cost for the current MNCare enrollees. This results in an estimated net increase in state and federal costs of \$6.7 million. This value is equivalent to the combined increase in state and federal costs as well as the decrease in enrollee costs.

The estimated PMPM member cost impact for the current uninsured is equal to the value previously calculated in Exhibit 3. The impact for individuals currently enrolled On-Exchange is equal to the value of the newly available APTCs and CSRs.

Exhibit 5 summarizes the calculation development.

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## Exhibits 1 – 5

### Scenario Financial Impacts

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**Minnesota Department of Human Services**  
Health Care Financing Task Force Modeling

January 13, 2016

**Exhibit 1**  
**Scenario A: Changes to Provider Payment Mechanisms**  
**Summary of Impact Estimates**

Segment	2016 Impacted Member Months	State and Federal Cost Impact		Member Cost Impact	
		PMPM	\$ (in Millions)	PMPM	\$ (in Millions)
Current On-Exchange (200 - 400% FPL) - IHP Savings Impact	313,740	(\$11.85)	(\$3.7)	(\$3.88)	(\$1.2)
Current On-Exchange (200 - 400% FPL) - Prospective Care Management Impact	313,740	(\$1.98)	(\$0.6)	(\$0.65)	(\$0.2)
Current On-Exchange (200 - 400% FPL) - No Impact	69,720	\$0.00	\$0.0	\$0.00	\$0.0
Current MNCare - IHP Savings Impact	634,878	(\$7.98)	(\$5.1)	N/A	N/A
Current MNCare - Prospective Care Management Impact	564,336	(\$1.98)	(\$1.1)	N/A	N/A
Current MNCare - No Impact	211,626	\$0.00	\$0.0	N/A	N/A
Current PMAP - IHP Savings Impact	3,785,870	(\$8.13)	(\$30.8)	N/A	N/A
Current PMAP - Prospective Care Management Impact	3,365,218	(\$2.01)	(\$6.8)	N/A	N/A
Current PMAP - No Impact	1,261,956.6	\$0.00	\$0.0	N/A	N/A
<b>Total</b>	<b>10,521,084</b>	<b>(\$4.57)</b>	<b>(\$48.1)</b>	<b>(\$0.14)</b>	<b>(\$1.4)</b>

**Exhibit 2**  
**Scenario C: MNCare Public Option up to 275% FPL**  
**Summary of Impact Estimates**

Segment	Projected 2016 Segment		2016 Impacted Member Months	State and Federal Cost Impact		Federal	State Enhanced	Member Cost Impact	
	Member Months	Take-Up Rate		PMPM	\$ (in Millions)	Subsidies Impact \$ (in Millions)	Benefits and Subsidies Impact* \$ (in Millions)	PMPM	\$ (in Millions)
Current On-Exchange (200 - 275% FPL)	445,728	N/A	445,728	(\$72.63)	(\$32.4)	\$0.0	(\$32.4)	(\$132.67)	(\$59.1)
Current Uninsured (200 - 275% FPL)	504,557	10%	50,456	\$111.00	\$5.6	\$9.6	(\$4.0)	(\$276.93)	(\$14.0)
<b>Total</b>	<b>950,286</b>		<b>496,184</b>	<b>(\$53.96)</b>	<b>(\$26.8)</b>	<b>\$9.6</b>	<b>(\$36.4)</b>	<b>(\$147.34)</b>	<b>(\$73.1)</b>

\*The state impact includes:

-Change in provider reimbursement: On-Exchange population (\$62.0) million, Uninsured population (\$6.5) million

-Change in retention rate: On-Exchange population (\$20.2) million

**Exhibit 3**  
**Scenario D: MNCare Private Option up to 275% FPL**  
**Summary of Impact Estimates**

Segment	Projected 2016 Segment		2016 Impacted Member Months	State and Federal Cost Impact		Federal Subsidies Impact		State Enhanced Benefits and Subsidies Impact*	Member Cost Impact	
	Member Months	Take-Up Rate		PMPM	\$ (in Millions)	\$ (in Millions)	\$ (in Millions)	PMPM	\$ (in Millions)	
Current MNCare (133 - 200% FPL)*	1,410,840	N/A	1,410,840	\$230.38	\$325.0	\$0.0	\$325.0	\$11.53	\$16.3	
Current On-Exchange (200 - 275% FPL)	445,728	N/A	445,728	\$109.12	\$48.6	\$0.0	\$48.6	(\$104.54)	(\$46.6)	
Current Uninsured (200 - 275% FPL)	504,557	10%	50,456	\$282.38	\$14.2	\$9.6	\$4.6	(\$245.67)	(\$12.4)	
<b>Total</b>	<b>2,361,126</b>		<b>1,907,024</b>	<b>\$203.41</b>	<b>\$387.9</b>	<b>\$9.6</b>	<b>\$378.3</b>	<b>(\$22.40)</b>	<b>(\$42.7)</b>	

\*The state impact includes:

-Changes in provider reimbursement, \$278.7 million

-Changes in retention rates, \$46.3 million

**Exhibit 4**  
**Scenario E: Proposed On-Exchange and Off-Exchange Premium / Cost Sharing Subsidies**  
**Summary of Impact Estimates**

Segment	Projected 2016 Segment		2016 Impacted Member Months	State and Federal Cost Impact		Federal Subsidies Impact		State Enhanced Benefits and Subsidies Impact*	Member Cost Impact	
	Member Months	Take-Up Rate		PMPM	\$ (in Millions)	\$ (in Millions)	\$ (in Millions)	PMPM	\$ (in Millions)	
Current On-Exchange (200 - 275% FPL)	445,728	N/A	445,728	\$74.17	\$33.1	\$0.0	\$33.1	(\$74.17)	(\$33.1)	
Current Off-Exchange (200 - 400% FPL)	902,767	N/A	902,767	\$165.28	\$149.2	\$138.6	\$10.6	(\$165.28)	(\$149.2)	
Current Uninsured (200 - 275% FPL)	504,557	10%	50,456	\$247.06	\$12.5	\$9.6	\$2.8	(\$183.05)	(\$9.2)	
<b>Total</b>	<b>1,853,052</b>		<b>1,398,951</b>	<b>\$139.20</b>	<b>\$194.7</b>	<b>\$148.2</b>	<b>\$46.6</b>	<b>(\$136.89)</b>	<b>(\$191.5)</b>	

**Exhibit 5**  
**Scenario F: Fix Family Glitch**  
**Summary of Impact Estimates**

<b>Segment</b>	<b>2016 Impacted Member Months</b>	<b>State and Federal Cost Impact</b>		<b>Member Cost Impact</b>	
		<b>PMPM</b>	<b>\$ (in Millions)</b>	<b>PMPM</b>	<b>\$ (in Millions)</b>
Current Uninsured (200 - 275% FPL)	9,079	\$190.68	\$1.7	(\$126.66)	(\$1.2)
Current On-Exchange (200 - 275% FPL)	793	\$248.37	\$0.2	(\$248.37)	(\$0.2)
Current Uninsured (138 - 200% FPL)	18,993	\$251.64	\$4.8	(\$373.42)	(\$7.1)
<b>Total</b>	<b>28,865</b>	<b>\$232.38</b>	<b>\$6.7</b>	<b>(\$292.37)</b>	<b>(\$8.4)</b>