

**Minnesota Health Insurance Exchange  
Finance Workgroup  
December 14, 2011**

**Draft Principles**

**Funding source should provide a level field that promotes competition and participation.  
Transparency, oversight and accountability must be provided for Exchange funds.**

- 1) Fairness
  - a) Those that benefit should pay
  - b) Combination of mechanisms should be used to reflect diversity of beneficiaries
  - c) Funding mechanism should be fair – payment should be relative proportionally to the benefit
- 2) Market Impacts
  - a) Funding mechanism should not create adverse selection (separation of healthy and less healthy people into different insurance arrangements or the tendency of less healthy populations to seek coverage.)
  - b) Funding mechanism should not discourage product and market innovation
  - c) Funding mechanism should not discourage participation
- 3) Public Accountability
  - a) Funding mechanism should be transparent
  - b) The Exchange is a broad based public good and should have a broad based public support
  - c) State funding resources used for the Exchange require public oversight
  - d) Funding resources need to have oversight and accountability to the public and the payers
- 4) Stability
  - a) Funding resource needs to be sustainable over time
- 5) Funding resource needs to be reliable/predictable.
- 6) Simplicity
  - a) Existing taxes and surcharges should be utilized prior to new tax
  - b) Funding resource easy to administer within the Exchange