

Section 1332 of the Patient Protection and Affordable Care Act (PPACA)

State Innovation Waivers - Reinsurance Waiver Annual Report

Reporting Instructions: Please capture data for annual 1332 waiver grant reporting in this template, which has been developed based on paragraph 10 of your specific terms and conditions (STC), and in accordance with 45 CFR 155.1324(b)-(c). For any items that are marked “if applicable,” please refer to the requirements in your STCs to determine whether you need to fill in those data fields. Draft annual reports are due within 90 days of the end of each calendar year that your waiver is in effect.

STATE: Minnesota

A. GRANTEE INFORMATION		
1. Reporting Period End Date Dec 31, 2018	2. Report Due Date July 19, 2019	3. Report Submitted On (Date) July 2, 2019
4. Federal Agency and Organization Element to Which Report is Submitted Consumer Information & Insurance Oversight		
5. Federal Grant Number Assigned by Federal Agency 1 SIWIW180002-01-00	6a. DUNS Number 804885929	6b. EIN 476007162
7. Recipient Organization Name Minnesota Department of Commerce		
Address Line 1 85 7th Place East, Suite 280		
Address Line 2		
Address Line 3		
City Saint Paul	State MN	Zip Code 55101
Zip Extension 2198	8. Grant Period Start Date Jan 1, 2018	9. Grant Period End Date Jan 1, 2023
10. Other Attachments (attach other documents as needed or as instructed by the awarding Federal agency)		
<p>The Minnesota Department of Commerce has attached the following:</p> <ul style="list-style-type: none"> -A document containing responses to the specific questions and comments recieved from CMS on the draft version of this 2018 annual report -The 2018 third and fourth quarter reports from Wakely for the MPSP 		

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- The Final 2018 Wakely report for the MPSP
- The 2018 Final SLCSP for a representative individual
- The 2018 Without Reinsurance SLCSP for a representative individual
- 2018 Experienced APTC Premium and Enrollment Data
- Agenda from MCHA Board Meeting February 27, 2019
- Agenda from MCHA Actuarial Committee Meeting June 20, 2019

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B. REPORT CERTIFICATION
11. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.
11a. Typed or printed name and title of Authorized Certifying Official Grace Arnold, Deputy Commissioner of Insurance
11b. Signature of Authorized Certifying Official
11c. Telephone (area code, number, and extension) (651) 539-1755
11d. E-mail address grace.arnold@state.mn.us
11e. Date report submitted (month/day/year) 07/02/2019
C. PROGRESS OF SECTION 1332 WAIVER - <u>General</u>
12. Provide an update on progress made in implementing and/or operating the state's approved 1332 waiver program. The following is a progress report on the fourth quarter of Minnesota's reinsurance program, the Minnesota Premium Security Plan (MPSP). The Minnesota Comprehensive Health Association (MCHA), the administrator of the MPSP, working with their claims processing vendor, Wakely, received the third and fourth quarter carrier data from the participating health plan companies and compiled reports of the data (attached). As expected, the frequency of high-cost claims has increased in each quarter. On June 19th, Commerce received an updated interim report on total 2018 reinsurance payment amounts. The interim final report includes an estimate for the reinsurance total amount for 2018 that is based on claims incurred and paid through April 2019. Payments to issuers for the 2018 plan year will be made between June 30th and August 15th 2019 after MCHA board approval. The February MCHA board meeting was held on Wednesday, February 27th. Commerce staff were in attendance. An MCHA actuarial committee meeting was held on Wednesday, June 19th. Commerce staff were in attendance. A copy of the meeting agenda is attached.

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13. Describe any implementation and/or operational challenges to meet the 1332 statutory guardrails, and plans for and results of associated corrective actions. After the first year, only report on changes and/or updates, as appropriate.

It is confirmed that there is no impact of the waiver on the scope of benefits or the EHB benchmark. EHB coverage remains unaffected. The waiver retained the existing scope of benefits, including requiring the provision for 10 EHB, matching the state's benchmark plan's covered service list and minimum visit limits. The non-increased federal deficit impact was determined when CMS announced the 2018 federal funding amount in January 2018. Rates were approximately 20% lower than they would have been in the absence of the reinsurance program. Therefore, affordability has been positively impacted and enrollment is almost definitely higher than it would have been absent the program.

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D. PROGRESS OF SECTION 1332 WAIVER - <u>State-Specific</u>		
14. Metrics to assist evaluation of the waiver's compliance with statutory requirements in Section 1332(b)(1)		
	Value	Comments (if applicable)
a. Actual individual market enrollment on the Exchange in the state	96,887 lives	1,162,645 total member months on the exchange in 2018
Actual individual market enrollment off the Exchange in the state	50,789 lives	609,462 total member months off the exchange in 2018 The difference between the actual and expected total enrollment and premium for plan year 2018 is mainly explained by the difference between actual and expected off-exchange enrollment.
b. Actual average individual market premium rate on the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$533.24	Total market premiums of \$619,963,654 on the exchange in 2018
Actual average individual market premium rate off the Exchange (i.e., total individual market premiums divided by total member months of all enrollees)	\$469.48	Total market premiums of \$286,129,426 off the exchange in 2018 The difference between the actual and expected total enrollment and premium for plan year 2018 is mainly explained by the difference between actual and expected off-exchange enrollment. There is also evidence of a continued migration towards bronze plans by consumers.
c. Actual Second Lowest Cost Silver Plan (SLCSP) premium for Exchange plans under the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	See attached file SLCSP	Final Rates approved for plan year 2018. Minnesota has a unique age curve.

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	Value	Comments (if applicable)
Estimate of the SLCSP premium for Exchange plans as it would have been without the waiver for a representative consumer (e.g., a 21-year old non-smoker) in each rating area	See attached file SLCSP	Proposed Without Reinsurance Rates for plan year 2018. Minnesota has a unique age curve
d. <i>For states with State-based Exchanges</i> , actual amount of Advanced Premium Tax Credit (APTC) paid to issuers, by rating area for the plan year	Rating Area 1: \$43,465,498.82 RA 2: \$24,370,799.81 RA 3: \$21,688,598.59 RA 4: \$17,404,529.10 RA 5: \$20,440,669.06 RA 6: \$18,374,385.23 RA 7: \$33,408,777.93 RA 8: \$106,312,642.94 RA 9: \$5,393,065.52	
e. <i>For states with State-based Exchanges</i> , actual number of APTC recipients for the plan year. This should be reported as number summed over all 12 months and divided by 12 to provide an annualized measure.	62,375	748,499 is the sum of each month's enrollment in 2018; 62,375 is the annualized measure
15. Please confirm whether there was any impact of the waiver on the scope of benefits or Essential Health Benefit (EHB) benchmark. It is confirmed that there is no impact of the waiver on the scope of benefits or the EHB benchmark. EHB coverage remains unaffected. The waiver retained the existing scope of benefits, including requiring the provision for 10 EHB, matching the state's benchmark plan's covered service list and minimum visit limits.		

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16. Describe any changes to the state-operated reinsurance program, including changes to the funding level the program will be operating at for the next plan year, any changes to the approved payment parameters for reinsurance program reimbursement or changes to eligibility criteria for enrollees' claims to be reimbursed under the program.

The estimated federal funding amount for plan year 2019 was reduced from \$183.9 million to \$84.8 million. There are no changes to the approved payment parameters for the reinsurance program reimbursement, or changes to eligibility criteria for enrollees' claims to be reimbursed under the program between 2018 and 2019.

The federal funding for 2019 is \$84,757,861. It is confirmed that the total level of funding for the reinsurance program for 2019 is \$271 million. The state funding level for 2019 is up to \$186,242,139.

17. Describe any changes in state law that might impact the waiver and the date(s) these change occurred or are expected to occur.

The original legislation for the Minnesota Premium Security Plan only implemented the reinsurance program for plan years 2018-2019. Recent legislative action has passed which extends the reinsurance program through plan year 2021. This legislation prescribes the same payment parameters and maximum program size for plan year 2020 as were in place in plan years 2018 and 2019.

18. Report on spending:

	Value	Comments (if applicable)
a. Amount of Federal pass-through funding spent on individual claim payments to issuers from the reinsurance program	\$0	Minnesota expects to make reinsurance payments to eligible carriers no later than August 15, 2019.
b. Amount of Federal pass-through funding spent on operation of the reinsurance program	\$0	Minnesota expects to make reinsurance payments to eligible carriers no later than August 15, 2019.
c. Amount of any unspent balance of Federal pass-through funding for the reporting year	\$130.7 Million	Minnesota expects to make reinsurance payments to eligible carriers no later than August 15, 2019.
d. Amount of state funding contribution to fully fund the program for the reporting year	\$271 Million of state funding was appropriated for plan year 2018.	Minnesota currently estimates \$5.4 million in state funds will be spent to fully fund the program for the reporting year.

19. If applicable, provide a claims breakout at an aggregate level for the top 5 conditions or cost drivers of the 5 conditions, including settings of care in the individual market.

The instructions for the annual reporting template state that for any items marked "if applicable", the state should refer to the requirements outlined in the specific terms and conditions (STC). Minnesota's STC does not specify that information on the top 5 conditions or cost drivers should be provided in this reporting.

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Commerce assumed that this question was intended for states with reinsurance programs that are based on high-cost conditions, such as Alaska.

Commerce will here provide a response to the best of its ability to this question, based on information provided to the state in the fourth quarter Wakely Report on the MPSP. However, please note that Commerce is not the program administrator and does not have total control over the data that is received.

The Q4 Wakely report states the following: "As a general rule of thumb, approximately 20% of the Individual Commercial population is assigned to an HCC (Hierarchical Condition Category). In other words, 80% of the general individual population does not have an HCC. In comparison, only 7% of the reinsurance population does not have an HCC."

The report provided a pie chart that indicates that 7% of the reinsured population have 0 HCCs, 28% have 1 HCC, 23% have 2 HCCs, 15% have 3 HCCs, and 27% have 4 or more HCCs. The 4th Quarter Wakely report is included as an attachment to this report.

20. If applicable, report on any incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for reinsurance.

Not Applicable. There is nothing explicit in Minnesota law that provides incentives to providers, enrollees, or plan issuers for managing health care costs and utilization for individuals eligible for reinsurance.

21. If applicable, report of any reconciliation of reinsurance payments that the state wishes to make for any duplicative reimbursement through the state reinsurance program for the same high cost claims reimbursed through the Department of Health and Human Services (HHS)-operated high cost risk adjustment program.

	Value	Comments (if applicable)
a. Reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS risk adjustment program under the high-cost risk pool	Not Applicable	
b. Risk adjustment amount paid by HHS for those claims	Not Applicable	
c. Reinsurance reconciliation (or true-up) amount applied	Not Applicable	

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E. POST-AWARD FORUM

22. Was the date, time, and location of the Post-Award Forum advertised 30 days in advance?

☒ **Yes**

☐ **No**

23. State website address where Post-Award Forum was advertised

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

24. Date Post-Award Forum took place

June 1, 2018 and June 4, 2019

25. Summary of Post-Award Forum, held in accordance with §155.1320(c), including all public comments received and actions taken in response to concerns or comments.

The Department of Commerce held an open forum to discuss Minnesota's Innovation Waiver of Section 1332 of the Affordable Care Act. The forum took place on Friday, June 1, 2018 from 2 to 4 pm at the Rondo Library and Community Center in Saint Paul.

Department staff presented on the progress of the Minnesota Premium Security Plan (MPSP) and took questions from attendees. Attendees from the public asked for clarification on 1332 reporting requirements, program parameters, and anticipated funding in the future. They asked about other states' 1332 waiver requests and necessary legislative action in Minnesota in the future. Department staff provided clarification on program requirements and context for the conversation around necessary legislative action to continue the waiver program. No concerns or comments required further action by department staff.

Additionally, the 2019 Post-Award Forum was held since the time the draft annual report was submitted. The forum took place on Tuesday, June 4, 2019 from 2 to 4 pm at the Rondo Library and Community Center in Saint Paul.

Department staff presented on the progress of the Minnesota Premium Security Plan (MPSP) and took questions. Some of the question topics were why experienced claims from high cost enrollees have been lower than expected, what an MCHA audit would look like, and whether the state has received many comments on rate levels or 1332 reporting that has been posted publicly. Department staff provided clarification on these points, including explaining possible reasons for lower than expected high cost claims. No concerns or comments required further action by department staff.

In addition, Minnesota had months of public legislative committee hearings on the reinsurance program in 2019 and the result was a statute change which extended the program for two years.

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26. Other Attachments (attach other documents as needed pertaining to Post-Award Form)

F. STATE INTERNAL IMPLEMENTATION REVIEW - ATTESTATION

27. Attestation: The state attests that periodic implementation reviews related to the implementation of the waiver have been conducted in accordance with 31 CFR 33.120(b) and 45 CFR 155.1320(b).

☒ Yes

☐ No

28. Describe the state's implementation review process.

State staff attends frequent calls and meetings with MCHA regarding the MPSP, providing technical advice and aspects of oversight. Commerce staff also reviews reports to ensure the content is robust and contains needed information for stakeholders mentioned in state statute, including legislators. Commerce has encouraged MCHA and the plans to collect additional data so more detailed analysis of reinsurance-eligible claims can occur. Policymakers in Minnesota have expressed interest in learning more about the conditions individuals with reinsurance-eligible claims have and how reinsurance-eligible claims data could be leveraged to incentivize health care cost containment strategies going forward.

Commerce staff will work with MCHA on verifying final reinsurance payment amounts prior to payments being made to eligible health carriers.