

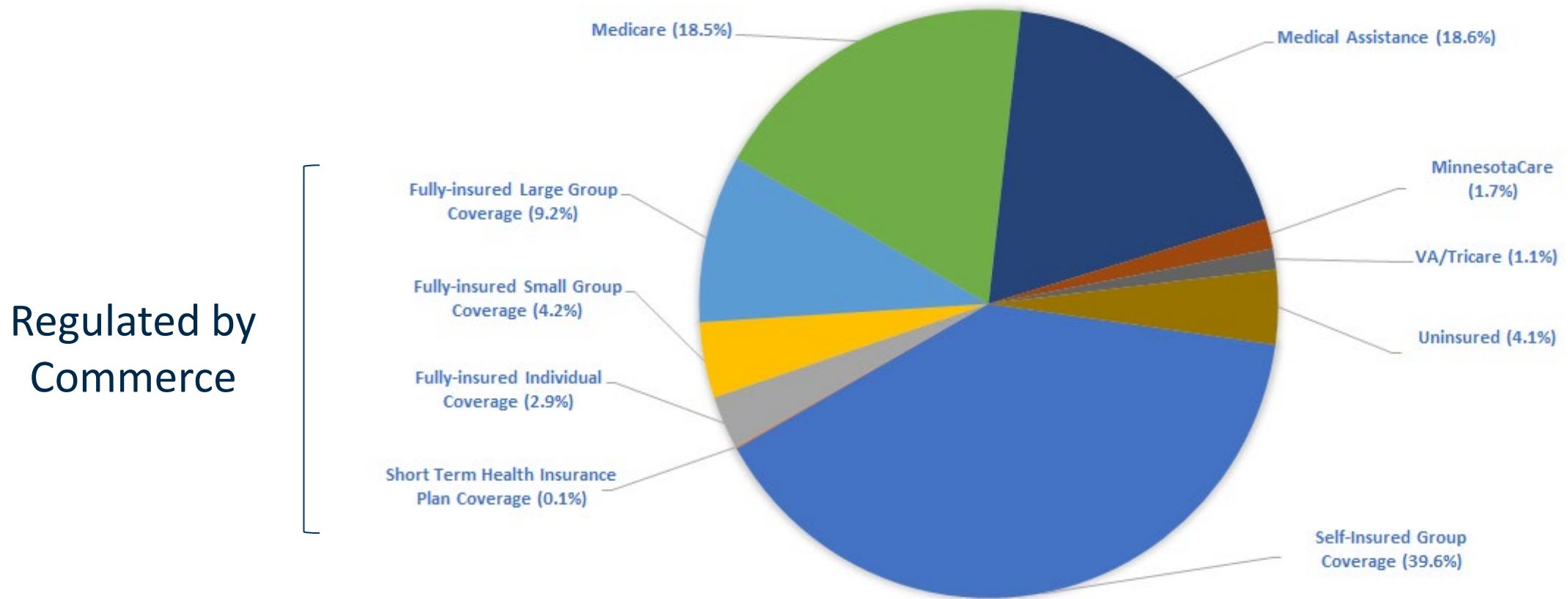
Section 1332 Innovation Waiver Public Meeting Presentation June 20, 2024

Presentation Overview

- How Minnesotans access health care coverage
- Minnesota's individual market history
- Actions taken by Minnesota legislature to make coverage more affordable
- Minnesota's 1332 waiver for an individual market reinsurance program
- Reinsurance program figures, 2018-2023
- Reinsurance status, 2025

How Minnesotans access Health Insurance

MINNESOTA HEALTH INSURANCE BY MARKET



Source: MDH Health Economics Program: "Supplement to Pandemic's Impact on Health Insurance Coverage"

Overview of Minnesota's Individual Market

- Roughly 163,000 Minnesotans get healthcare coverage through the individual market
 - Minnesotans without access to healthcare coverage through an employer, Basic Health Plan (MinnesotaCare), Medicare, or Medicaid.
 - Contractors, farmers, realtors, daycare providers
 - Employees working for small businesses not offering health insurance
 - Early retirees

2016-17 Individual Market Landscape

- Some federal programs providing individual market stability expired
- Another key Affordable Care Act aspect, premium tax credits (PTC), continued to provide stability to those with incomes below 400% of federal poverty level (FPL)
- For individual market enrollees above 400% FPL, vulnerability to instability
- Instability triggered by more participants with high-cost claims than expected

2016-17 Individual Market Landscape, continued

- Minnesota insurance companies reacted with rate increases, enrollment cap requests, narrower provider networks and a market exit:
 - From 2014 to 2017, the gross average premium per enrollee per month rose from \$206 to \$526
- Worst-case example: Family in Rochester, 60-year-old health of household, with \$105,000 of income, paying \$2,000 per month in premiums
- Market enrollment dropped significantly:
 - Enrollment peaked in 2015 with over 300,000 enrollees
 - Approximately 260,000 in 2016
 - Approximately 160,000 in 2017

Minnesota Premium Security Plan

- In April 2017, Minnesota passed a new law aimed at helping Minnesotans who buy their own insurance—a state-based reinsurance program called the Minnesota Premium Security Plan
- Designed to alleviate the impact of high-claim costs
- Translates to lower premium rates for consumer from what they would be without the program
- Requires filing for approval of a 1332 waiver from the federal government
- 1332 waivers last up to five years

The federal government gives states the opportunity to innovate

- Section 1332 of the Affordable Care Act (ACA) permits states to apply for a State Innovation Waiver
- A successful waiver must ensure that the state's innovation results in:
 - Health care at least as comprehensive as prior to the waiver
 - Health care at least as affordable as prior to the waiver
 - Coverage provided to at least a comparable number of residents as expected without the waiver
 - No increase to the federal deficit

Minnesota uses federal money to fund the reinsurance program

- Because reinsurance lowers premiums, it also lowers the federal tax credits Minnesotans use to make their insurance more affordable
 - Higher premiums = higher federal tax credits
 - Lower premiums = lower federal tax credits
- Minnesota's waiver seeks to retain the foregone federal tax credits and use those federal funds to support the MPSP
 - Budget neutral for the federal government

Impact of the 1332 Waiver

- Minnesota's 1332 waiver, associated with the MPSP, has accomplished the following:
 1. Maximized federal funding to reduce individual market premiums
 2. Captured federal funds that would otherwise come to Minnesota
 - Program is deficit neutral to the federal government
 3. Stabilized the individual market
 - 2018-2023 rates were approximately 15-20% lower than they would be absent the program.
 - Carriers in the market in 2017 have remained in the market thereafter, and a carrier has entered the individual market since the introduction of the MPSP.
 - One small insurer exited the market in 2024.
 - For plan year 2024, all counties have more than one carrier

Reinsurance Administration and Process

- The Minnesota Comprehensive Health Association (MCHA) oversees the reinsurance program
 - MCHA has auditing, accounting, and payment procedures to make reinsurance payments to carriers
- Financial cost of high-cost claims to carriers and to the state are determined as claims develop over the year
- Quarterly and annual reports are due to the federal government throughout the duration of the waiver

Reinsurance Federal Funding and Program Size, 2018-2023

	2018	2019	2020	2021	2022	2023
Federal Funding	\$130,720,000	\$84,758,000	\$86,064,000	\$142,727,000	\$91,110,000	\$119,486,000
Program Size	\$136,125,000	\$149,660,000	\$160,210,000	\$189,843,000	\$146,898,000	\$192,099,000*

*The 2023 program size is a projected measurement since runout costs are not yet known.

Distribution of Reinsurance Payment Dollar Amounts by Rating Area 2023

Rating Area	Reinsurance Distribution*	Individual Market Enrollment Distribution**
Rating Area 1 - Rochester	10%	5%
Rating Area 2 - Duluth	4%	5%
Rating Area 3 - South Central	7%	4%
Rating Area 4 - South West	3%	2%
Rating Area 5 - West Central	4%	4%
Rating Area 6 - West	4%	4%
Rating Area 7 - Central	8%	8%
Rating Area 8 - Metro/St. Cloud	58%	67%
Rating Area 9 - North West	1%	1%
Statewide	100%	100%

*Minnesota Comprehensive Health Association 2023Q4 Report, Wakely Consulting Group

**Enrollment data as of June 2023, aggregated by MN Dept of Commerce

Minnesota's 1332 Waiver Renewal

- The most recent 1332 Waiver renewal was for plan years 2023-2027. In 2023, the coinsurance parameter reverted to 80%, as it was pre-2022.
- The federal government approved Minnesota's Continuation of the MPSP of the 1332 waiver in July 2022
- Waiver holds MinnesotaCare's federal funding stream harmless
- While the waiver extension has been approved by the federal government through 2027, state funding for the reinsurance program is only supported through 2025.

Questions or Comments?

Comments may also be submitted to
MN1332PublicComments@state.mn.us