

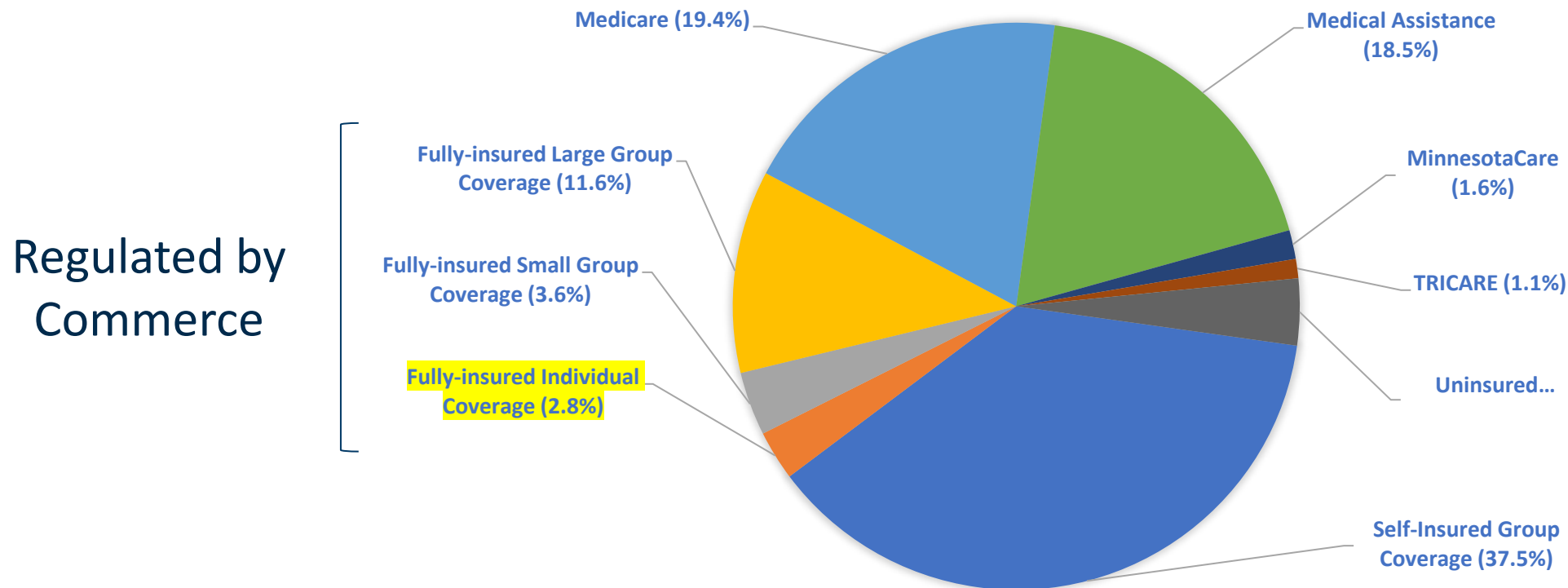
Section 1332 Innovation Waiver Public Meeting Presentation June 24, 2025

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, 2018-2024
- Reinsurance status, 2026

How Minnesotans access Health Insurance

MINNESOTA HEALTH INSURANCE BY MARKET



Source: MDH Health Economics Presentation:
“Trends and Variation in Health Insurance Coverage”

Overview of Minnesota's Individual Market

- Roughly 187,000 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)
- 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
 - 2018-2024 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.
 - For plan year 2025, 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, 2018-2024

	2018	2019	2020	2021	2022	2023	2024
Federal Funding	\$130,720,000	\$84,758,000	\$86,064,000	\$142,727,000	\$91,110,000	\$119,486,000	\$129,884,000
Program Size	\$136,125,000	\$149,660,000	\$160,210,000	\$189,843,000	\$146,898,000	\$206,969,230	\$267,500,000*

*The 2024 program size is a projected measurement since runout costs are not yet known.

Distribution of Reinsurance Payment Dollar Amounts by Rating Area 2024

Rating Area	Reinsurance Distribution*	Individual Market Enrollment Distribution**
Rating Area 1 - Rochester	9%	6%
Rating Area 2 - Duluth	5%	4%
Rating Area 3 - South Central	7%	4%
Rating Area 4 - South West	2%	2%
Rating Area 5 - West Central	4%	5%
Rating Area 6 - West	3%	4%
Rating Area 7 - Central	9%	8%
Rating Area 8 - Metro/St. Cloud	59%	64%
Rating Area 9 - North West	1%	2%
Statewide	100%	100%

*Minnesota Comprehensive Health Association 2024Q4 Report, Wakely Consulting Group

**Enrollment data as of June 2024, 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.
- The Waiver hold's 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 2026.
- In 2027, the reinsurance program will be funded through an insurer assessment.

Questions or Comments?

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