

Creger, Lisa (COMM) started transcription

0:03 Welcome.

0:12 Hello and welcome to the 8th annual public forum on the Minnesota reinsurance program.

0:17 As a quick reminder this meeting is being recorded and participants may turn off their camera and or microphone if they wish or they may choose to leave the meeting if they do not want to be recorded.

0:30 The primary purpose of this presentation is to encourage public comments on whether the reinsurance program is preserving comprehensiveness and affordability of coverage.

0:39 We'll also be talking about the draft phase out plan as required by the terms and conditions of our waiver from the federal government.

0:48 For a brief overview of the presentation we will be discussing how minnesotans access healthcare coverage.

0:53 The background of Minnesota 's individual market actions taken by the state legislature to make coverage more affordable and Minnesota 's 1332 waiver program with historic data and next steps for the program in the future.

1:07 So this chart.

1:08 It reflects the breakdown of how minnesotans access healthcare many minnesotans receive their health insurance from Medicare Medicaid Minnesota care or through their employer via a fully or self insured plan.

1:21 But today we will be discussing those with fully insured individual coverage.

1:25 As you can see roughly 3% of minnesotans get their healthcare through the individual market.

1:32 That 3% figure translates to roughly 180 7000 minnesotans receiving health care through the individual market.

1:39 Minnesotans who purchase coverage through the individual market are those who do not receive health care coverage through their employer or other government or public programs.

1:47 Some examples would include contractors farmers retailers freelancers or early.

1:53 Race do not yet qualify for Medicare.

1:58 As a brief historic overview programs that initially supported the individual market expired primarily a federal reinsurance program that expired in 2016.

2:07 A stability measure that stayed in place were premium tax credits which provided support for those whose income was below 400% of the federal poverty level.

2:17 However at the time individuals above 400% of the federal poverty level did not receive premium tax credits and were more vulnerable to market instability.

2:25 Further market disruption arose when participants experienced claims well above what insurance companies expected which led to poor overall market health.

2:36 In response to this adverse experience companies reacted with sizable rate increases enrollment caps and narrower network requirements.

2:44 Additionally an insurance carrier with a large market share chose to exit in 2017 between 2014 and 2017 the gross average market premium rose from \$206.00 to \$526.00 per month.

2:57 An extreme example a family in Rochester with 60 years of health of household and 105 \$1000.00 in income would have been paying roughly \$2000.00 in monthly premiums.

3:11 In reaction to these events Minnesota passed a law in 2017 to help individual market stability.

3:16 A state based reinsurance program called the Minnesota premium security plan.

3:20 The program was designed to alleviate the impact of high cost claims which resulted in lower premiums than what would have been seen without the program.

3:27 This program was funded by a mix of state and federal funds and thus required approval of a 1332 waiver from the federal government.

3:35 These waivers last for a period of 5 years.

3:39 For additional background section 1332 of the ACA for red states to apply for a state innovation waiver.

3:45 Minnesota 's waiver proposed the state reinsurance program in order to be approved the waiver must ensure that the innovation will result in health care at least as comprehensive as without the waiver Healthcare is affordable as without the waiver.

3:58 Comparable coverage is without the waiver.

4:00 And no increase to the federal deficit.

4:04 Because the reinsurance program lowered premiums it also lowers the federal premium tax credits minnesotans receive Minnesota 's waiver seeks to retain these foregone federal tax credits by using those federal funds to instead fund the reinsurance program in addition to state funds.

4:20 This results in our program being budget neutral for the federal government thus achieving the requirement of there being no increase to the federal deficit.

4:30 Since the reinsurance program was introduced we have seen notable stabilization in the individual market premiums between 2018 and 2024 were roughly 15 to 20% lower than what they would have been absent the program.

4:42 The individual market saw steady carrier participation and enrollment growth and for plan year 2025 all counties have more than one carrier issuing plans.

4:51 Which has been consistent over recent years as well?

4:53 This ensures that consumers have a choice among insurance providers.

4:58 Regarding program administration the reinsurance program is overseen by the Minnesota comprehensive health association or Mgr short their primary duties include auditing accounting and payment procedures to ensure that reinsurance payments are made to carriers in a timely manner.

5:14 Financial costs are determined over the year as claims develop and both quarterly and annual reports are due to the federal government throughout the duration of the waiver.

5:24 These reports are completed by the Department of Commerce.

5:28 This slide shows a history of the program 's federal funding and program size.

5:32 Note that if you subtract the federal funding from the program size you get the portion of the program funded by the state.

5:38 One thing to note is that the program size decrease in 2022 as a result of a change in the underlying program parameters.

5:45 But these parameters reverted to their previous levels in 2023.

5:49 Also of note part of the reason of the program size notable increase in 2024 is due to overall increase individual market enrollment as a result of Medicaid redetermination.

6:03 This next slide compares reinsurance distribution against market enrollment distribution as you can see from the far right hand column roughly 2/3 of the market resides

in the Twin Cities metro area you would expect these columns to be identical if every rating area had an equal claims distrib.

6:18 Distribution.

6:19 But as you can see that is not the case.

6:21 For example in rating area one or Rochester there's only 6% of total market enrollment distribution but they account for 9% of the reinsurance distribution due to those residents having.

6:33 And greater claim costs on average.

6:37 As previously mentioned 1332 waivers are only effective for 5 years.

6:41 Minnesota 's initial waiver was approved to begin in 2018 and our extension waiver was approved for plan years 2023 through 2027 while the program has federal approval through plan year 2027.

6:55 Is also contingent upon state funding the recent 2025 Minnesota legislative session approved further funding for the reinsurance program for plan year 2026 with the same parameters as the previous year?

7:07 For plan year 2027 it was decided that the state 's portion of funding would be collected by by an issuer assessment as opposed to through the general fund as it had previously been funding further continuation of the reinsurance program past plan year 2027 would.

7:24 Require.

7:25 An additional waiver extension application to be submitted.

7:30 This concludes the presentation.

7:32 Any questions or comments may be submitted to the e-mail address that is included on this slide?

7:39 Thank you very much.

7:41 We will stop the recording.

Creger, Lisa (COMM) stopped transcription