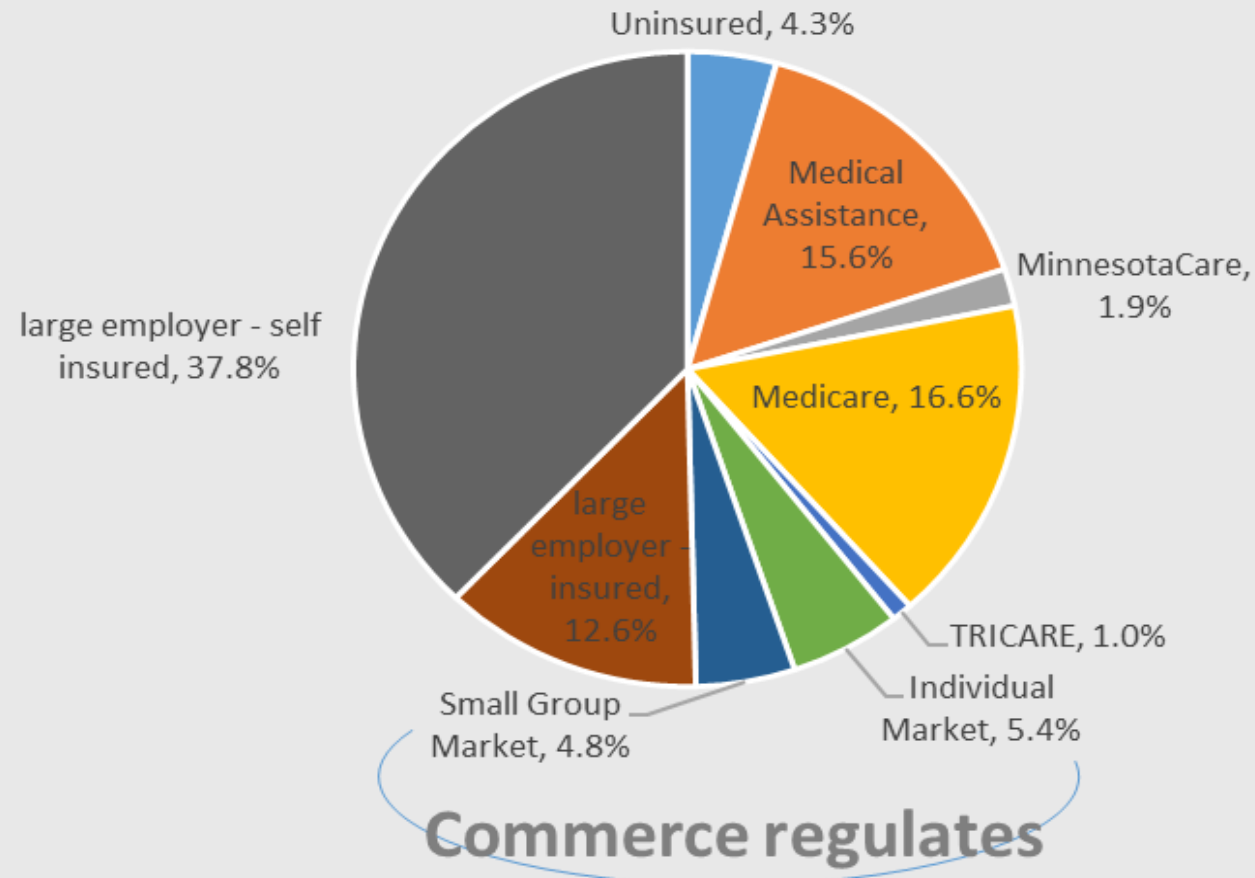


Section 1332 Innovation Waiver Public Meeting Presentation

Minnesotans access health insurance in many ways

Minnesota Health Insurance by Market (2015)



Minnesotans who buy their own insurance need help

- About five percent of Minnesotans get healthcare coverage through the individual market
 - Minnesotans without access to coverage through an employer, MinnesotaCare, Medicare, Medicaid
 - Contractors, farmers, realtors, daycare providers
- Premiums increased dramatically in 2016 and 2017

Rising costs have destabilized Minnesota's individual market

- The rate of premium increases has been dramatic
 - Driven by high-cost claims and healthy people leaving the market
 - In 2015, claim costs exceeded premiums collected by 38%
 - 50% of individual market claim amounts have been incurred by 2.2% of enrollees
 - Costs are passed on to all individual market enrollees in the form of higher premium rates

National events also affected Minnesota's individual market

- Federal programs provided stabilizing assistance but not in amounts originally promised and are no longer in effect
- Minnesota insurance companies reacted with rate increases, narrower provider networks and market exit
- Minnesota isn't unique - Similar issues occurring in other states

In 2017, Minnesota passed new laws aimed at helping consumers who buy their own insurance

- Short-term
 - January 2017: 25% discount on premiums for Minnesotans who don't qualify for assistance
- Long-term:
 - April 2017: State-based reinsurance program called the Minnesota Premium Security Plan (MPSP)
 - Designed to alleviate the impact of high-cost claims
 - Translates to lower premium rates for consumers from what they would be absent the program, starting in 2018

Minnesota is seeking a 1332 waiver

- Minnesota's waiver seeks to:
 - maximize federal funding to reduce individual market premiums
 - Capture federal funds that would otherwise already come to Minnesota
 - Stabilize the individual market
 - Not affect other state programs

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 is at least as affordable as prior to the waiver
 - Coverage is provided to at least a comparable number of residents as would be expected without the waiver
 - No increase of the federal deficit

The MPSP will use Federal money to fund the reinsurance program

- Because reinsurance will lower premiums, it also will lower 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 use those federal funds to support the MPSP
 - Budget neutral for the federal government
 - Using money that would otherwise come to Minnesota if the reinsurance program didn't exist

Establishment of Minnesota's reinsurance program is contingent on approval of the state's 1332 waiver

- For the MPSP to work, Minnesota needs an approved waiver
- With an approved waiver, the MPSP will:
 - Decrease premiums from what they otherwise would be absent the program
 - Not change employer-based insurance, Medicare, or Medicaid
 - Have no impact on MinnesotaCare

The amount of federal funding for the MPSP could be significant

- The federal government can be expected to pay \$139 million - \$167 million less in premium tax credits with the MPSP than without the MPSP in 2018
 - Based on analysis performed by MN Department of Commerce Actuaries
 - The amount could grow over time

Impact on federal funding for MinnesotaCare

- State law requires that the waiver seek necessary authority to hold MinnesotaCare's federal funding stream harmless
- MinnesotaCare is basic health plan under the ACA
- Federal funds are based on premium levels in the marketplace
- 'Pass through of funding' request in draft application

Minnesota is currently seeking public comment and input to improve the state's waiver

- 4/4/17: State legislation directs Commerce to seek 1332 waiver
- 4/28/17: Draft waiver and actuarial analysis posted publicly on Commerce website
- Comments accepted through May, 26

- Four public meetings this week
 - Duluth, Rochester, Moorhead, St. Paul
 - Parallel consultation with Minnesota's Federally-Recognized Tribal Governments
- Commerce required by law to submit final application to federal regulators by June 15
- Federal government will then perform review, conduct its public comment period, and make a decision on approving the waiver

- Questions or comments?