Minnesota Council of Health Plans

2018 Minnesota Premium Security Plan

Practical help on the way for Minnesotans who buy health insurance on their own.

A new law, called the Premium Security Plan, is designed to steady or reduce premiums for people who buy insurance on their own. It pays up to $271 million in high medical bills so those expenses don't have to be added into premiums people pay each month. Not a dime of public money goes to insurers – it is only used to pay Minnesotans' medical bills.

The legislation also requires insurers to sell policies with more in-network clinics and hospitals. Before this help is a reality, here's what has to happen:

- **Get a federal waiver.** Federal permission is needed to implement the legislation.
- **Change clinic/hospitals network.** Insurers selling policies to individuals in any county must offer at least two networks.
- **Add board members.** The expanded MCHA Board has work to do, including implementing the law.

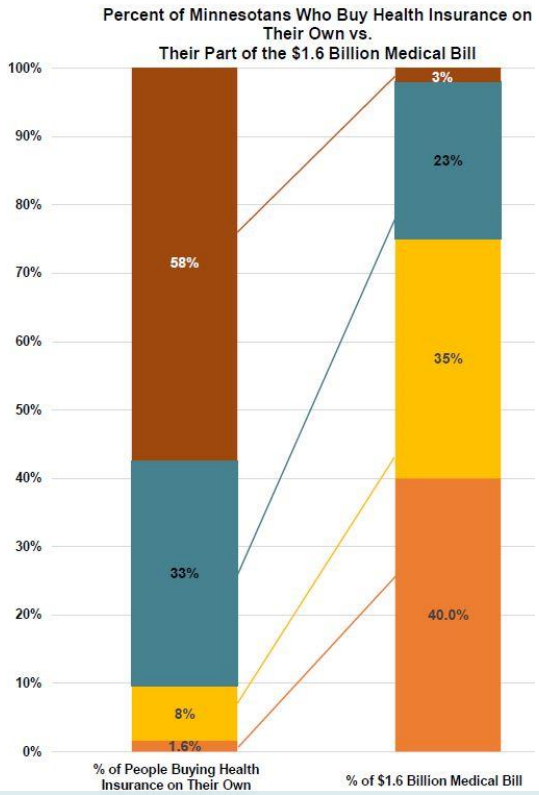
See Page 2 for details.

Waiting for Answers

This legislation goes a long way toward helping the health insurance Minnesotans buy on their own be more affordable, yet questions still need to be answered before health insurance policies can be developed for 2018. Insurers are committed to offering policies to Minnesotans. They (and their regulators) are waiting for additional information before they can do the work. The unknowns that everyone is waiting on include:

- Congressional changes to the Affordable Care Act
- Current data on how many people are buying this insurance in 2017 and how much care they need
- Additional state legislation that might raise or lower the price of care in 2018
- Federal response and conditions for a waiver

In the spring, Commerce Department staff will send the health insurers rules and deadlines for filing 2018 insurance products.



Legislators to Advise MCHA Board

Senators and representatives who chair or are ranking minority members of the commerce, health and human services finance & policy; and human services reform finance & policy committees are forming a work group to advise the board on health insurance issues for 2019. Its work will include studying reinsurance models in Alaska and other states and monitoring the effect changes in federal health policy will have in Minnesota, including funding and the effect on the state's health care access fund.

Get a Federal Waiver

The Commerce commissioner must get a federal waiver before any money can be used for 2018 premiums. He will work with the commissioners of Human Services and Health, and the MNsure board to apply for the waiver by June 15, 2017. A public draft of the application will be available May 15, 2017. Commerce received $155,000 to do this work.

Year	Minnesotans Who Buy Their Own Health Insurance	Percent Change
2017	167,651	(38%)
2016	270,458	(7%)
2015	289,410	13%
2014	255,696	8%
2013	235,885	1%
2012	232,969	

Note: 2017 enrollment is as of March 31, 2017.

Change Network Clinics & Hospitals

The law helps create more insurance options in a few ways.

First, it helps pay for some of the expensive care that people need so premiums don't have to be as high. As discussed in a recent Health Affairs study and Kaiser article, paying for expensive care through reinsurance stabilizes the price of insurance premiums, making it easier for individuals to plan for their expenses.

Second, it promotes insurance options even in high cost counties. When a few high medical bills are shared broadly, regional premiums don't have to be set solely on expected medical expenses. As a result, insurance markets can work even where there are only a few people or some have very high medical bills.

Third, the law requires insurers to offer at least two hospital and clinic choices. For example, if Ridgeview is an insurer's hospital/clinic partner in Wright County, the insurer also has to offer a policy in Wright County that includes hospitals or clinics not affiliated with Ridgeview.

Expand the MCHA Board

The Board of the Minnesota Comprehensive Health Association (MCHA) will grow to oversee reinsurance work. It will decide how to collect information from insurers and figure out what medical bills the fund will pay for. To be eligible, an individual's medical expenses can't be lower than $50,000 or higher than $250,000. For bills that qualify, the state will pay between 50 and 80 percent of the expense.

Initially, there is $271 million a year in public funding for reinsurance. Initial financing includes $200 million from the Minnesota Health Care Access Fund (HCAF) and $71 million from the General Fund. If federal funds are granted in the waiver, the total amount spent for reinsurance would remain at $271 million but spending would be reduced from the General Fund (and possibly some of the HCAF.) MCHA is also expected to use any uncommitted resources it has from prior years.

MCHA must hire an independent auditing firm and it may audit insurers to ensure compliance with reinsurance payment requirements. Four times a year, the board will let insurers know how much funding they will receive for the medical bills eligible for reimbursement. Payments will be made to insurers Aug. 15 each year. Each year the board will publish a report on the final payments made to each insurer. The report will go to the commerce commissioner and be posted on MCHA's website.

At least two members of the 13-member board must live outside the seven-county metro area. Other board membership requirements included in the law are:

- at least one health actuary
- one individual who represents hospitals
- one individual who provides care
- two people who buy health insurance on their own
- one licensed insurance agent who buys his or her own health insurance