

March 1, 2022

Representative Zack Stephenson, Chair
Commerce Finance and Policy
509 State Office Building
St. Paul, MN 55155

Senator Gary H. Dahms, Chair
Commerce and Consumer Protection Finance and Policy
Minnesota Senate Building, Room 2111
St. Paul, MN 55155

Via E-Mail

Dear Chair Stephenson and Chair Dahms,

As you know, the Minnesota Premium Security Plan (MPSP) is currently in its fifth year of operation. I write with a status update on the Minnesota Department of Commerce's (Commerce) work on the MPSP and the federal 1332 waiver it needs to operate. The Governor's Budget proposes extending the MPSP to temper the impact of rate increases for Minnesotans who purchase their own health insurance. My goal is to work with you to make timely, informed decisions about the future of the MPSP that allow for the State's 1332 waiver application to be approved in time for the reinsurance program to successfully continue.

Commerce staff worked with the Legislature in 2019 and 2021 to extend the program twice. Because the State has reached the end of the five-year lifespan of the 1332 waiver that the MPSP needs to exist, this year's work must occur on a timeline similar to 2017. In 2017, MPSP enabling legislation became law on April 4, 2017. The urgency for the legislature to act by April is driven by the timeline for federal regulatory review of the State's 1332 continuation application.

Last December, Commerce submitted a continuation application to federal regulators to extend the State's existing 1332 waiver. On January 27, federal regulators replied with notice that the State's application was incomplete (letter attached). The letter encouraged the State to resubmit an updated application once Minnesota had authorized the MPSP to operate beyond 2022.

Once the Legislature acts to grant the authority to operate the program, Commerce will update the State's continuation waiver application and actuarial models. Like the State's original application process, there are several steps that make the approval process quite lengthy. Once the application is updated, the State is required to post it for public comment and seek consultation with Tribal Governments for at least 30 days. After Commerce incorporates public feedback and submits an updated continuation waiver application (which we estimate Department staff can complete in two weeks or less), federal regulators conduct a waiver application review. This includes the following:

- A completeness review of the application (up to 45 days)
- A Federal public comment period (at least 30 days)
- If the application is deemed complete, a full review to either approve or disapprove the waiver (up to 180 days after the completeness determination is made)

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In 2017, Minnesota's original 1332 waiver was approved on September 22. While federal regulators have approved 1332 waivers submitted more quickly than they did for our state in 2017, their ability to do so is dependent on other competing regulatory priorities. Delaying the passage of authorizing legislation beyond April 1 will increase the State's risk that the continuation waiver application will not be approved prior to October 1 when final 2023 health insurance rates are required to be publicly released under Minnesota law. Later passage also increases risk and uncertainty for Minnesota's health insurance companies and, as it did last year, could truncate the amount of time Commerce staff have to complete the regulatory review process that brings health insurance products to market each year.

Based on our experience five years ago, I am confident that we can work together and meet the April 1 deadline. As we have throughout the past five years, Commerce staff stand ready to provide technical assistance and support throughout the legislative process.

I hope this information is helpful. I look forward to working with you throughout the session.

Sincerely,



Grace Arnold
Commissioner

Cc: Representative Melissa Hortman Senator Jeremy Miller
Representative Tina Liebling Senator Paul Utke
Representative Jennifer Schultz Senator Susan Kent
Representative Tim O'Driscoll Senator Melissa Wiklund
Representative Joe Schomacker

Attachment: [Notice of Preliminary Determination of Incompleteness \(PDF\)](#)