

February 26, 2018

The Honorable Gary H. Dahms
2111 Minnesota Senate Building
95 University Avenue West
St. Paul, MN 55155

The Honorable Michelle Benson
3109 Minnesota Senate Building
95 University Avenue West
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The Honorable Mary Kiffmeyer
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The Honorable Jim Abeler
3215 Minnesota Senate Building
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The Honorable Tony Lourey
2211 Minnesota Senate Building
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The Honorable Joe Hoppe
543 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
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The Honorable Greg Davids
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The Honorable Matt Dean
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The Honorable Joe Schomacker
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The Honorable Laurie Halverson
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Dear Members,

I write to provide you an update on the Minnesota Premium Security Plan (MPSP). As you recall, the MPSP is the state-based reinsurance program providing reinsurance for health insurance carriers that offer individual health plans in Minnesota.

First, the state recently received a letter from Federal regulators. The letter updated the estimated amount Minnesota is expected to receive in 2018 for the MPSP. The updated estimated amount is \$130,719,696. This estimate is approximately \$8.5 Million less than federal regulators projected the state would receive in October 2017, but is more than the state anticipated it would receive in its 1332

waiver application. According to the terms and conditions of the state's 1332 waiver, final federal payment is expected to be paid to the state by April 2018 for benefit year 2018.

Second, pursuant to the requirements of Minn. Stat. §62E.23, subd. 3, the Minnesota Comprehensive Health Association (MCHA) Board of Directors proposed benefit year 2019 payment parameters for the MPSP. As you recall, the payment parameters work together to allow the MPSP to maximize the \$271 million appropriated by the Legislature for the benefit of Minnesota consumers in the individual insurance marketplace.

The 2019 MPSP payment parameters are consistent with Minnesota Laws 2017, Chapter 13, and are the same as the payment parameters established by law for benefit year 2018. The Commerce Department approved the 2019 payment parameters on December 21, 2017.

The approved payment parameters for benefit year 2019 are:

- **Attachment point** (the dollar amount where claims become eligible for reimbursement):
\$50,000
- **Reinsurance cap** (the total dollar amount that a health insurer can receive for a single claim):
\$250,000
- **Coinsurance rate** (the percentage of cost of each claim between \$50,000 and \$250,000 that a health insurer can receive): **80 percent**

Please let me know if you have any questions or would like any additional information.

Sincerely,



Jessica Looman
Commissioner