

HF5 - 19A - "MnSure Fed Purchase Approval"

Chief Author: **Tara Mack**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/14/2015**
 Lead Agency: **MnSure**
 Other Agencies:
 Public Safety Dept Minn Management and Budget
 Commerce Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Commerce Dept					
General Fund	-	210	213	-	-
Minn Management and Budget	-	-	-	-	-
General Fund	-	-	-	-	-
MnSure	-	-	-	-	-
MN Health Insurance Exchange	-	-	-	-	-
State Total					
General Fund	-	210	213	-	-
MN Health Insurance Exchange	-	-	-	-	-
Total	-	210	213	-	-
Biennial Total			423		

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Commerce Dept					
General Fund	-	2	2	-	-
Minn Management and Budget	-	-	-	-	-
General Fund	-	-	-	-	-
MnSure	-	-	-	-	-
MN Health Insurance Exchange	-	1	1	1	1
Total	-	3	3	1	1

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge Date: 04/14/2015
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Commerce Dept						
General Fund	-	210	213	-	-	-
Minn Management and Budget						
General Fund	-	-	-	-	-	-
MnSure						
MN Health Insurance Exchange	-	-	-	-	-	-
	Total	-	210	213	-	-
	Biennial Total			423		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Commerce Dept						
General Fund	-	210	213	-	-	-
Minn Management and Budget						
General Fund	-	-	-	-	-	-
MnSure						
MN Health Insurance Exchange						
Expenditures	-	1,444	109	109	109	109
Absorbed Costs	-	(1,444)	(109)	(109)	(109)	(109)
	Total	-	210	213	-	-
	Biennial Total			423		-
2 - Revenues, Transfers In*						
Commerce Dept						
General Fund	-	-	-	-	-	-
Minn Management and Budget						
General Fund	-	-	-	-	-	-
MnSure						
MN Health Insurance Exchange						
	Total	-	-	-	-	-
	Biennial Total			-		-

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Chief Author: **Tara Mack**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/14/2015**
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Britta Reitan Date: 4/14/2015 9:36:26 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill requires Commerce to seek federal approval to allow the purchase of qualified health plans and the receipt of premium tax credits and cost sharing reductions outside of MNsure. There is also language impacting MNsure operations. This bill also changes the background studies language by replacing the use of the BCA with the use of DHS studies.

Assumptions

There is no fiscal impact on the Department of Public Safety.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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HF5 - 19A - "MnSure Fed Purchase Approval"

Chief Author: **Tara Mack**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/14/2015**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Christopher Zempel Date: 4/14/2015 2:57:11 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill requires the commissioner of commerce to seek federal approval for a mechanism that would allow individuals to purchase qualified health plans outside of MNsure, makes managerial compensation changes to MNsure, and removes MNsure from certain statutory exemptions.

Assumptions

MMB is responding only to Section 18 of this bill which requires the commissioner of MMB to assign positions of managerial employees of MNsure, other than the director, to salary ranges and salaries in the managerial plan. Any costs or savings related to changes in salary would be borne by MNsure and are not included in this note.

There are currently 23 employees on the MNsure Managerial Plan (not including the Executive Director) in 7 different classifications. Under this legislation, compensation and classification staff within the Enterprise Human Resource Division would need to spend roughly 6-8 hours of work time determining what State Managerial Plan pay range each of the seven classifications would move to.

This work, however, is part of the normal daily work performed by this staff and would not require any additional funding to complete. That said, given the timeframe needed to comply with the legislation if passed, other classification and compensation issues that arise from state agencies may be delayed.

Expenditure and/or Revenue Formula

n/a

Long-Term Fiscal Considerations

n/a

Local Fiscal Impact

n/a

References/Sources

Micah Intermill, MMB

Agency Contact: Micah Intermill (651) 201-8044

Agency Fiscal Note Coordinator Signature: Dennis Munkwitz

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HF5 - 19A - "MnSure Fed Purchase Approval"

Chief Author: **Tara Mack**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/14/2015**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	210	213	-	-	-
Total	-	210	213	-	-	-
Biennial Total			423			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	2	2	-	-
Total	-	2	2	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Elisabeth Hammer Date: 4/14/2015 4:44:17 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	210	213	-	-	
Total	-	210	213	-	-	
Biennial Total			423		-	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	210	213	-	-	
Total	-	210	213	-	-	
Biennial Total			423		-	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

HF5-3E

Section 1 requires Commerce in consultation with the Board of Directors of MNSure and the MNSure legislative oversight committee, to develop a proposal to allow individuals to purchase qualified health plans (QHP) outside of MNSure directly from health plan companies and to allow eligible individuals to receive advanced premium tax credits and cost-sharing reductions when purchasing these health plans.

Section 2 adds MNSures Executive Director to the compensation limits applied to Group II salary limits.

Section 3 requires release of non-grandfathered rates for both the individual and small group markets inside and outside of MNSure a minimum of 30 days prior to the beginning of the annual open enrollment period for MNSure.

Section 4 subjects MNSure to review by the legislative auditor under section 3.971. Requires the legislative auditor to audit the books, accounts, and affairs of MNSure once each year or less frequently as the legislative auditors funds and personnel permit. Subjects the board members of MNSure to sections 10A.07 and 10A.09 and both the MNSure board members and the personnel of MNSure to section 10A.071. In addition, requires all meetings of the board to comply with the open meeting law in chapter 13D and removes several previous exemptions.

Section 5 increases the MNSure board to 11 members.

Section 6 Amends the board membership to add 4 additional members. One member who is an insurance producer, two members who are county employees involved in the administration of public health care programs, and adds the chief information officer of MN.IT Services. Also, removes the House of Representatives from advice and consent of the appointments.

Section 7 removes the restriction on insurance producers and county employees to serve as MNSure members.

Section 8 & 9 directs the governor to appoint the executive director of MNSure. Limits salary increases prior to July 1, 2015.

Section 10 subjects navigators to criminal background checks prior to employment.

Section 11 requires MNSure board to permit all health plans that meet the applicable certification requirements to be offered through MNSure by removing the boards ability to exclude any health plan for previously stated considerations.

Section 13 requires health carrier notification by MNsure within 48 hours of the determination of eligibility by MNsure.

Section 14 requires MNsure to provide members of a household with the option of purchasing individual coverage through MNsure and to apportion any advance premium tax credit available to a household choosing this option between separate health plans providing coverage to household members.

Section 15 restricts MNsure from certifying, selecting, or offering products and policies of coverage that do not meet the definition of health plan or dental plan as provided in section 62V.02

Section 16 requires the chair to convene at least one meeting quarter.

Section 17 requires quarterly reports to the legislative oversight committee on specific enrollment and operational results.

Section 18 requires the Commissioner of Management and Budget to assign positions of managerial employees of MNsure, other than the director, to salary ranges and salaries in the managerial plan, effective the first payroll period beginning on or after July 1, 2015.

Section 19 provides for expanded access to the small business health care tax credits outside the small business health options program (SHOP). Requires the Commissioner of Commerce to seek all federal waivers and approvals necessary to implement the proposal.

Section 20 requires members of the MNsure board to be confirmed by the senate.

Assumptions

The Commerce Department assumes no costs related to developing a proposal to allow individuals to purchase QHPs outside of MNsure as Minnesota consumers seeking health insurance can already purchase QHPs directly from insurers in the States individual market.

Costs associated with the requirements in Section 1 that the Commerce Department must seek federal waivers and approvals to allow eligible individuals to receive advanced premium tax credits and cost-sharing reductions when purchasing QHPs outside of MNsure, and Section 19 that the Commerce Department develop a proposal to allow small employers to receive the small business health care tax credit in certain circumstances, are difficult to project. The Commerce Department is not aware of any state at this time that has successfully received federal approval for a waiver at this time. In addition, the process for a state to seek federal waivers is complex.

Under the Affordable Care Act (ACA), states can seek so-called innovation waivers, or Section 1332 waivers, from certain ACA requirements. Section 1332 waivers cannot take effect before January 1, 2017. Section 1332 application requirements include, but are not limited to, providing actuarial and economic analyses, an implementation timeline and a ten-year budget plan for the proposal. In addition, states seeking Section 1332 waiver applications are required to hold pre-application public hearings. Further, the bill requires the Commerce Department to submit a draft proposal to the MNsure Board and MNsure Legislative Oversight Committee at least 30 days prior to submitting a final proposal to the federal government.

The Commerce Department assumes two high-level professional in FY 16 and FY17, one to manage each individual waiver application process. Commerce intends this as a conservative estimate of staffing needs given uncertainty surrounding the complexity of the process to seek federal waivers.

Commerce assumes no fiscal impact as a result of the amendment HF5-19A.

Expenditure and/or Revenue Formula

	FY16	FY17	FY18	FY19
FTEs	2	2	0	0
High-Level Professional	193,799	196,693	0	

	FY16	FY17	FY18	FY19
MN.IT Support (8,000/FTE)	16,000	16,000		
Totals	209,799	212,693		

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

N/A

Agency Contact:

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HF5 - 19A - "MnSure Fed Purchase Approval"

Chief Author: **Tara Mack**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/14/2015**
 Agency: **MnSure**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
MN Health Insurance Exchange	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
MN Health Insurance Exchange	-	1	1	1	1
Total	-	1	1	1	1

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge Date: 4/14/2015 11:20:11 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
MN Health Insurance Exchange		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
MN Health Insurance Exchange						
Expenditures		-	1,444	109	109	109
Absorbed Costs		-	(1,444)	(109)	(109)	(109)
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
MN Health Insurance Exchange						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

House File 5 relates to MNSure and makes changes to various operations of the exchange. Some specific changes in the bill that draw a fiscal cost include:

Section 2--This moves the Executive Director of MNSure under Group II salary limits as specified under MN Stat 15A.0815. This would move the Executive Director's salary range from a top limit of \$140,000 to a top limit of \$144,364.

Section 6--Creates four new Board members, all of whom but the Chief Information Officer of MN.IT would be compensated at rates previously outlined in statute.

Section 13--Requires MNSure to provide enrollment information to health carriers within 48 hours of the determination of eligibility by MNSure.

Section 14--Requires system functionality that allows for the allocation of advance premium tax credits across different QHPs for members of the same household.

Section 18--Results in a demotion due to re-allocation for managerial employees and would not result in any positive or negative fiscal savings under the current managerial plan, Chapter 14.

Section 19--The proposal provides DHS authority to conduct background studies on MNSure Consumer Assistance Partners. This proposal is an expansion of DHS' current authority to conduct background studies.

Assumptions

MNSure would dedicate at least 1 FTE to specifically managing the 834 EDI process with the increased amount of files sent each week under Section 13. This FTE would be an Information Technology Specialist. Hired at the median salary for the median level and accounting for fringe/benefits, this has an annual cost of \$88,692.50.

System changes will need to be made to facilitate allocating federal advance premium tax credits across different QHPs for members of the same household as outlined in Article 14. This is a particularly complex change to the system. It is estimated at \$1.3 million and involves the efforts of two vendors as well as MN.IT staff. The effort for this work is substantial enough that it would significantly decrease the likelihood of completing other IT work planned for this year, including critical "back office" functionality to support both public programs and private coverage. More specifically, it would reduce resources available to make improvements for county caseworkers, facilitate fully automated QHP renewals functionality, and build the navigator/broker portal.

Section 19 as amended codifies existing practice between the Department of Human Services and MNSure related to background checks for Consumer Assistance Partners. It is anticipated that approximately 600 studies would be performed per year based on the previous two years of available data. Because of this provision is simply putting in statute existing practice, MNSure would not see any additional expense or saving.

Expenditure and/or Revenue Formula

In Calendar Year 2015, Board salaries are \$2,506.33 per month.

In Calendar Year 2016 and each year beyond, Board members will earn a per diem of \$55. This fiscal note estimates a per diem will be earned 10 days per month per Board member.

Annual costs to MNSure due to the creation of three new Board seats are calculated on this basis for the 3 Board members eligible for compensation.

The salary range for an Information Technology Specialist 3 is \$51,615 - \$84,835. At the median salary of \$68,225 and accounting for an additional 30% expense for fringe/benefits, this position has an annual cost of \$88,692.50.

Fiscal Year 2016 includes all expenses related to implementing the functionality needed to facilitate allocating federal advance premium tax credits across different QHPs for members of the same household.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

N/A

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