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2014-15 Revised Budget - Health Insurance Exchange

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Health Insurance Exchange

<http://mn.gov/commerce/insurance/topics/medical/exchange/>

Statewide Outcome(s):

Health Insurance Exchange supports the following statewide outcome(s).

Minnesotans are healthy.

Context:

The Health Insurance Exchange is responsible for carrying out the planning, design and development of a Minnesota Health Insurance Exchange. The state-based Exchange will allow for a new marketplace to compare, choose, and obtain more affordable health insurance. The Exchange will assist individuals and small businesses in making health care coverage decisions, showing apples to apples comparisons on coverage cost and quality starting with open enrollment in October 2013 for calendar year 2014 coverage. The Exchange will offer streamlined eligibility for Medicaid and federal Advanced Payment Tax Credits as well as streamlined options for small businesses to provide affordable health care coverage to their workers.

State-based Exchanges must be certified by the federal Health and Human Services agency in January of 2013. Certification is based on the state meeting certain milestones in design and development. Federal funding is available for the design, development, and operation of an Exchange through calendar year 2014. State-based Exchanges must be self-sustaining beginning in calendar year 2015.

Strategies:

The Exchange is working collaboratively with the following state agencies: Minnesota Department of Administration, Minnesota Department of Commerce, Minnesota Department of Health, Minnesota Department of Human Services, Mn.IT, Minnesota Management and Budget. These interagency relationships provide the Exchange an opportunity to leverage existing resources into the design and development of the Exchange.

In September 2011, an Exchange Advisory Task Force was established. This Advisory Task Force was created under authority granted in Minnesota Statutes §15.014. The Advisory Task Force provides guidance on issues related to the design and development of an Exchange for Minnesota. Task Force members were appointed in October 2011 via an open appointments process. Task Force membership includes consumers, employers, health care providers, health insurers, insurance brokers/agents, organizations with experience assisting people with public programs, health care market experts, legislators, and commissioners of State agencies. In addition, a number of work groups were created to provide technical assistance on the design and development of a Minnesota Exchange. These work groups are comprised of a variety of stakeholders and are tasked with developing, discussing and providing technical assistance on options for consideration by the Health Insurance Exchange Advisory Task Force.

On July 13, 2012, the Department of Commerce, Health Insurance Exchange signed a contract with Maximus, Inc for the IT infrastructure of the Exchange business solution. Minnesota is working collaboratively with other states employing similar vendors to again leverage existing work and streamline the process as much as possible.

Results:

Under Federal law, Exchanges must be operational in each state by January 1, 2014. By January 1, 2013, a state must be certified or conditionally certified by the U.S. Department of Health and Human Services (HHS) to be able to operate an Exchange for open enrollment starting on October 1, 2013 for a coverage start date of January 1, 2014 or HHS will operate the federal Exchange in the state for 2014. A state must meet several design and development milestones for certification that are outlined in the federal Blueprint for Exchange Approval of Affordable State-Based and submit this blueprint by November 16, 2012 if they wish to operate an Exchange in their state (see the following: <http://www.ccio.cms.gov/resources/files/hie-blueprint-081312.pdf>).

Operational metrics for the Exchange are part of the current design and development work.

Performance Measures	Previous	Current	Trend
Percent of Minnesotans lacking health insurance	9.0%	9.1%	Stable

Performance Measures Notes:

Current and previous uninsured rates are based on the March 2012, Health Insurance Coverage in Minnesota, Early Results from the 2011 Minnesota Health Access Survey from the Minnesota Department of Health.

Based on analysis of impacts of the Affordable Care Act (ACA) by Dr. John Gruber (professor of economics) and Bela Gorman (health care actuary) the number of uninsured by 2016 in Minnesota is anticipated to drop from 500,000 under a no Health Care Reform scenario to 210,000 under a ACA implementation scenario.

Health Insurance Exchange**Current, Base and Governor's Recommended Expenditures - Rev**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$48,452	\$81,413	\$129,866
Current Law Expenditures (FY 2014-15)		\$0	\$69,938	\$69,938
Governor's Recommended Expenditures (FY2014-15)		\$91,680	\$69,938	\$161,618
\$ Change from FY 2014-15 Current Law to Governor's Rec		\$91,680	\$0	\$91,680
% Change from FY 2014-15 Current Law to Governor's Rec		0%	0%	131%

Health Insurance Exchange**Sources and Uses**

(Dollars in Thousands)

Biennium FY14-FY15				
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$0		\$0
REVENUE		\$117,034	\$69,938	\$186,972
SOURCES OF FUNDS		\$117,034	\$69,938	\$186,972
BALANCE FORWARD OUT		\$25,354		\$25,354
EXPENDITURES		\$91,680	\$69,938	\$161,618
PAYROLL EXPENSE		\$2,792	\$11,410	\$14,202
OPERATING EXPENSES		\$43,699	\$58,528	\$102,227
GRANTS, AIDS AND SUBSIDIES		\$45,189		\$45,189
USES OF FUNDS		\$117,034	\$69,938	\$186,972

Health Insurance Exchange

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Health Insurance Exchange Financing - Revised

The Governor recommends funding resources to fully support ongoing operations of a state based health insurance exchange (HIX) starting in calendar year 2015. This includes funding for IT infrastructure, HIX systems maintenance and updates, call center operations, eligibility operations, premium processing operations, appeals operations, quality measurement and reporting, marketing, outreach, regulatory activity and general administration. Revenues to support the operations of the Exchange are proposed to start in CY 14 in order to fund payments to insurance producers and create a cash flow and funding stability in the first few years of operation. These revenues include a maximum 3.5% assessment on premiums and an allocation to Medicaid and the New MinnesotaCare program to fund the operations of the Health Insurance Exchange. An additional premium assessment would be used to fund current payments to insurance producers. The supplemental budget proposal has been revised to include revenue from the Department of Human Services that will be used to cover costs associated with the portion of Health Insurance Exchange participants enrolled in the New MinnesotaCare program. This also reduces the proportion of funding generated from the premium assessment and the premium assessment for payments to insurance producers. Federal grants will fund other implementation and operation costs during CY 2014.

Performance Measures:

This proposal will increase the percent of Minnesotans who have health insurance.

Other Funds	Expenditure	23,431	68,249	91,680	111,178	128,557	239,735
Other Funds	Revenue	33,675	83,359	117,034	108,536	128,908	237,444
	Net Change	(10,244)	(15,110)	(25,354)	2,642	(351)	2,291
Net All Change Items	Other Funds	(10,244)	(15,110)	(25,354)	2,642	(351)	2,291
	Net Change	(10,244)	(15,110)	(25,354)	2,642	(351)	2,291

Health Insurance Exchange
All Funds FTE by Program - Rev

	Current	Forecast Base	Governor's Revised
Program	FY 2013	FY 2015	FY 2015
Program: Health Insurance Exchange	74.0	80.0	83.0
Health Insurance Exchange	74.0	80.0	83.0

Health Insurance Exchange
Revenue Summary
(Dollars in Thousands)

Biennium FY14-15					
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	FEDERAL GRANTS			69,938	69,938
	ALL OTHER		117,034		117,034
	Subtotal		117,034	69,938	186,972
	Total		117,034	69,938	186,972

Federal Funds Summary

Federal Award Name	New Grant	Purpose / People Served	2012 Actual	2013 Budget	2014 Base	2015 Base	Required State Match Yes / No	Required State MOE Yes /No	State-wide Outcome
Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges		To continue Minnesota's efforts in the planning, design and development of a state Health Insurance Exchange. The Health Insurance Exchange is a marketplace for individuals and business to compare, choose and purchase affordable health insurance. The Health Insurance Exchange will also provide eligibility determination for Medical Assistance and federal tax credits.	2,160	79,253	47,580	22,358	Yes	No	Health
Federal Fund - Agency Total			2,160	79,253	47,580	22,358			
Program Total			2,160	79,253	47,580	22,358			
Budget Activity Total			2,160	79,253	47,580	22,358			

Narrative: Federal Funds are available through calendar year 2014 for design and development of an exchange. States pursuing a state based Exchange will need to have a long term financing plan to ensure the sustainability for the exchange beginning in calendar year 2015. There are no maintenance of effort requirements associated with this grant. Currently received and applied for grants are not anticipated to be affected by federal sequestration. Future applications will likely to be required to meet stronger budget restrictions and funding justification