

Minnesota Comprehensive Health Association (MCHA)

Presentation for the
*Rockefeller Institute of Government and
New York State Health Foundation*

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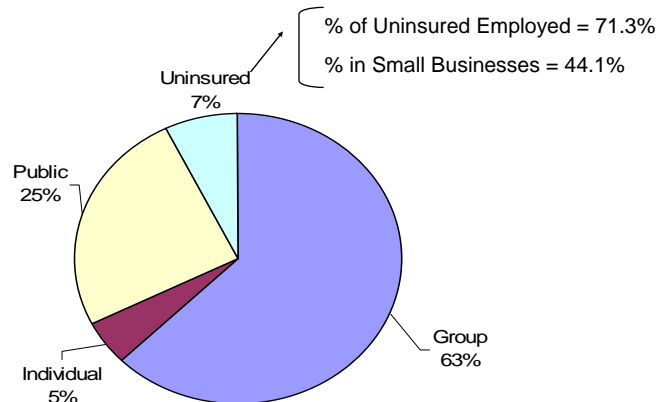
Overview of Presentation

- Health insurance coverage in MN
- Small group market in MN
- MN's high risk pool: Minnesota Comprehensive Health Association
- Issues for New York to consider



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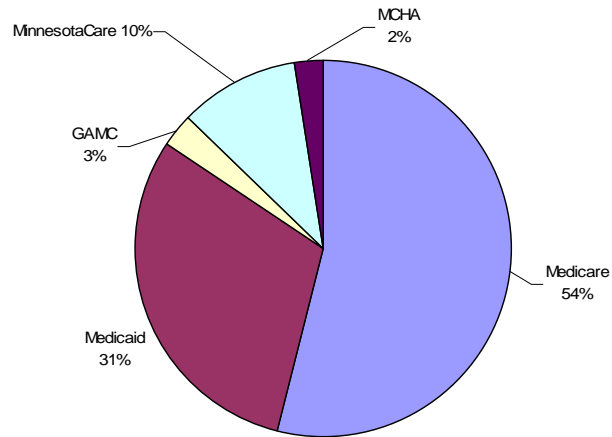
MN Context: Health Insurance Coverage (2007)



Source: MN Department of Health and University of Minnesota School of Public Health, 2008. For total population, including elderly.

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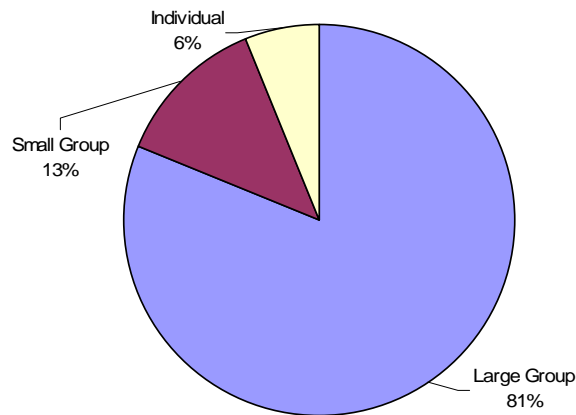
MN Context: Public Programs (2005)



Source: MN Department of Health, Health Economics Program, 2007.

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MN Context: Private Market (2005)



Source: MN Department of Health, Health Economics Program, 2007.

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MN Context: Small Group Regulation

Area of Regulation	Meets Federal Standard	Exceeds/Augments Federal Standard	MN Additions
Definition of Small Group (2-50 individuals)	X		
Guaranteed Issue	X		
Guaranteed Renewal	X		
Pre-Existing Condition Exclusion Rules	X		
Service Coverage Requirements		X	Additional mandated benefits
Mental Health Parity		X	Required parity goes beyond annual/lifetime limits
State Continuation Coverage		X	Expands COBRA to small businesses



MCHA: The Basics

- Among the longest-running and largest state high risk pools in the country
 - Currently, 30,000 enrollees
- Established in 1976 as a not-for-profit organization
- Regulated by the MN Department of Commerce
- Governed by a public/private board of directors (as of 2004, 11 members in total)
- Administered by a writing carrier in state (since 2003, Medica Health Plan)
- Total costs in 2006 = Approx. \$236.1 million



MCHA: Eligibility

- Target Population:
 - State residents who are medically uninsurable
- Five Eligibility Avenues:
 - Loss of group coverage
 - Health Coverage Tax Credit (HCTC) program
 - Medicare ineligibility
 - Health-related rejection
 - Presumptive condition(s)



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MCHA: Plans and Benefits

- 6 individual and 3 Medicare supplement plans
- Individual Plans
 - Comprehensive major medical plans with some preventive benefits (routine adult physicals covered starting July 2008)
 - Individual deductibles range from \$500-10,000
 - OOP maxes range from \$3,000-10,000
 - Lifetime maxes now at \$5 million



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MCHA: Plans and Benefits *(continued)*

- Medicare Supplement Plans

- Part A: Basic plan pays for coinsurance and eligible hospital charges not covered by Medicare
- Part B: Basic plan pays for approved amount that is not paid for by Medicare
- Optional riders extend MCHA coverage to include Part A/B deductibles and 80% of usual/customary charges exceeding Medicare-approved costs for Part B.



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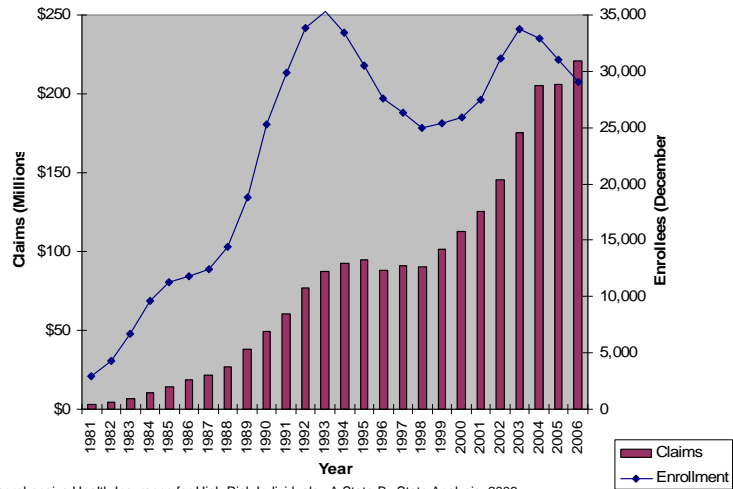
Examples of Current Premiums

- 25 year old female, \$5,000 deductible
 - **\$117 monthly**
- 45 year old male, \$1,000 deductible
 - **\$305 monthly**
- 55 year old female, \$500 deductible
 - **\$685 monthly**



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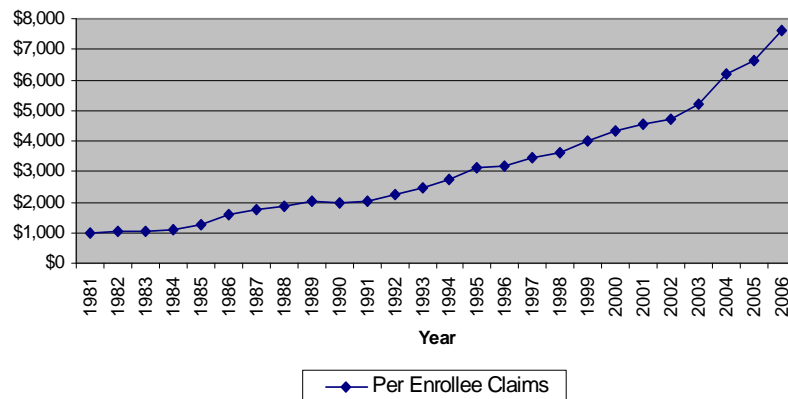
MCHA: Enrollment and Claims



Source: Comprehensive Health Insurance for High Risk Individuals: A State-by State Analysis, 2006 and 2008

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MCHA: Claims per Enrollee



Source: Comprehensive Health Insurance for High Risk Individuals: A State-by-State Analysis, 2006 and 2008. Figure presented = total claims for year divided by number of enrollees as of December.

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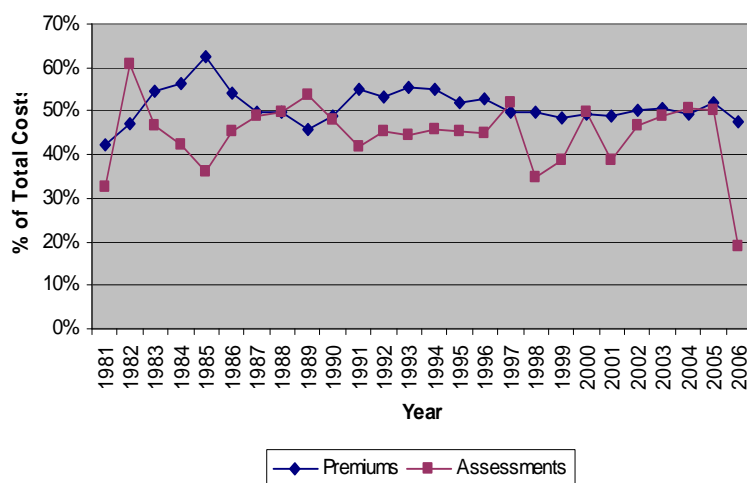
MCHA: Financing

- Total program costs in 2006: \$236.1 million
- Two main sources of funding:
 - Policyholder premiums (\$113.3 million in 2005)
 - Annual assessments on insurers (\$110.0 million in 2005)
 - Historically, roughly 50% each
- State appropriations to offset losses
 - \$15 million in 1998, 1999, and 2001
 - Health Care Access Fund
 - Surplus from Minnesota's Workers Compensation Assigned Risk Plan
- Other revenue
 - Approximately \$70 million in 2006
 - Blue Cross Blue Shield of MN Initiative (tobacco settlement award dollars)



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Premium and Assessment Contributions to Total Costs



Source: Comprehensive Health Insurance for High-Risk Individuals: A State-by-State Analysis, 2006 and 2008. Total costs = claims and administration.

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MN High Risk Pool Issues (1)

- Market Issues
 - MCHA has helped stabilize individual market
 - Underwriting practices has allowed entrance of relatively healthy individuals helping also stabilize the high risk pool
 - Not advertised although brokers often refer to pool and receive referral payments



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MN High Risk Pool Issues (2)

- Administration
 - Quasi private oversight yet run by local private health plan – ties to private sector are strong
 - Lack of incentive to innovate or be a market leader
 - Have disease management pilot program but no employer or agency to push for change or better preventative care
 - One of the few fee-for-service health plans left in MN...limited managed care
 - Utilization management largely through copayments and deductibles similar to private sector



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MN High Risk Pool Issues (3)

- Financing
 - Many believe financing mechanism should be broader based as all fully and self-insured benefit from MCHA
 - Insurer assessment does not include self-insured plans
 - Some legislators have considered TPA assessment similar to Maine to get at both insured and self-insured claims administration
 - 2% provider tax currently used to fund the MNCare health access program and has bailed out MCHA in previous but limited years
 - The average cost per enrollee has been stable and relatively low given the number of relatively healthy individuals



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MN High Risk Pool Issues (4)

- Affordability
 - While premiums are relatively low (capped at 125% of private individual market average) there are still many who cannot afford the premiums
 - For a few years, state allowed Medicaid buy-in for those who had spent down – this is no longer allowed given the advantage of federal matching payments through Medicaid
 - As MN tightens eligibility for single-adults with no children – MCHA becomes the only option for many with ANY health condition
 - MCHA is our HIPAA guaranteed issue product



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MN High Risk Pool Issues (5)

- Other Issues

- Enrollees are generally satisfied with the product and the large network of providers
- MCHA has been seen as relatively small (less than 1% of MN population) but important component of our health care system
- Had helped insure the uninsurable in MN
- Has history of mature and well-managed pool but costs continue to grow, and concern about increase in enrollment with downturn in economy



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➔ **MCHA Link:** <http://www.mchamn.com/>

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