



March 13, 2015

Senator Tony Lourey  
Chair, Health and Human Services Finance  
Capitol, Room 120  
75 Rev. Dr. Martin Luther King Jr. Blvd  
Saint Paul, Minnesota 55155

Senator Julie Rosen  
Ranking Member, Health and Human Services Finance  
State Office Building, Room 139  
100 Rev. Dr. Martin Luther King Jr. Blvd  
Saint Paul, Minnesota 55155

Representative Matt Dean  
Chair, Health and Human Services Finance  
401 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd  
Saint Paul, Minnesota 55155

Representative Tina Liebling  
Ranking Member, Health and Human Services Finance  
337 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd  
Saint Paul, Minnesota 55155

Dear Senator Lourey, Senator Rosen, Representative Dean and Representative Liebling:

Pursuant to Minnesota Statutes section 62V.11, subdivision 4, you will find attached to this letter MNsure's preliminary budget for fiscal year 2016. This preliminary budget was adopted by our Board of Directors on March 12, 2015.

This budget is balanced and thoughtful and is supported by two years of data. The proposed budget is focused on improving both the consumer experience and functionality for our partners, including brokers, navigators, counties and health plans.

As of March 8, 2015, 183,018 Minnesotans have enrolled into comprehensive health insurance through MNsure during the 2015 open enrollment period. This includes 61,109 qualified health plan (QHP) enrollments, 31,070 new MinnesotaCare enrollees and 90,839 new Medical Assistance enrollees. The qualified health plan total includes both individual and Small Business Health Options Program (SHOP) enrollments. It also includes 37,000 new QHP enrollees for enrollment year 2015. We will continue to monitor and refine our budget as any revenue-based organization would.

During the first open enrollment period, the uninsured rate in Minnesota dropped by 40 percent, to a historic low of less than five percent of Minnesotans. Ninety-five percent of Minnesotans now have comprehensive, affordable health insurance coverage.

In the coming weeks, MNsure will share details about the operational and external progress that we plan to make in advance of the next open enrollment period, scheduled for November 1, 2015 – January 31, 2016. Our work will focus on continuing to improve the consumer experience for all Minnesotans and functionality for our partners, including brokers, navigators, counties and health plans. This ongoing conversation has been and will continue to be open and transparent.

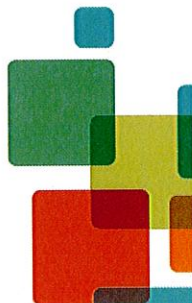
Please feel free to contact me if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Leitz".

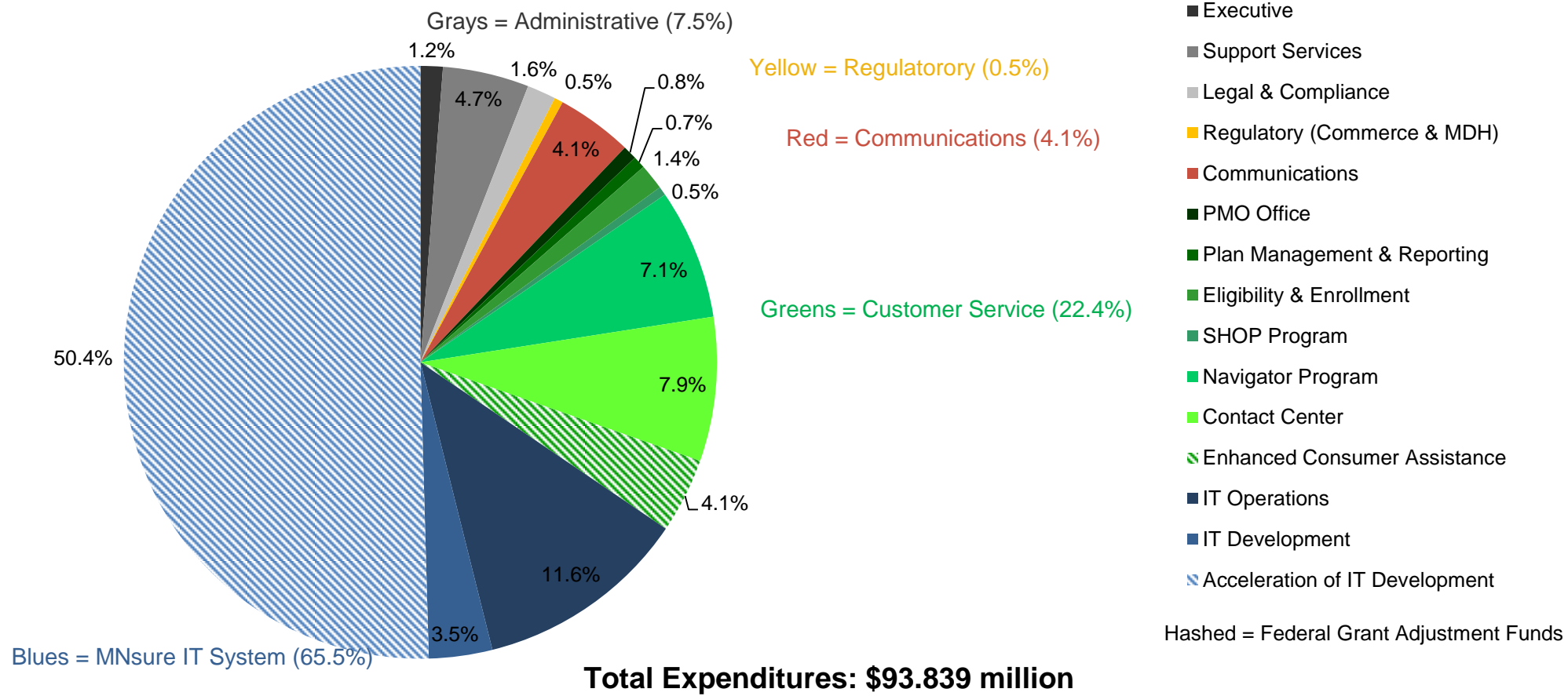
Scott Leitz  
Chief Executive Officer

cc: MNsure Legislative Oversight Committee



<b>MNsure - Preliminary FY 2016 Budget</b> <i>(to be finalized in June 2015)</i>	<i>Dollars in thousands</i>
<b>RESOURCES</b>	
<b>Beginning Balance</b>	<b>39</b>
<b>Premium Withhold Revenue</b>	<b>9,605</b>
Enrollment Year 2014	1.50%      0
Enrollment Year 2015	3.50%      3,818
Enrollment Year 2016	3.50%      5,787
Enrollment Year 2017	3.50%      0
<b>CCIO Grants</b>	<b>28,272</b>
<b>DHS Budget (Federal &amp; State)</b>	<b>56,039</b>
IT System Development - Medicaid I-APD	36,902
Operations (Business & IT)	19,137
<b>TOTAL RESOURCES</b>	<b>93,955</b>
<b>EXPENDITURES</b>	
<b>Administrative</b>	<b>7,022</b>
Executive	1,140
Support Services	4,410
Legal & Compliance	1,472
<b>Regulatory (Commerce &amp; MDH)</b>	<b>450</b>
<b>Communications</b>	<b>3,887</b>
<b>Customer Service</b>	<b>21,005</b>
PMO Office	720
Plan Mgmt & Reporting	630
Eligibility & Enrollment	1,320
SHOP Program	450
Navigator Program	6,670
Contact Center	7,375
Enhanced Consumer Assistance	3,840
<b>Subtotal - Business Operations</b>	<b>32,364</b>
<b>MNsure IT System</b>	<b>61,475</b>
IT Operations	10,891
IT Development	3,243
Acceleration of IT Development	47,341
<b>TOTAL EXPENDITURES</b>	<b>93,839</b>
<b>ENDING BALANCE</b>	<b>116</b>

# FY 2016 Expenditures by Category





**MNsurance FY 2016 Preliminary Budget**  
**Explanation of Funding Sources and Expenditures**  
**March 13, 2015**

## **FUNDING SOURCES**

In FY 2016, MNsure will have three funding sources:

- Premium withhold revenue: a 3.5% assessment on private insurance sold through MNsure. This assessment is billed to health insurance companies on a monthly basis. In FY2016, it is projected MNsure will generate \$9.6M in premium withhold revenue.
- Center for Consumer Information and Insurance Oversight (CCIIO) Grants: funding from the federal government for Exchange implementation. \$28.3M is available in FY 2016. Current federal policy requires this funding be spent by December 31, 2015.
- Minnesota Department of Human Services: federal and state funding for expenses allocable to public programs consistent with the Public Assistance Cost Allocation Plan filed with the U.S. Department of Health and Human Services. Projected at \$56.0M in FY 2016.

## **EXPENDITURES**

- **Administrative (\$7.022 million)**
  - Executive (\$1.14 million): Includes compensation for Executive staff and compensation for Board of Directors. This includes six FTEs.
  - Support Services (\$4.41 million): Includes payroll and non-payroll expenditures for support staff, accounting operations staff, office equipment and supplies, and office space leases. Also includes financial management services and standard desktop IT services purchased from DHS based on interagency agreement. This area includes nine FTEs.
  - Legal & Compliance (\$1.472 million): Includes payroll and non-payroll expenditures for compliance and program integrity, privacy and security, data practices, contract management, purchasing and facility management, and



appeals management and adjudication. This includes 10 FTEs and non-payroll expenditures in these areas.

- **Regulatory (\$450 thousand)**: Includes expenses related to QHP certification services (such as review of actuarial value and network adequacy review) provided by the Departments of Commerce and Health.
- **Communications (\$3.887 million)**: Includes payroll and non-payroll expenditures for communications and external relations activities. These activities include public relations and marketing activities such as media buys, advertising, market research, language interpreter services, production of communications materials, outreach, and event planning and promotion. This area includes 12 FTEs.
- **Customer Service (\$21.005 million)**
  - Project Management Office (PMO; \$720,000): Project Management Office, providing flexibility to address high priority special projects with a blend of staff resources, including project managers, business systems analysts and training coordinators. Includes temporary consultants. This includes 8 FTEs.
  - Plan Management & Reporting (\$630,000): Payroll and non-payroll expenditures in support of work with health insurance companies that offer qualified health plans on MNsure. Activities include loading, testing and display of health plan premium and benefits data on MNsure website and processing of enrollment transactions. Includes production of federally required reports and other metrics of interest. This includes 8 FTEs.
  - Eligibility & Enrollment (\$1.32 million): Payroll and non-payroll expenditures in support of establishment and implementation of required federal and state policies related to individual market eligibility and enrollment activities. Includes work on determining eligibility to purchase private coverage with or without tax credits, verification issues, renewal processes and other eligibility issues. Also includes extensive work with DHS to determine appropriate rules/processes for families with members who are eligible for various types of affordability assistance and/or who may transition between public and private coverage. Includes eligibility notices / invoicing / receipt processing development, printing, mailing and receipting services. This includes 5 FTEs.



- SHOP Program (\$450,000): Payroll and non-payroll expenditures in support of the Small Business Health Options Program (SHOP). This program provides health insurance options to small employers, currently defined as employers with between 2-50 employees. Activities include employer recruitment, registration, enrollment processing and related services, policy development, interaction with health plans and related operational activities. This includes 5 FTEs.
- Navigator Program (\$6.67 million): Includes payroll and non-payroll expenditures related to MNsure's work supporting navigators, assisters, and brokers. Includes navigator and broker training, the Broker Enrollment Center pilot program, outreach grants, funding tied to individual QHP enrollments and grant management activities. This includes 7 FTEs.
- Contact Center (\$7.375 million): Includes payroll and non-payroll expenditures related to MNsure's internal Contact Center staff, frontline overflow vendor contract (which provides additional bandwidth to ensure robust consumer assistance particularly during peak enrollment cycles), business operations activities and IT support services specific to the Contact Center. Staff respond to phone calls, email and social media inquiries from consumers, small employers and brokers on issues such as enrollment, application changes, eligibility and all general or specific questions related to MNsure and the plans offered; process required verifications; make life event changes; process manual enrollments when needed and work with health insurance company partners on issues related to individual enrollees. This includes 77 FTEs.
- Enhanced Consumer Assistance (\$3.84 million): MNsure has flexibility to spend these resources in the Customer Service area across the above six categories prior to December 31, 2015 during the accelerated completion of the MNsure IT system.

### **MNsure IT System (\$61.475 million)**

- IT Operations (\$10.891 million): Includes MN.IT staff and other activities needed to support the operations of the MNsure IT system.
- IT Development (\$3.243 million) and Acceleration of IT Development (\$47.341 million): Includes costs related to the accelerated completion of the MNsure IT system, such as hiring of temporary staff, temporary consultants, vendor contracts, and additional hardware and software as needed.

