



March 15, 2016

Senator Tony Lourey, Co-Chair  
MNSure Legislative Oversight Committee  
95 University Avenue W.  
Minnesota Senate Building, Room 2105  
Saint Paul, MN 55155

Representative Greg Davids, Co-Chair  
MNSure Legislative Oversight Committee  
585 State Office Building  
Saint Paul, MN 55155

Dear MNSure Legislative Oversight Committee Members,

Pursuant to Minnesota Statutes Section 62V.11, Subdivision 4, you will find attached to this letter MNSure's preliminary budget for fiscal year 2017. This preliminary budget and updated preliminary three year financial plan was adopted by our Board of Directors on March 9, 2016. The Board of Directors will adopt a final FY 2017 budget and updated three-year financial plan this summer.

Our preliminary budget demonstrates Minnesota's commitment to ensuring that all Minnesotans have access to quality, affordable health care. In fiscal year 2017, we expect to see continued budget stability due to our strong enrollment growth and continued fiscal conservatism.

During the 2016 open enrollment period, MNSure enrolled more than 85,000 Minnesotans into private health insurance coverage and experienced the largest percentage of new enrollment nationwide. We also contributed to the enrollment of more than 100,000 Minnesotans into public health insurance programs administered by the Department of Human Services. 96 percent of Minnesotans now have health insurance coverage due to these efforts – and our state's uninsured rate has never been lower.

Please do not hesitate to contact me or my staff if you have any questions. We look forward to continuing our shared efforts to make MNSure work for all Minnesotans.

Sincerely,

A handwritten signature in black ink that reads "Allison O'Toole".

Allison O'Toole  
Chief Executive Officer

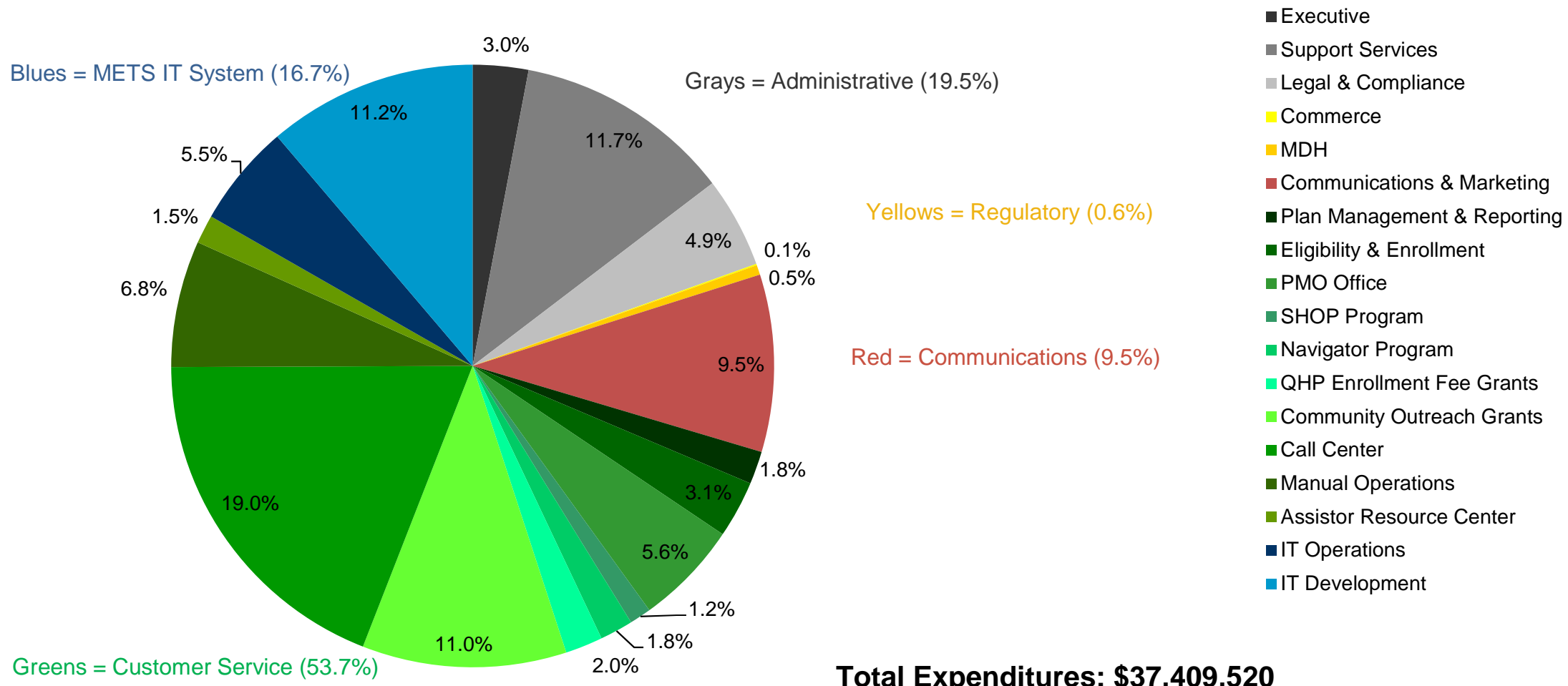


**MNsure Preliminary Three Year Plan**  
**Fiscal Years 2016 - 2017 - 2018**  
**March 9, 2016**

	FY 2016 Budget 7/20/15 presentation, updated*	FY 2017 Proposed Preliminary Budget	FY 2018  Plan
<b>RESOURCES</b>			
<b>Balance Forward from previous year</b>	<b>345,965</b>	<b>2,467,529</b>	<b>617,457</b>
<b>Premium Withhold Revenue</b>	<b>8,682,297</b>	<b>12,779,459</b>	<b>15,284,000</b>
Enrollment Year 2015 @ 3.5%	3,471,000	0	0
Enrollment Year 2016 @ 3.5%	5,211,297	5,819,960	0
Enrollment Year 2017 @ 3.5%		6,959,499	7,034,000
Enrollment Year 2018 @ 3.5%			8,250,000
<b>CCIO Establishment Grants</b>	<b>38,391,615</b>	<b>8,436,357</b>	<b>0</b>
IT System Development	17,409,252	4,200,000	0
Business Development	20,982,363	4,236,357	0
<b>DHS Reimbursement</b>	<b>9,608,860</b>	<b>14,343,632</b>	<b>14,351,000</b>
Business Operations	9,608,860	14,343,632	14,351,000
<b>Miscellaneous</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL RESOURCES</b>	<b>57,028,737</b>	<b>38,026,977</b>	<b>30,252,457</b>
<b>EXPENDITURES / USES</b>			
<b>Administration</b>	<b>7,086,000</b>	<b>7,293,500</b>	<b>7,300,000</b>
Executive	1,059,000	1,113,500	1,140,000
Support Services	4,375,000	4,360,000	4,300,000
Legal & Compliance	1,652,000	1,820,000	1,860,000
<b>Regulatory</b>	<b>475,000</b>	<b>225,000</b>	<b>230,000</b>
Commerce	25,000	25,000	30,000
MDH	450,000	200,000	200,000
<b>Communications</b>	<b>3,710,000</b>	<b>3,557,000</b>	<b>3,310,000</b>
Communication & Marketing	3,710,000	3,557,000	3,310,000
<b>Customer Service</b>	<b>26,749,363</b>	<b>20,074,557</b>	<b>15,330,000</b>
Plan Mgmt & Reporting	908,000	657,000	670,000
Eligibility & Enrollment	1,323,000	1,147,000	1,090,000
PMO Office	5,366,812	2,094,857	630,000
SHOP Program	482,000	435,000	370,000
Navigator Program	858,000	666,000	580,000
QHP Enrollment Fee Grants	750,000	750,000	750,000
Community Outreach Grants	4,215,483	4,100,000	4,100,000
Call Center	9,005,068	7,112,200	5,050,000
Manual Operations	3,265,000	2,536,500	1,500,000
Assistor Resource Center	576,000	576,000	590,000
<b>METS IT System</b>	<b>18,630,465</b>	<b>6,259,463</b>	<b>3,310,000</b>
Operations	1,221,213	2,059,463	2,310,000
Development	17,409,252	4,200,000	1,000,000
<b>TOTAL EXPENDITURES / USES</b>	<b>56,650,828</b>	<b>37,409,520</b>	<b>29,480,000</b>
<b>BALANCE</b>	<b>377,909</b>	<b>617,457</b>	<b>772,457</b>

\* FY16 board-adopted budget on 7-20-15, updated to reflect the close of FY15 and carryforward of unspent Federal resources

# FY 2017 Expenditures by Category



**MNsure FY 2017 Preliminary Budget**  
**Explanation of Funding Sources and Expenditures**  
**March 15, 2016**

**FUNDING SOURCES**

In FY 2017, MNsure will have three funding sources:

- Premium withhold revenue: a 3.5% assessment on private insurance policies sold through MNsure. This assessment is billed to health insurance companies for effectuated enrollees on a monthly basis. In FY2017, it is projected MNsure will generate \$12.8M in premium withhold revenue. The premium withhold revenue forecast has been updated to reflect MNsure's experience with effectuated enrollment trends and align with current average premiums. The revised premium withhold revenue forecast also projects MNsure will add 15,000 additional effectuated enrollees in each of enrollment years 2017 and 2018.
- Center for Consumer Information and Insurance Oversight (CCIIO) Grants: funding from the federal government for Exchange establishment activities. \$8.4M is available in FY 2017 as well as unspent resources currently allocated for FY 2016. MNsure has authority to spend these resources on approved allowable activities through December 31, 2016.
- Minnesota Department of Human Services: federal and state funding for expenses allocable to public programs consistent with the Public Assistance Cost Allocation Plan approved by the U.S. Department of Health and Human Services. Projected at \$14.3M in FY 2017.

**EXPENDITURES**

- Administrative (\$7.3 million)
  - Executive (\$1.1 million): Includes payroll for Executive staff, compensation for Board of Directors and Board administrative expenses. This includes six FTEs.
  - Support Services (\$4.4 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, human resources, and standard desktop IT services purchased from DHS based on interagency agreement. This area includes eight FTEs.

- Legal & Compliance (\$1.8 million): Includes payroll and non-payroll expenditures for compliance and program integrity, privacy and security, data practices, contract management, purchasing and facility management, required audits, and appeals management and adjudication. This includes 10 FTEs and non-payroll expenditures in these areas.
- Regulatory (\$225,000): 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 (\$3.6 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 11 FTEs.
- Customer Service (\$20.1 million)
  - Plan Management & Reporting (\$657,000): Includes 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 seven FTEs.
  - Eligibility & Enrollment (\$1.1 million): Includes 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. Staff provide policy and IT system development support 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. This area also includes costs associated with eligibility notices / invoicing / receipt processing development, printing, mailing and receipting services. This includes five FTEs.
  - Project Management Office (PMO; \$2.1 million): Includes payroll and staff augmentation expenditures related to operation of the Project Management Office, which provides flexibility to address high priority special projects with a blend of staff

resources, including project managers, business systems analysts and training coordinators. This includes 8 FTE and additional temporary consultants.

- SHOP Program (\$435,000): Includes 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 four FTEs.
- Navigator/Assister Program (\$666,000): 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 program, and grant management activities. This includes five FTEs.
- QHP Enrollment Fee Grants (\$750,000): Funding for \$70 per person for QHP enrollments for navigators and assisters.
- Community Outreach Grants (\$4.1 million): Funding to support MNsure's consumer assistance network. MNsure awarded 26 Community Outreach Grants for the period July 1, 2015 through June 30, 2016 and is planning to issue another round of grants in the summer of 2016. In total, FY 2016's 26 grants will support 79 organizations across the state to ensure a robust, coordinate consumer assistance network to help ensure Minnesotans enroll in health insurance coverage.
- Contact Center (\$7.1 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), and IT support services specific to the Contact Center. Staff respond to phone calls, email and social media inquiries from consumers on issues such as enrollment, password issues, application changes, eligibility and all general or specific questions related to MNsure and the plans offered. This includes 47 FTEs.
- Manual Operations (\$2.5 million): Includes payroll and non-payroll expenditures related to MNsure's manual operations team. This team supports brokers and small employers; processes required verifications, life event changes, and manual enrollments where needed; and works with health insurance companies on issues related to individual enrollees. This includes 31 FTEs.

- Assister Resource Center (\$576,000): Includes payroll expenditures for staff dedicated to support MNsure Assisters. This is an area of the MNsure Contact Center that solely supports assisters and navigators. This includes nine FTEs.

Minnesota Eligibility Technology System (METS) (\$6.3 million)<sup>1</sup>

- IT Operations (\$2.1 million): Includes costs associated with MN.IT staff and other activities needed to support the operations of the MNsure IT system.
- IT Development (\$4.2 million): Includes costs related to the development of METS, such as hiring of temporary staff, temporary consultants, vendor contracts, and additional hardware and software as needed.

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<sup>1</sup> This reflects MNsure's share of IT operations and system development costs.