IDAHO HEALTH INSURANCE EXCHANGE
DBA YOUR HEALTH IDAHO

GOVERNANCE COMMITTEE MINUTES
TUESDAY, MARCH 2, 2021

1. COMMITTEE MEMBERS PRESENT

- Ms. Margaret Henbest, Chair (via videoconference)
- Mr. Hyatt Erstad (via videoconference)
- Ms. Karan Tucker (via videoconference)
- Mr. Paul Zurlo (via videoconference)
- Director Dean Cameron (via videoconference)

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Alanee Thomas, Your Health Idaho (via videoconference)
- Ms. Heidi Stockert, Your Health Idaho (via videoconference)
- Ms. Tresa Ball, HR Precision (via videoconference)
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Cheryl Fulton, Your Health Idaho

3. CALL TO ORDER

Following proper notice in accordance with Idaho Code §74-204, the Governance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Ms. Margaret Henbest, Chair of the Committee (the Chair), at 9:01 a.m., Tuesday, March 2, 2021, at the offices of Your Health Idaho, 1501 S Federal Way, Suite 100, Boise, Idaho. In accordance with Idaho Code §41-6104 (8), the meeting was held in an open public forum and was streamed in audio and video format. Members of the public were encouraged to access the audio stream by dialing into a telephone number and view the materials by accessing a meeting link that were included in the notice of meeting posted on the Exchange Board's web site and at the meeting location.

4. ROLL CALL

The Chair called roll and determined that Mr. Erstad, Mr. Zurlo, Ms. Tucker, and Director Cameron (all via videoconference), were present, resulting in a quorum. Senator Nelson was absent.

5. PRIOR MEETING MINUTES

Motion: Mr. Erstad moved to approve the meeting minutes from the December 1, 2020, Governance Committee meeting as presented today. **Second**: Ms. Tucker. **The motion carried.**

6. REVIEW AGENDA

The Chair reviewed the Agenda and there were no changes.

7. REVIEW ROADMAP

The Chair reviewed the roadmap and there were no changes.

8. COVID UPDATE

Mr. Kelly provided an update on COVID and how YHI is navigating it. YHI had a successful hybrid model during open enrollment with minimal team members onsite to support the remote teams and seasonal workers, and the remainder of the team working remotely. The team was able to mitigate exposure and also able to achieve customer service goals as evidenced by achieving the Idahoans Experience at 84 percent. We continue to have some team members onsite, but it is a smaller group than what we had during open enrollment. The team continues to adhere to the health and safety measures put in place including the daily temperature screenings, mask requirements, etc. The team continues to be supportive of those measures.

The current plan is to have everyone back onsite April 5, 2021. The executive team will meet later this week to work through some of the details on the return including frequently asked questions that will be provided to the team. The good news is, we have done this before in July and partially last October, which makes it easier to plan for April.

With respect to President Biden's $1.9T stimulus plan, it is unclear, but not expected, that the Emergency Paid Sick Leave and the Extended Family Medical Leave Act will be extended. In December, this Committee and the Board extended those for Your Health Idaho and at this point they will expire at the end of March. Absent any federal activity, YHI has no plans to extend Emergency paid Sick Leave or Emergency Family Medical Leave.

Ms. Tucker asked if any of YHI staff have fallen into the vaccine categories so far. Mr. Kelly said it would be a stretch to classify YHI team members as essential workers currently eligible for the vaccine. What we do not know is if some folks meet the age requirements or health requirements and have therefore received their vaccine. We will continue to watch the timeline and will encourage, but not require, team members to get vaccinated.

9. TEAM MEMBER ENGAGEMENT

Ms. Thomas said last time we met, we talked about employee engagement and Best Places to Work. The Employee Engagement Task Force (EETF) and the Best Places to Work survey highlighted the need for increased communications around compensation. As a result, YHI deployed "Total Comp" sessions during the month of February that highlighted base pay, variable pay, retirement contributions, benefits, and other factors that go into total compensation. Some team members understood total comp, but many did not, so it was a great opportunity to walk them through what goes into their total compensation.

An additional area that was identified and needs more education around was growth and development opportunities at YHI. The education focused on the difference between YHI, a small to mid-sized organization, and large organizations. At our most recent monthly all team member meeting we explained the differences between growth and development opportunities in smaller companies compared to larger companies. In smaller organization there are generally more opportunities to be part of or be involved in more projects or have a larger scope of work they are responsible for, where in larger companies their scope may be narrow with the goal to gain expertise in that specific area. This is just one of many other topics that were touched on. We plan to deploy a survey in a few weeks to gather topics of interest around growth and development.

The Chair asked when an employee has a moment with their manager to explore this, does the employee need to ask to go in a different area? Do managers and supervisors ask that, or will that lead to confusion about roles and responsibilities? Ms. Thomas said we have monthly 1:1 meetings which include discussions around professional development. Team members are welcome to bring up requests for additional soft skills, technical skills, or other areas of interest. If needed, a separate conversation around professional development is opened to ensure the team member has ample opportunity to explore additional professional development.

Ms. Thomas said we continue to find creative ways to engage the team while in a remote environment. Elf on a Shelf was previously done in-office and was fun and well received despite being hidden in a virtual spot on YHI's intranet. We have also started Employee Spotlights on the Insider where an employee is featured each week on Thursdays. We also did Fit Fest, a football pool, brain games, weekly inspirational quotes, and candy guessing games. Winners of these activities are rewarded with a gift card, a paid day off, or some other token of appreciation. Our big take away for increasing engagement in a virtual environment is to keep it simple.

10. FY22 STRATEGIC STAFFING PLAN

Mr. Kelly said YHI is still focused on the three key tenants of a flawless customer experience, a low cost promise that works, and encouraging cross-functional work to mitigate silos in the organization. As a result of continued focus on cross-functional work, YHI has been able to avoid creating silos.

The overall headcount being recommended as part of the Fiscal Year 2022 budget, which is from July 1, 2021, through June 30, 2022, is five positions lower that the FY21 approved budget. There are a couple of things that drive that reduction including improved customer support center workflows and process improvements, increased automation through system enhancements, and an automated waterfall process that leverages existing non-CSC team members to handle occasional increases in inbound customer support calls and emails. With the implementation of Medicaid Expansion in January of last year, we noticed the population that is enrolled via Your Health Idaho requires fewer touch points than prior to Medicaid Expansion. When you have fewer touch points per enrollment and then lower enrollments overall, you have lower volumes from a customer perspective. We also found that when we do have call spikes, we are able to implement the waterfall process and utilize non-CSC team members to help reduce the number of callers in the queue at that time. It is really a way to avoid needing temporary team members or increased numbers of direct hires during those periods of high-call volumes. We did see an increase in calls yesterday with the uninsured SEP but did not need to implement the full waterfall process.

Mr. Kelly shared the organizational chart and showed the areas where improved efficiencies allowed for smaller teams in the CSC teams. He added that there was an open Policy Manager position last year which has since been removed. Ms. Nagashima can manage the policy responsibilities along with her other responsibilities, and she personally enjoys the policy space, so a manager role is no longer needed. The remainder of the organizational chart is intact as compared to FY21.

Motion: Mr. Erstad moved that the Governance Committee, recommend to the Board, approval of the FY22 Strategic Staffing Plan, as presented today. **Second**: Mr. Zurlo. **The motion carried.**

11. FY22 COMPENSATION PLAN

Mr. Kelly said there are two parts to the compensation plan. They are both currently incorporated into the budget for FY22 which was reviewed in Finance last week. Finance did not discuss it as it falls under the purview of the Governance Committee.

There are two parts to the compensation plan: the market pool and the merit pool. This year is one of the years where we do a full compensation survey. Ms. Ball and Ms. Thomas did a full bottoms-up analysis for Your Health Idaho. They looked at similar industries, applicable revenue sizes of $5-10M, and geotargeted to the Treasure Valley. Each position was reviewed by looking at base pay, internal equity, and unique YHI positions and skills. We also looked at the lower compensated positions due to the cost of living increases in the Treasure Valley and to ensure they aligned with market movement. When looking at the totals, the average range adjustment was four percent with higher increases in the lower compensated ranges. This does not translate to a specific team member receiving a specific amount, but rather how does that role or job category adjust relative to that compensation survey. We also sanity checked these dollars to ensure consistency in the market. As a result, we are recommending a market budget of one percent of base pay or about $31k. For reference, our current salaries and wages run at about $3M annually.

Chair Henbest said she understands the high cost of living in the Treasure Valley, which is skyrocketing, and she understands the framework for the market adjustment. She asked the Committee what is philosophically the right thing to do in regards to what employees are facing in the market.

Mr. Kelly said this is the lowest market adjustment we have seen and is reflective of the economic realities we are facing. Based on that analysis, an additional $10k could be added for the lower compensated roles while still recognizing the market compensation survey.

Ms. Tucker said she assumes we are way above Idaho's minimum wage and asked for a starting salary for those lower end folks. Mr. Kelly said we are above Idaho's minimum wage of $7.25 an hour. We do not have a formal policy around entry level wages. As general rule of thumb, new direct hires brought on in our lower compensated roles are done so at about $13 an hour. Mr. Erstad said he imagines there is another 30 percent in benefits provided to employees. Ms. Ball said when you look at total compensation, we do have added benefits above market, but from an employee perspective they usually just look at the entry level rate.

Mr. Erstad asked what the percent is for the hidden compensation per employee because when you look at wages and benefits, YHI offers a generous benefits package to its employees. Ms. Ball said 30-40 percent is a common range for most companies. Mr. Kelly said it depends on what they select for benefits, but it is generally around 20-30 percent of base pay. We do recognize we have a strong benefits package for people, but the package would not put additional money into their accounts to pay for increased rent and other expenses. Currently, we are seeing that people are not selecting benefits that have an employee contribution tied to it simply because they need the cash in their pockets. The net pay is a challenge on lower compensated team members. Another $10K for our market pool, on top of the $31K, would be good in terms of how we can address these lower compensated roles. Additionally, when we have had people leave the company over these past months, they have all been in that lower compensated range and they have indicated in their exit interviews that low pay is why they are leaving. They have also noted that the compensation package is comparable or better than where they are going, and it is simply about more money in the checking account. Chair Henbest added that if we could add this extra dollar amount to those lower compensated positions, and assuming we could afford it, it could raise those starting pays to help offset the increased living expenses. Mr. Kelly said yes, $10K is something we could accomplish in the proposed budget without overturning the apple cart. The Chair asked how many people fall into this lower compensated range. Mr. Kelly said between five and ten people. Ms. Tucker asked if this is the group of people that we are seeing the higher turnover rates. Mr. Kelly said yes, both recently and historically. Feedback in exit interviews are generally around low wages. Chair Henbest said if we are looking at being an organization that values employees and encourages discussion around growth and development, part of that is tied to retention. If they are going to leave the organization, primarily due to wages, we are missing an opportunity to grow and offer that to a subset of employees.

Shifting to the merit portion of the compensation plan. Mr. Kelly and Ms. Ball discussed the overall approach companies take with merit and they generally fall into three categories. There are companies that tie merit to overall company performance, a middle group that always does three percent cost of living, and a third group that strives for merit to be at three percent, but also recognize any economic impacts that may happening locally. For reference, YHI has done a three percent merit pool since inception. However, this year the merit recommendation is two and a half percent (or $75K) in the fiscal year 2022 budget. And when you look at the combination of market and merit, it is an overall cost of about $110K. We feel comfortable that even with the added $10k in the market pool, we are still being conservative and aligning with our fiscally conservative principles while delivering for our team members. Finally, we did review YHI's benefits and found them to be very competitive. Due to the move to mid-sized companies, there were savings around benefits that were then passed to the employees and YHI was also able to enjoy some of those savings.

Director Cameron said as a comparison to state employees, the Governor recommended a two percent merit and no increase to base pay last year. Director Cameron thinks the recommendation for a two and a half percent increase seems reasonable.

Mr. Erstad is concerned about the optics as most clients would be envious of the benefits package, particularly right now as companies are just trying to get by. On the turnover, are they looking at the bottom-line dollars versus the benefits package? Mr. Kelly said yes, that is correct. In the exit interviews they have stated that they do not want to lose the benefits package, but simply cannot afford to stay given the base wage. Mr. Erstad asked if we increase the spend, do we expect this will help with retention? Mr. Kelly said yes, it will address a major concern among employees, but does not know if it will keep folks from leaving. Ms. Ball said pay is certainly a factor and added that the additional dollars will help, but it comes back to the philosophy of the organization.

Motion: Mr. Zurlo moved that the Governance Committee, recommend to the Board, approval of the FY22 Compensation Plan with 2.5 percent for merit and $41K for market, as presented today. **Second**: Ms. Tucker. **The motion carried.**

12. FY21 GOALS UPDATE

Mr. Kelly said goals for the current year are nearing the end of their period of performance. The details of all the goal metrics are in the Appendix.

First up is Idahoans Experience and it was paid out at 84 percent. There were three parts to that goal, and the first two achieved 100 percent – First Contact Resolution (FCR) and Net Promoter Score (NPS). Turnaround Time was a bit behind the curve early on, but with some diligence and hard work, it achieved the 60 percent threshold.

Retention and Enrollment will end in April and we expect to be a bit short of this goal. While we had great retention at 85 percent and fantastic auto-renewals at 99.8 percent, February effectuations did come in below the 60 percent threshold. Early March numbers are around 75K and YHI is trending towards not achieving the enrollment portion of this goal.

Risk Management ended on February 28 and was achieved at 90 percent. There were two components to this goal: proper reporting and response rates. Proper reporting is critical as this measures how many people report the suspicious email or phishing attack. We have seen an increase in this space recently with 92 percent of team members properly reporting the phishing campaigns to achieve an 80 percent outcome. Response Rate, or how many people clicked on the Phishing email links or engaged with the email, was 3.7 percent, a 100 percent achievement rate for this portion of the goal. Combined, this goal will be paid out this week.

Low Cost Promise ends at the end of this fiscal year, and we are currently at $270K in savings, or 70 percent towards goal achievement. We are on track to hit this goal and we were also able to invest in some additional advertising for the extended open enrollment period and the current uninsured SEP.

Finally, for Employee Engagement, which focuses heavily on COMPASS card participation, there is still some work to do here. Earlier today we also talked about the Employee Engagement Task Force and their recommendations on expectations, coaching and team member growth and development which are focused on feedback we had received from last year's Gallup survey. This year's Gallup Survey will be deployed in May of 2021. Those results will be available to this Committee at the May/June meeting.

Chair Henbest asked if this uninsured SEP will bring in enough enrollments to help with the Enrollment goal. Mr. Kelly said it will help, but we are only expecting around 150 enrollments per week for four weeks, with a total gain of 600 enrollments. Even with those additional enrollments, we will still be short of our Retention and Enrollment goal.

13. FY22 OPERATIONAL & STRATEGIC GOALS

Mr. Kelly said four years ago YHI adopted a single Strategic Goal of providing a flawless customer experience that represents our true north. We measure that when the percent of people requiring three or more contacts is below five percent. We were at 2.7 percent in this last open enrollment period, which is really phenomenal when one thinks about the complex ways we interact with our customers. That is a decline of almost 70 percent since that goal was first introduced. Because it is simple and the team is very focused on this, and it does serve as our true north, we are recommending no changes.

For the Idahoans Experience goal, we are proposing that we maintain the three metrics of Net Promoter Score (NPS), First Contact Resolution (FCR), and Turnaround Time (TAT). What we are proposing to do different this year is to have two different measurement periods – one during open enrollment and one outside of open enrollment. The reason is that we have very different customer behaviors during these different times of the year. Cases are easier and simpler during open enrollment and more complex outside of open enrollment. We are proposing to set baselines for each metric and goal period and then propose improvements from those baselines. Generally speaking, we target a five percent improvement for the 80 percent threshold and adjust the 100 and 60 percent thresholds accordingly. It is important to note that we may be approaching the floor on how much better we can get during open enrollment while the opportunity to improve outside of open enrollment is greater.

For Retention and Enrollment, which is the single most important goal when it comes to revenue, we are not proposing any compensation for this goal primarily due to new administration and potential related policy actions. Predicting where we might be would prove challenging and may be driven by federal actions and we are limited in our ability to influence those outcomes.

For Risk Management, we will continue to focus on phishing and social engineering. When we started the discussions on risk management all the way back in September, we discussed whether these were the right metrics and should we think about a more global Enterprise Risk Management approach. However, we struggled to find simple metrics that would motivate the team, involve all 50 people, and would capture that in a simple way. We do have tools to use to manage overall risk like the risk register, and specific Privacy and Security tools but not all team members can influence those outcomes and we are unsure how to capture that in a metric for a goal. As such, we are recommending that this goal continue to focus on Cyber risks. Mr. Kelly asked for feedback from the Committee on what they have seen in this area. The Committee members think this goal works as is.

For Low Cost Promise, which measures operating expenses, we tried to find a way to make this goal more relatable to the team while still measuring what is critical to Your Health Idaho. The impacts of COVID over the last year made us revisit this goal to see if there was a more appropriate measure. As a result, we are proposing to measure net operating income (revenue less operating expenses) which will be more relatable and easier for the team to rally around. While the budget is not yet set, we expect to target at least a five percent improvement compared to the approved budget. In the Financial review at the Board meeting, you will see we missed our revenue budget for FY21, and our operating expenses were lower as well. The team started managing to net operating income and that is what got us thinking about this. Because the budget for FY 2022 is still under review, final targets are not set.

For Employee Engagement, COMPASS cards are very effective for peer-to-peer recognition and we propose no change to that. The Gallup Survey has been a mainstay for YHI, and we are proposing to keep that as well. We looked at the tools we use to achieve employee engagement. We will continue the total compensation conversations and are proposing that we give people an option between a total compensation conversation and what Ms. Thomas has recommended, a Stay Interview that would provide for real time feedback. Those stay interviews would be difficult to assign a metric to, but we believe it would increase engagement through those conversations. We will continue to evolve the editorial calendar to include stay interviews as well as total compensation discussions and the growth and development discussions currently underway.

Mr. Zurlo asked if YHI runs comparisons against other state-run exchanges around the low cost promise. Mr. Kelly said we have and ran comparisons last year. The real challenge is finding an exchange that has the same operating functions in their budget as every state is slightly different. For our analysis, we selected states that were similar to YHI in terms of functions performed by the exchange and enrollment technology platform. From that analysis, we determined that YHI was at least 60 percent lower than other states in terms of operating expense dollar per enrollment. The Chair suggested we share that at the Board meeting.

14. EXECUTIVE DIRECTOR EVALUATION PROCESS

Ms. Ball reminded the Committee that the process will be the same as the past two years with the only difference being the online tool used. Board members will provide feedback via the online tool and Ms. Henbest and Mr. Weeg will conduct 1:1s with the executive director's direct reports. The timeframe remains early May for the survey and completed by early June.

15. MARS-E SECURITY ASSESSMENT RFP UPDATE

Mr. Reddish said the RFP review is underway and is quite a lengthy read with two responses of 180 pages and the other over 80 pages. We are in the final stages. The Proposal Evaluation Team (PET) met last Friday and reviewed the submissions, and we did not reach agreement on the award. We are in the final process and hope to wrap it up within the next few days. We have not announced the top vendor yet but expect to have that information prior to the Board meeting.

16. NEXT MEETING

The Chair noted that the next meeting will be held in early June.

17. ADJOURN

There being no further business before the Committee, the Chair adjourned the meeting at 10:23.

Signed and respectfully submitted,

Margaret Henbest, Committee Chair