



IDAHO HEALTH INSURANCE EXCHANGE  
DBA YOUR HEALTH IDAHO

FINANCE COMMITTEE MINUTES  
THURSDAY, MARCH 19, 2020

1. COMMITTEE MEMBERS PRESENT

- Mr. Kevin Settles, Chair (via teleconference)
- Mr. Greg Donaca (via teleconference)
- Dr. John Livingston (via teleconference)
- Dr. John Rusche (via teleconference)
- Rep. Sage Dixon (via teleconference)

2. OTHERS PRESENT

- Ms. Heidi Stockert, Your Health Idaho (via teleconference)
- Mr. Pat Kelly, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Robert Schmidt, Milliman (via teleconference)

3. CALL TO ORDER

Following proper notice in accordance with Idaho Code §74-204, the Finance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Kevin Settles, Chair of the Committee (the Chair), at 9:03 a.m., Thursday, March 19, 2020, at the offices of Hawley Troxell Ennis & Hawley, 877 W Main Street, Suite 1000, Boise, Idaho. In accordance with Idaho Code §41-6104 (8), the meeting was held in an open public forum and was streamed in audio format. Members of the public could access the audio stream by dialing into a telephone number that was included in the notice of meeting posted on the Exchange Board's Web site and at the meeting location.

4. ROLL CALL

The Chair (via teleconference) called roll and determined that Mr. Donaca (via teleconference), Dr. Livingston (via teleconference), Dr. Rusche (via teleconference), Rep. Dixon (via teleconference) were present, resulting in a quorum. Senator Rice and Director Jeppesen were absent.

5. PRIOR MEETING MINUTES

**Motion:** Dr. Livingston moved to approve the meeting minutes from the March 5, 2020, Finance Committee meeting as presented today. **Second:** Mr. Donaca. **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. EXECUTIVE SESSION (9:05)**

**Motion:** The Chair moved that the Committee enter into Executive Session Pursuant to Idaho Code Section § 74-206(1), to consider records that are exempt from disclosure under YHI's public records policy and Idaho's public records act pursuant to Idaho Code Section § 74-206 (1)(d).

**Executive Session Roll Call:** The Chair called roll and determined that Mr. Donaca, Dr. Livingston, Dr. Rusche and Rep. Dixon were present via teleconference, resulting in a quorum. Senator Rice and Director Jeppesen were absent.

The Committee entered into Executive Session at 9:05 a.m. and reconvened at 9:23 a.m. No final actions nor decisions were made while in Executive Session.

## **9. FY 2021 BUDGET TIMELINE (9:23)**

Ms. Stockert reviewed the FY 2021 Budget Timeline including an overview from the last meeting of March 5<sup>th</sup> and a summary of what will be covered, including the proposed budget revenue and assessment fees for the upcoming year. In addition, there was a presentation of sustainability analysis as well as "what if" scenarios to be analyzed. Mr. Schmidt from Milliman will be presenting their projection models for YHI revenue. Finally, the Committee will be looking at the proposed View Pointe operating budget and YHI's financial policies for the View Pointe building.

## **10. FY 2021 PROPOSED BUDGET: REVENUE FORECAST (9:27)**

Ms. Stockert said the key assumptions used in the revenue projections for FY'21 include a three percent increase in average premiums for PY 2021, and every year after that a four percent increase. YHI also assumed a one percent decrease in enrollments, which essentially created a two percent net impact, resulting in \$10.3M proposed in revenues for 2021. For purposes of budget forecasting, enrollments are assumed to remain flat for future periods. With the estimated projections, the assessment fee revenue is anticipated be \$12.5M at the end of PY 2026.

Ms. Stockert said for the enrollments over time analysis, enrollments are forecasted three percent lower than the Milliman model in an effort to remain conservative. YHI has not at this time estimated the effects of the Coronavirus in these projections. However, this can be framed in terms of the sensitivity analysis that estimates what happens when you gain or lose 10,000 enrollments and the impact this has to assessment fee revenue.

Ms. Stockert shared the revenue projections for the average monthly premium which showed the forecasted amount versus the Milliman model. YHI forecasted \$467 per member for plan year 2021 which is close to the end of plan year 2020.

## **11. PREMIUM AND REVENUE FORECAST: MILLIMAN (9:40)**

Mr. Schmidt said this is Milliman's fourth- or fifth- year preparing models for YHI. In preparing the model last year, Medicaid expansion with a January 1 implementation date was assumed. He continued to explain that there was an expected shift of about 17,000 individuals that were under 150 percent of FPL moved to Medicaid. There was some growth in those above 200 percent of FPL, resulting in an overall drop of 12,000 individuals. The drop also tended to be in the middle age group of 26 to 44 and the drops by plan were concentrated in the silver tier. Going forward, Milliman trended out the assumptions in a variety of areas including individuals that are available for premium assistance, the likelihood that people will purchase insurance on the exchange, and premium trends and benefit levels. When Ms. Stockert ran the projections, she was more conservative in the assumptions than Milliman.

Model inputs included routine assumptions with the added estimation that the uninsured rate dropped from a little over 14 percent to 10 percent due to Medicaid expansion eligibility. In terms of projections, they were extended out to 2026, total exchange enrollment is added by month and adjusts accordingly, and statistics are produced on household income, age group, metal Tier, and coverage categories. This will be updated each year.

Mr. Schmidt said no impacts from the COVID-19 virus have been included at this time. However, YHI is bound to see additional costs due to testing as will the entire industry. The cost of treatment is still an unknown. Longer term, there are potentials of people moving off employer insurance and difficulty in paying premiums for those with individual coverage. Some states are mandating coverage be maintained even if premium payments are delayed. Mr. Kelly added that an involuntary loss of Minimum Essential Coverage (MEC) would create a Qualifying Life Event and then a corresponding SEP. Movement between employee coverage, ACA coverage, and Medicaid will be fluid.

## **12. FY 2021 PROPOSED BUDGET: OPERATING EXPENSES (9:50)**

Ms. Stockert reviewed the operating expenses that were reviewed at the March 5<sup>th</sup> Finance Committee meeting where \$9.9M operating expense budget was proposed. YHI proposed no changes be made. The Committee agreed that the proposed budget is in line with what is currently known, it allows the organization to shift based on needs, and also keeps a safe cash reserve.

## **13. DEVELOPMENT VS. CAPEX (9:52)**

Ms. Stockert said there were no changes to the Development and CAPEX budget from the prior meeting where \$1M was proposed which included \$849k for contractual obligations and additional \$150k for contingency. For the sustainability analysis, it was similar to what was presented at the first meeting but was updated to show cash flows predicted through six years, or June 2026. YHI will remain above the cash flow reserve of \$6.6M and projected cash flows are estimated to remain above \$8.5M. YHI is projected to have cash balance through the end of June 26 of \$9.4M.

The Chair suggested the Committee also look at potential impacts to YHI as a landlord and those projected revenues. Additionally, The Chair suggested that YHI put a policy together as a

landlord to mitigate risk. Mr. Kelly said that YHI had not been contacted by any of the tenants to date. Mr. Kelly added that the rooftop tenants would likely not be affected by this. The trucking company and the Diocese may or may not be impacted. Mr. Kelly said he would work on a policy around a payment deferral which would be the least impactful to YHI and bring it to the Board on April 3. The Chair suggested a short-term plan should be in place before the Board meeting.

***Rep. Dixon left the call at 9:56 a.m. The Committee maintained a quorum.***

Ms. Stockert showed the sustainability analysis as it relates to the assessment fee revenues with a 3 percent increase for monthly premiums in the first year and 4 percent in the following years. YHI's recommendation is no change to the Assessment Fee currently at 2.29 percent. In considering YHI's prior assessment fee at 1.99 percent, YHI would fall below the required cash reserve line. If YHI raised the assessment fee by .2 percent, to 2.49, there would be an increase in revenue of about \$427k.

The Chair reminded the Committee that these assumptions have all been made based on business as usual. If the inputs change, YHI will course correct. Mr. Kelly added that he and Ms. Stockert can look at doing some modeling around the potential impacts of COVID-19 to the numbers presented today.

Ms. Stockert reviewed the "what if" scenarios for enrollment impacts and a change in average monthly premium. Ms. Stockert also noted that revenue sensitivities were accounted for if consumers were to switch to a lower cost plan, which has already happened as a result of Medicaid Expansion. If 3,000 consumers shifted from silver to bronze plans, YHI would see a \$120k reduction in assessment fee revenue.

#### **14. FY 2021 ASSESSMENT FEE (10:12)**

**Motion:** The Chair moved that the Finance Committee recommend to the Board, approval to maintain an Assessment Fee of 2.29% for Plan Year 2021. **Second:** Dr. Rusche. **The motion carried.**

#### **15. FY 2021 BUDGET RECOMMENDATIONS (10:14)**

**Motion:** The Chair moved that the Finance Committee recommend to the Board, approval of the Fiscal Year 2021 Operating Expense Budget at a not-to-exceed amount of \$9,981,585 as presented today. **Second:** Dr. Livingston. **The motion carried.**

**Motion:** The Chair moved that the Finance Committee recommend to the Board, approval of the Fiscal Year 2021 CAPEX Budget at a not-to-exceed amount of \$1,000,000 as presented today. **Second:** Dr. Livingston. **The motion carried.**

Ms. Stockert reviewed the View Pointe OPEX budget that was prepared by YHI's building management company TOK. There are two separate operating budgets with one being for the last months of FY20 and the other representing FY21. Both budgets contain the same assumptions beginning with revenues that are aligned with the lease agreements and the estoppels that were included with the closing documents. Also, the cost recoveries are in agreement with the leases and/or those estoppel certificates. Most of the leases are full service

and those expenses are built into the lease rates. There are some modified leases for the rooftop tenants. For Operating Expenses, there are some estimates built in based on historical expenses as well as from a comparable property when none were available plus a three percent CPI. Since YHI is tax-exempt status, property tax is not required nor is rental income taxable. There were some items budgeted for one-time repairs and maintenance and YHI received a credit against the building purchase for some of these items. The budget also assumes a vacancy reserve of 5 percent of gross income and 2 percent for CAPEX. These reserves will be put away so it will be available for any expenditures that may come up. YHI will be paying rent but will be receiving that back as revenue each month.

**Motion:** The Chair moved that the Finance Committee recommend to the Board, approval of the View Pointe Operating Expense Budget at an amount of \$113,884 for April – June 30, 2020 as presented today. **Second:** Mr. Donaca. **The motion carried.**

**Motion:** The Chair moved that the Finance Committee recommend to the Board, approval of the View Pointe Operating Expense Budget at an amount of \$250,450 for Fiscal Year 2021 as presented today. **Second:** Dr. Rusche. **The motion carried.**

## **16. FINANCIAL POLICIES REVIEW (10:19)**

Ms. Stockert introduced a new policy called the Building Landlord Financial Policy (FPL) which was put into place to create a framework for TOK to work within. It is important to note that this policy aligns with the property management agreement which gives TOK the authority to work on YHI's behalf. It allows them to create the budget and aligns with the budget process internally at YHI. This policy will also align with YHI's DOA and TOK on behalf of YHI have the authority to make expenditures within the approved amount within the annual building operating budget. It also gives them the authority to collect rent from tenants on behalf of YHI and deposit these into the bank account. They are also authorized signers on the account on YHI's behalf – all within the budget. If there are extra expenses not covered in the operating budget in excess of \$3k, they will need to be approved by YHI within YHI's DOA limits.

**Motion:** The Chair moved that the Finance Committee recommend to the Board, implementation of the Landlord Financial Policy (FPL) as presented today. **Second:** Dr. Rusche. **The motion carried.**

Ms. Stockert said the Fraud, Waste and Abuse policy was revised to take into account the organizational changes that have occurred since it was last updated. There was one main change in the ACH payments section as YHI's internal processes have changed as well as an update to segregation of duties added from this new process to ensure internal controls are met. For the Revenue Policy, the assessment fee rate was updated to the 2.29 percent and some title changes were made to reflect the new organizational structure. The Financial Policy saw some updates related to organizational changes as well. In addition, prepaid expense threshold was increased from \$2k to \$5k to remain consistent and with our fixed asset policy and to align with GAAP.

**Motion:** Dr. Livingston moved that the Finance Committee recommend to the Board, changes to the Fraud, Waste, and Abuse Policy, the Revenue and Financial Policy, as presented today. **Second:** Mr. Donaca. **The motion carried.**

## **17. OPERATIONAL GOALS UPDATE (10:22)**

Mr. Kelly reviewed the relevant goals including the Low Cost Promise which is currently trending at the 80 percent threshold. This goal focuses on operating expenses and was updated this year to remove the obligations with DHW and GetInsured. Currently, YHI is on track to see a reduction of about \$350k versus a target reduction of \$400k.

Mr. Kelly updated the Committee on the other four goals. Idahoans Experience was paid out at 96 percent and all three parts of the goal were adjusted for Medicaid Expansion impacts. The NPS score came in at 32, which met the 80 percent threshold. The second part of the goal is Turn Around Time (TAT) which came in under three percent. The last part of this goal is First Contact Resolution (FCR) and the most recent quarter was 3.4 percent of customers took more than three contacts to resolve their issue. Both TAT and FCR were 100 percent achievement.

For Retention and Enrollment, as of the beginning of March, YHI had 82,000 enrollments and is on track to reach 100 percent of this goal. There is no compensation tied to this goal, but it is the single biggest indicator of YHI's revenue stream.

For Risk Management, which primarily focuses on phishing campaigns and the click rates, reporting rates, and training. The average click rate was four percent and the average reporting rate was 92 percent. Overall that goal will be paid out at 100 percent.

Employee Engagement is a two-part goal including YHI COMPASS cards and the Gallup Survey. The COMPASS cards focus on YHI's cultural values, is a peer to peer recognition, and that part of the goal is trending towards 100 percent. The second part of the goal is the Gallup Survey which will be taken in May 2020.

## **18. NEXT MEETING (10:37)**

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

## **14. ADJOURN**

There being no further business before the Committee, the Chair adjourned the meeting at 10:38 a.m.

Signed and respectfully submitted,

  
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Kevin Settles, Committee Chair