



IDAHO HEALTH INSURANCE EXCHANGE
DBA YOUR HEALTH IDAHO

FINANCE COMMITTEE MINUTES
FRIDAY, JUNE 5, 2020

1. COMMITTEE MEMBERS PRESENT

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

2. OTHERS PRESENT

- Ms. Heidi Stockert, Your Health Idaho (via teleconference)
- Mr. Pat Kelly, Your Health Idaho (via teleconference)
- Mr. Kevin Reddish, Your Health Idaho (via teleconference)
- Ms. Alanee Thomas, Your Health Idaho (via teleconference)
- Ms. Wanda Smith, Your Health Idaho (via teleconference)
- Ms. Stacey Porter, Your Health Idaho (via teleconference)
- Ms. Cheryl Fulton, Your Health Idaho (via teleconference)
- Ms. Tresa Ball, HR Precision (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 9:06 a.m., Friday, June 5, 2020, via video and teleconference. 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), and Rep. Dixon (via teleconference), were present, resulting in a quorum. Dr. Livingston, Senator Rice, and Director Jeppesen were absent.

5. PRIOR MEETING MINUTES

Motion: Mr. Donaca moved to approve the meeting minutes from the March 19, 2020, Finance Committee meeting as presented today. **Second:** Rep. Dixon. **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. FY20 Q3 FINANCIAL RESULTS

Ms. Stockert noted that the financial results are January 1 through March 31, 2020, which is the first quarter of the plan year, or the third quarter of the financial year. Assessment Fee revenue is favorable to budget by \$32k, or by four percent and enrollments are ending strong at 81,743 members, or 7.8 percent over budget. Average monthly premiums did lower slightly from \$481 per member to \$479 primarily as a result of a plan selection shift in metal tiers and also the impacts from Medicaid expansion. From a YTD perspective, average monthly premiums are over budget at \$479 per member vs \$477. Favorability is expected to continue through the end of the fiscal year primarily due to strong enrollment numbers. May effectuations saw a five percent decrease from January to 79,000 reflecting the impacts from Medicaid expansion. We are maintaining an enrollment difference of 13,000 compared to the same time last year as the impacts from Medicaid expansion were lower than we had originally anticipated. YHI has not seen any material impacts from COVID-19 but are continuing to monitor and report as needed. Average attrition from January to May 20 is about 1.43 percent.

Ms. Stockert said there are two new additions to the quarterly financial report that will continue moving forward: The View Pointe building income statement and consolidated income statement. YHI's income statement which excludes the View Pointe building continues to remain strong from a revenue standpoint. The third quarter ends with \$2.69M total revenue and \$8.8 total revenue through year to date. Operating expenses year to date total \$6.7M leaving YHI with net operating income of \$2.1M. In April, YHI moved its CDARS account to Idaho First Bank since the interest rates decreased. The next maturity date is in July, YHI will shop for competitive rates.

Ms. Stockert shared the View Pointe building income statement and reminded the committee that the operating budget with TOK, YHI's property manager, was approved in April. In alignment with the Building Landlord Financial Policy, TOK on behalf of YHI, collects rent, disburses funds for expenditures, and provides management services. For this past quarter, there have been some startup costs associated with the acquisition of the building and some favorability in rents, mostly due to timing of rents collected prior to the budget being finalized.

Ms. Stockert shared the consolidated income statement which shows YHI in a profitable stance even with the acquisition of the building. For year to date, total operating expenses are \$6.8M, total revenue is \$8.9M, with net income at about \$2M, favorable to budget by \$890K.

Motion: Rep. Dixon moved that the Finance Committee, recommend to the Board, approval of the financial results through March 31, 2020, as presented today. **Second:** Mr. Donaca. **The motion carried**

9. FY20 FORECAST

Ms. Stockert reviewed the forecast for the rest of the fiscal year, which includes April actuals, and the forecast for May and June; not much has changed except the consolidation of the View

Pointe financials. YHI anticipates favorability through the end of the year primarily due to the View Pointe investment and strong enrollment numbers. For operating expenses, not much has changed since this reflects 10 months of actuals into the fiscal year. YHI continues to focus on the Low Cost Promise as related to operational expenses, however there are a few items related to lower spend during the time of remote work due to COVID-19. Travel expenses as well as office expenses that were not incurred were a few showing additional favorability.

Anticipated total income is \$11.5M year to date with estimated operating expenses of \$9M resulting in net operating income of \$2.4M. At the end of the year, YHI anticipates being favorable by about \$1.1M. This forecast has changed slightly since this Committee last met due to April actuals and revenue from the building.

10. SUSTAINABILITY

Ms. Stockert shared YHI's cash flow projections which look very similar to what was shared in December; however, it does include actuals through April. They have shifted slightly in YHI's favor from \$8.6 to \$8.9M primarily because actuals were included in this number compared to December 2019. View Pointe tenants are all current on rent; if things change, we have the rent sensitivity analysis prepared as well as TOK contingency plan in place.

Financial and enrollment highlights show the actuals through April and the 2021 budget line, both of which have been added since the last meeting. Enrollments are remaining above budget by 7 percent this is mainly due to Medicaid Expansion not affecting enrollments as much anticipated. In addition, there is virtually no impact from COVID-19 on enrollment numbers. Average Monthly premiums is estimated to be at \$480 per member for plan year 21 and year to date this year is holding steady at \$479 per member, which is above what was budgeted.

11. OPERATIONAL GOALS

Mr. Kelly reviewed the FY20 goals progress. Each Committee reviews the progress of their germane goals and then reviews and approves any changes to those goals for the next fiscal year. The two primary goals for this Committee are Retention and Enrollment and Low Cost Promise. The Retention and Enrollment goal for the current year was achieved at 100 percent with eligible renewals completed at 99.8 percent automation. And during the goal period, YHI saw 82,000 enrollments versus a target of 78,000. There is no compensation tied to retention and enrollment, but it is one of the most critical goals as it is the primary driver of revenue for Your Health Idaho. The Low Cost Promise goal focuses on operating expenses relative to the approved budget and for the 100 percent threshold, the target was \$400k in savings (excluding the DHW and GetInsured agreements). As of today, YHI is at about 95 percent of that progress towards that \$400k in savings.

Mr. Kelly shared the proposed Operational Goals for fiscal year 2021. YHI would like to continue to focus on retention and enrollment with the two key areas that has been part of this goal for several years. The first area of focus is to have at least 25 percent of enrollments coming from new customers. That is in line with 2020 and is a big challenge particularly in the COVID environment as many outreach events have been postponed or fully cancelled. The other component is the enrollment goal that is proposed is to achieve 84,000 enrollments as of April 1,

2021, compared to 82,000 in 2020. That is about a 5 percent increase over 2020 and consistent with YHI's financial sustainability plan.

The Low Cost Promise is proposed to focus on fiscal conservatism that works and to ensure the right operating expenses to deliver a flawless customer experience. For 2021, YHI is proposing a savings compared to budget of about \$385k, and again excluding the contractual agreements with DHW and GetInsured. For reference, the approved budget for 2021 is about \$9.9M and DHW and GI make up about \$2.8M of that, resulting in a savings of about 4 percent on the approved budget. The Chair asked if YHI has considered tying the Retention and Enrollment goal back to compensation. Mr. Kelly said with COVID-19 and the presidential election in the fall resulting in potential policy impacts, this goal will remain uncompensated this year. Mr. Kelly said YHI does look at how its cost compares to other states and YHI tends to be at least 60 percent lower than other states, on a dollar per enrollment basis.

12. BUDGET AND MANAGEMENT PLAN

Ms. Stockert said there are three key areas in the budget and management plan. First, budgets continue to be managed by each functional owner. Following each month end close, the Finance team and budget owners meet to review actual expenditures, variance analysis, and the forecast. Secondly is the new View Pointe financials and discussions with the TOK finance team where actuals are compared to forecast, maintenance requests are reviewed, and anything else that needs to be discussed. Finally, YHI is committed to remaining transparent by creating cross-functional communication to assist in supporting cost efficiencies across the organization. This will allow YHI to remain in line with the Low Cost Promise goal and capture anything that may have been missed.

13. FY20 AUDIT PLAN

Ms. Stockert said this is the second year YHI has engaged with Eide Bailey, the engagement letter has been signed, and the planning meeting has occurred. Eide Bailey is currently performing the interim work which will allow for a shortened fieldwork assignment, which will occur at YHI's View Pointe location in July. There is a compliance piece scheduled with DHW for a week in late June. It is important to note that DHW is currently in a remote work environment, but they don't anticipate any delays at this time.

14. INSURANCE RENEWALS

Ms. Stockert said insurance has been bound is similar to last year with the same coverage which includes \$5M in liability and a \$1M excess policy to cover directors and officers. YHI saw a 6 percent increase in cost because of the uncertainties in the market due to COVID-19 and stock market volatility. Mr. Riley at Hawley and Troxell reviewed the policies in-depth to ensure there would not be any gaps in coverage and to ensure that the endorsements were in line with last year. Ms. Stockert said she asked for a discount from the broker due to the increased cost over the amount budgeted and was successful in securing a 2 percent policy premium credit.

15. LESSONS LEARNED

Ms. Stockert said she and her team looked back on the last 9 months and discussed opportunities for improvement. The use of technology, or optimizing automation, has been the main driver for the team since she joined YHI. As a result, the finance team has reduced the close timeline from a 15-day close to a 10-day close in order to get the information out faster and improve internal reporting. Errors are reduced when automation is used. Meetings with budget owners will continue and internal enhancements have improved the month end close process. Professional development is ongoing and interdepartmental collaboration has been improved via cross-functional training. YHI also implemented Paylocity for payroll switching from using ADP delivering efficiency and cost savings.

16. EXECUTIVE SESSION

Motion: The Chair moved that the Committee enter into Executive Session Pursuant to Idaho Code Section § 74-206(1), to consider the evaluation of an employee pursuant to Idaho Code Section § 74-206 (1)(b).

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

The Committee entered into Executive Session at 9:53 a.m. and reconvened at 10:13 a.m. No final actions nor decisions were made while in Executive Session.

17. NEXT MEETING

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

18. ADJOURN

There being no further business before the Committee, the Chair adjourned the meeting at 10:48 a.m.

Signed and respectfully submitted,



Kevin Settles, Committee Chair