



IDAHO HEALTH INSURANCE EXCHANGE
DBA YOUR HEALTH IDAHO

FINANCE COMMITTEE MINUTES
FRIDAY, DECEMBER 4, 2020

1. COMMITTEE MEMBERS PRESENT

- Mr. Kevin Settles, Chair (via videoconference)
- Dr. John Livingston (via videoconference)
- Mr. Greg Donaca (via videoconference)
- Ms. Tara Malek (via videoconference)

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho (via videoconference)
- Ms. Heidi Stockert, Your Health Idaho (via videoconference)
- Ms. Cheryl Fulton, Your Health Idaho (via videoconference)
- Ms. Alanee Thomas, Your Health Idaho (via videoconference)
- Ms. Meghan McMartin, Your Health Idaho (via videoconference)
- Ms. Frances Nagashima, Your Health Idaho (via videoconference)

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 9:07 a.m., Friday, December 4, 2020, via video and teleconference. In accordance with Idaho Code §41-6104 (8), and per the Governor's Proclamation dated March 13, 2020, the meeting was streamed in audio and video format. Members of the public could 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.

4. ROLL CALL

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

5. PRIOR MEETING MINUTES

Motion: Ms. Malek moved to approve the meeting minutes from the September 2, 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. FINANCIAL RESULTS THROUGH SEPTEMBER 30, 2020

Ms. Stockert announced that Ms. Smith will be leaving YHI at the end of the month. She thanked Ms. Smith for all her hard work and contributions over the years.

Ms. Stockert said for November, enrollments came in at about 73,000. This is about 17,000 lower than last year as about 12,000-13,000 moved to Medicaid due to expansion on January 1st, 2020 and about 5,000 more that could be related to the impacts of COVID-19. On the enrollment graph, the line shows there were slight dips downward in June and September. We attribute this to a reporting issue we found in the data and are working on getting this resolved with GetInsured. Once resolved, we expect the line to flatten out.

Ms. Stockert said the average monthly premium for September is \$468 per member and favorable to budget. The rate variance continues to be positive and moving in the right direction resulting in the quarter to date average premium to be \$460 per member. This is primarily due to Medicaid Expansion as the majority of these members came off bronze plans which were lower cost. Effectuations are coming in slightly below budget at 6.64 percent for a total of 74,987 enrollments for September. The quarter to date, total enrollments are also staying unfavorable to budget.

In Assessment Fee revenue for September, YHI collected slightly under \$804k and is also unfavorable to budget. YHI saw \$2.4M in assessment fee revenues in the first quarter which is unfavorable to budget by \$124K. The carrier mix shows Select Health continuing to hold the top spot with 44 percent of enrollments, followed up by Blue Cross of Idaho with 35 percent, then Mountain Health Co-op, Delta Dental, Best Life, and Pacific Source making up the remainder of enrollments.

Ms. Stockert provided a summary of quarter one by functional space. In operating expenses, we continued to see savings in the DHW Eligibility Shared Services due to Medicaid expansion and in employee and related costs mainly related to a few open positions that are non-customer facing. Additionally, there was less spend in facility costs, meetings and travel, and professional services related to most employees working remotely. We concluded the first quarter with a total of \$2.1 million in operating expenses which is \$260,000 under budget. Net income for the quarter remains positive at \$355,200 after depreciation and amortization.

In the IT and Privacy Security space, we are under budget mainly related to timing as a few subscriptions will be renewed later in the year. Computer equipment for team members was purchased this quarter in the capital expense budget. Go to Meeting (GTM) equipment and subscription costing \$10,000 was also purchased and is being used across the company as well as in the training space in preparations for Open Enrollment activities.

In the Marketing space, advertising revenue continues to increase with efforts from the Marketing team for a total of close to \$2,000 for the quarter. A few advertising ads were paid for early, thus resulting in about \$15,000 over budget, but will even out over the next few months.

Additional spend has been saved due to outreach events being moved to the virtual environment, but is planned to be spent later in the year

In the Operations space, temporary seasonal staff for Open Enrollment did not start in Q1 and resulted in about \$26,000 savings in this space. Anticipated start date will be in October.

Ms. Stockert said for the View Pointe building, janitorial expense saw a few catch-up payments from prior periods resulting in \$3,000 over budget. Additionally, the HVAC system required repairs and maintenance that were not anticipated for in the budget.

Chair Settles asked about the HVAC and what happened. Mr. Kelly said the HVAC is still within its useful life and YHI received \$100k at close to remedy potential issues with the HVAC. While the prior owner did do some upgrades, it was primarily centered in the ductwork. Most of the issues we are seeing now are in the boiler itself. Dr. Livingston asked if the issues were disclosed prior to sell. Mr. Kelly said that is precisely why YHI asked for the money at close.

Ms. Stockert continued with financial results presenting the consolidated income statement. Total revenue came in at \$2.6M while YHI budgeted for \$2.7M, resulting in a shortfall of \$147K. Total Expenses are under budget and favorable by \$260K. Net Operating Income shows a favorable position of \$113K.

The consolidated income statement shows the primary drivers of revenue in Q1 were assessment fee revenues at \$2.4M, interest income at \$10K, other income is advertising revenue at \$2K, and rent revenue at \$213K, for total revenue of \$2.6M.

Your Health Idaho operating expenses were \$2M, View Pointe building expenses at \$80K, and total operating expenses at \$2.1M versus \$2.4M for the budget resulting in favorability on our net operating income of \$509K.

Ms. Stockert added that the Consolidated Income Statements show the variances discussed in the narrative.

Motion: Chair Settles moved that the Finance Committee, recommend to the Board, the approval of the financial results through September 30, 2020, as presented today. **Second:** Dr. Livingston. **The motion carried.**

9. FINANCIAL FORECAST AND SUSTAINABILITY ANALYSIS

Ms. Stockert shared the forecast through June of 2021. YHI is projecting total revenue for the year of \$10.8M and the budget is \$11.4 resulting in \$614K unfavorable to budget. Total expenses are projected at \$9.7M and budgeted for \$10.2M resulting in \$523K in favorability. This leaves YHI with a projected Net Operating Income of \$1.1M compared to the budgeted amount of \$1.2M, resulting in a shortfall of \$91K. The good news here is that since the last Committee meeting in September, the actual results through quarter one have come in producing a more favorable position in net income.

Ms. Stockert shared the consolidated FY21 forecast versus budget and said YHI is predicting Assessment Fee revenues to come in at about \$9.9M for the year. Due to lower than anticipated enrollments, there will be unfavorability of about \$514K. This includes about \$400K in

assessment fee revenues from July through December 2020. Effective January 1, 2021, and with the rate increase of 1 percent, which is lower than the assumptions budgeted for, assessment fee revenue will be unfavorable by \$114K through June 30, 2021. In addition, interest income rates went down after the budget was set, resulting in a forecasted unfavorability of \$97K. Rental revenues are projected to be \$851K, which is right on target. YHI total operating expenses are forecasted to come in at \$9.4M versus budget of \$9.9M resulting in \$541K in favorability. For the View Pointe building, YHI is projecting expense to be around \$268K and budgeted \$250K resulting in unfavorability of about \$18K.

Total Operating Expenses are budgeted to be \$10.2M and forecasted at \$9.7M resulting in favorability \$523K. Total Net Income is expected to be about \$360K versus the budget of \$416K resulting in unfavorability of \$56K after depreciation and amortization.

For Your Health Idaho operating expenses, Ms. Stockert said there is some favorability in employee and related costs, temporary seasonal staffing, and DHW Eligibility Shared Services. In the consumer connector area, we renegotiated the contract and it remained flat. We also anticipate savings in professional services, meetings and travel, insurance, as well as in facilities costs. Total savings are projected to be around \$541K.

Dr. Livingston asked how we assess if the decreased spend in marketing is having any impact on enrollments. Mr. Kelly said that we tracked a number of things. Primarily the media spend in the traditional and digital spaces. And while it is difficult to track ROI for paid media, we do see gross rating points. In the digital space, we do track impressions, conversions, and a number of different metrics. To date we are at or above where we were last year and spending less in paid media compared to last year primarily due to the shift in consumer behavior to those online streaming service.

Mr. Donaca asked about professional services being lower than anticipated. For tech services and legal fees, are those projects that were cancelled or are more things being done in house than what was budgeted. Mr. Reddish said this has more to do with the renewal of support subscriptions and maintenance. Projects have slowed down but we are not cancelling projects. It is more timing than anything. Mr. Donaca commended YHI in finding lower insurance rates that resulted in substantial savings.

Ms. Stockert shared the View Pointe Forecast and said tenants are paying on time and we are projecting for that to remain unchanged going forward. Facility costs were unfavorable due to the HVAC repairs and an extra alarm system installed at additional access points. We anticipate total expense at the end of the year to be \$268K, we budgeted for \$250K, resulting in slight unfavorability of \$18K. Net Income after depreciation is expected to be \$478K, about \$18K unfavorable.

Ms. Stockert said YHI has looked at operating expenses and ways to save in different areas to cover the shortfall anticipated in revenues. She shared some ideas on how we can bridge the gap and bring things back to a balanced budget. The results from the first quarter show we are on track as we did come in \$260K under budget in operating expenses. We are forecasting savings through the remainder of 2021 up to an additional \$250K in operating expenses. Therefore, we are anticipating being favorable to budget in operating expenses around \$510K.

Ms. Stockert shared how those dollars can be saved. Salary and wage cost savings of about \$90K, about \$85K in the DHW Eligibility space, \$25K in professional fees, some savings in IPA contracts, savings in the travel space, and a couple of additional items. These are a few areas we can save in that will help us remain conservative, while not compromising our service levels.

Chair Settles asked if there is a known dollar amount for each person that moves to Medicaid. Mr. Kelly said the cost allocation for eligibility services is not as simple as a dollar per YHI enrollment. The two primary components that go into it are YHI case counts as a percentage of total case counts handled by DHW. As the Medicaid enrollment grows, including on other programs like SNAP or CHIP, YHI's allocation goes down. The second part of the cost allocation is a random moment time study where their systems ping eligibility workers and that random moment time study assigns YHI an accumulated portion of that cost. The allocation this year is lower than budget, but it would not be accurate to assign a dollar amount to each enrollment lost to Medicaid.

Ms. Stockert reviewed the enrollment forecast for Plan Year 2021 which is forecasted slightly lower than budget mainly as a result of the actuals coming in for Plan Year 2020. Enrollments are slightly lower than anticipated and as a result, we are forecasting Plan Year 2021 to be slightly lower than what was budgeted. The budget anticipated 83,000 enrollments but we are now forecasting this to be slightly lower at 81,400 enrollments as a result of 2020 actuals.

Mr. Kelly said YHI is monitoring Plan Year 2021 enrollments daily and as of this morning, there have been just under 73,000 plan selections with two weeks to go until the plan selection deadline. We typically do not see much movement in enrollments prior to the Thanksgiving holiday. Following Thanksgiving, call volumes and account transfers from DHW have increased this week. We should know where we stand in enrollments by the 15th, which is the financial application deadline, and certainly by the 22nd, which is the plan selection deadline, with an update at the Board meeting on the 18th.

Dr. Livingston said we have been lucky with our economy during this COVID crisis with an unemployment rate in Idaho of 6.8 percent. Is there anything from that which would indicate a potential increase or decrease in enrollments as the economy moves forward. Is YHI seeing an increase in self-employed individuals moving onto the exchange and are there any indications that could we see more of or less of those moving forward. Mr. Kelly said there are a couple of components to that. First, it is a little too early to draw conclusions on new enrollments versus renewals. But we had a very solid auto renewal recently resulting in 72,000 enrollments when open enrollment began. What we don't know is a clear break between new and renew as people move between plans and make their binder payments. Daily activity shows people are still looking at different plan options. We will have a better idea of the mix of new versus renew as we move closer to the December deadline. One item we see as a barrier to YHI enrollments is that there are people that are protected on Medicaid until the Public Health Emergency is cancelled. There are about 19,000 Idahoans that are currently protected on Medicaid and that is set to expire on March 31, 2021. Ms. Wolf is working to find out how many of those 19,000 are eligible for a tax credit on the exchange. We hope to have that information prior to the Board meeting on the 18th. To the extent that Public Health Emergency is extended, they would remain protected on Medicaid even if they were eligible for a tax credit and would not be able to enroll on the exchange.

Dr. Livingston said those individuals are being paid for with Cares Act funds, which are due to run out in March or April and then moving forward, the state has to come up with those funds. As a result, one could assume that a lot of those people will come off Medicaid in the June – July timeframe, qualifying for an APTC, and enrolling on the exchange. Mr. Kelly said in respect to those currently on Medicaid in a protected status, yes, that would be a potential increase for exchange enrollments assuming they are APTC eligible or want to have coverage even if their income is over 400 percent of the poverty line. The size of the opportunity depends then on those that are currently protected and their income level.

Dr. Livingston said there are two groups of people we are talking about: those 17,000 that dropped out last year, and another 20,000 under Medicaid with the Cares Act. This could potentially result in up to 40,000 people enrolling on the exchange in the June/July timeframe. Mr. Kelly said he does believe there is opportunity here, but he does not believe it will be that high a number. Of the 17,000 that left the exchange in plan year 2020, 12,000-13,000 are Medicaid eligible within the expansion income ranges. The other 4-5,000 are likely due to COVID: either losing coverage all together or having their income drop. Assuming that population sees their income go back up, they would be exchange-eligible and YHI would work with DHW to identify those and actively reach out to get them on the exchange. Of the 19,000 that are currently protected under Medicaid due to the increased FMAP, we are working with Ms. Wolf to figure out how many of those would be exchange-eligible based on their income.

Ms. Stockert said Average Monthly Premium is predicted to start at \$470 per member. This is a result of the rate increase of 1 percent for 2021.

Ms. Stockert said cash flow projections are anticipated to be right above \$10M and this includes the View Pointe cash flows. We are looking at a new operating sweep account to potentially consolidate our other accounts too and see some opportunity to earn additional interest income and we will continue to meet our cash reserves for 6-9 months in addition to meeting our approved budget in operating expenses.

9. BANKING DISCUSSION

Ms. Stockert said YHI met with Idaho First Bank (IFB) and are looking at the opportunity of moving our accounts over. YHI has a long-standing relationship with the Vice President Cash Manager at IFB and work very well with her. They sent over a proposal this morning and we are evaluating our options. We already have our TOK building account there as well as our CDARs account which would create efficiencies for us to have all our banking in one place. We have a couple of checking accounts at First Interstate Bank and we would like to merge these into one investment sweep account allowing us the possibility to earn more interest income in the coming months. IFB is willing to match our fees or come in with lower fees and we are currently reviewing that proposal. We would like to move our credit cards over as well.

Mr. Donaca said he would assume there would be some sort of analysis on when to turn that on and off and that the bank assists with that. At Delta Dental, theirs is turned off because the fees were higher than the interest income they would receive. He also asked about the maximum dollar amount that can be held at one bank as there are FDIC limits. Ms. Stockert said in the discussion with the bank we did determine that the fees were minimal or matched for the sweep account and we are still doing the analysis. For the FDIC limit, we would be backed by a line of

credit so that if anything happened to the bank our funds would be protected. Mr. Kelly added that there are no fees for a sweep account currently and the new bank has offered to match that fee. We mitigate the custodial credit risk for any amounts over \$250,000 by sweeping them into a securitized account on a nightly basis and there are no fees for that as well. Those monies are sold at night and put back in our account in the morning to protect us from a potential bank failure. That securitization process is through a line of credit mechanism where those funds are securitized separately but the bank can get a better rate of return by putting all of those securitized elements into one portfolio and then allocate the appropriate amounts to their clients based on the amount that is above the \$250,000 FDIC limit to mitigate the custodial credit risk.

Chair Settles appreciated the move for the banking relationship because banks merge and people move around, but the relationship is key. Dr. Livingston agreed and also asked if there are any caps or time limits on any accounts that could be a problem should we have trouble meeting our obligations moving forward. Mr. Kelly said yes, we are moving with the bankers. For the second part, we are not aware of any at this point, but will look at the proposal to confirm.

Motion: Chair Settles moved that the Finance Committee recommend to the Board, that the Executive Director and Finance Director open new bank accounts and credit card accounts at Idaho First Bank per bank proposal and close all First Interstate Bank accounts. **Second:** Ms. Malek. **The motion carried.**

10. FINANCIAL POLICIES REVIEW

Ms. Stockert said YHI reviews financial policies annually to mitigate risk. The policies reviewed include the Procurement Policy, including the Delegation of Authority, the Travel & Expense Reimbursement Policy, the Landlord Financial Policy. The first two were updated in December 2019 and the Landlord Financial Policy was created in February of 2020. We did include these in the package for review and we are not recommending any changes to these policies today.

For the Delegation of Authority, we did find a few small items to edit based on the banking proposal and needed to change the name of the bank and also remove the bank account numbers.

Motion: Chair Settles moved that the Finance Committee recommend to the Board, per the bank proposal, the approval of the proposed changes to the Delegation of Authority (DOA), an appendix to the Procurement Policy as presented today. **Second:** Dr. Livingston. **The motion carried.**

11. OPERATIONAL GOALS UPDATE

Mr. Kelly reviewed the Operational Goals for Fiscal Year 2020 beginning with the Idahoan's Experience goal. This is a measurement of YHI's customer support center and includes three components. First Contact Resolution (FCR), which measures how many times YHI interacts with a customer to resolve their concern, and Net Promoter Score (NPS), an industry standard scoring where consumers take a survey at the end of their call and rate the experience. Both of these goals are above the 100 percent threshold and doing quite well. The third component is Turnaround Time (TAT), and this part of the goal measures how many days it takes to resolve an inquiry. TAT is lagging behind and is currently at about three percent taking longer than three days to resolve, with the goal being two and a half percent.

For Retention and Enrollment, auto renewals came in at 99.8 percent successful, which means YHI had 123 accounts that required manual intervention to renew and all others were auto renewed – meaning their renewal and plan showed on their account at 12:01 AM on November 1st. We are tracking enrollments and it is too early yet to know where we will land in relation to the goal.

For Risk Management, how we protect Idahoans information, is a two-part goal. The first is proper reporting of phishing campaigns which is currently at 95 percent and just below the 100 percent threshold. This is really important because in the case of a phishing attack, if it is reported promptly, it can be stopped before it reaches other individuals within the organization. The second part is the response rate, or how many people engaged or clicked on a link within the phishing email. Based on the campaigns, YHI is at five percent of people clicking on or responding to the campaign.

Employee Engagement focuses on COMPASS card participation. This is our peer-to-peer recognition program and the remote status of many team members is creating some challenges in this space as it is more difficult to see team members exhibiting the COMPASS behaviors. YHI is placing a renewed focus on this. The second part of Employee Engagement is the Employee Engagement Task Force (EETF) and their recommendations coming off the annual Gallup survey that was done in May of 2020. They chose two areas to focus on. The first is *"I know what is expected of me at work"* and the second is *"At work, someone cares about me as a person."* YHI was able to take care of a few items based on those recommendations prior to open enrollment. That course correction was easy to do and should result in a materials changes in both of those areas. The rest of the work by the EETF will be completed following open enrollment.

Mr. Donaca said that the YHI team has done a fantastic job on auto renewals. Achieving 95 percent is fantastic and shows that systems are set up properly. He asked about how YHI records the reporting of the phishing attacks. Mr. Kelly said all team members have a Phish Alert button in Outlook to report, or they can take a snip of the email and send it to the service desk. Mr. Reddish added that the system we use allows us to analyze the diagnostics of the email so that we can immediately block the IP address or domain which also mitigates future attacks.

Mr. Kelly shared an update on the Low Cost Promise Goal, which is germane to this committee. YHI is currently at \$155K in operating savings, which puts us at 40 percent for the overall goal. We are four months in and 40 percent of the way there. Budget owners are identifying areas of opportunity for savings and we are holding those back, particularly in the advertising space.

13. FINANCE COMMITTEE TRAINING

Chair Settles said last meeting this group determined the topics that would be covered in training today and Ms. Stockert put together three questions for us to focus on and discuss.

The questions to consider for this discussion are:

- What will have changed as a result of what's happening now in relation to YHI Operations and this Board?

- How can we move from “recovering” from the crisis and toward “thriving” in the long run?
- What capabilities, relationships, and assets are important in these worlds and how do we continue to strengthen these?

Mr. Donaca thinks some of the things that will change are expectations around working from home, going part-time, or working from out of state. There will be an increase in the use of electronic meetings as people have become more comfortable with the technology. Whatever we can do for YHI’s brand, perhaps to include a safety component, seems to be top of mind for most organizations.

Dr. Livingston worries about interaction and connectivity with people. When people are working away from one another there is something lost. It is difficult to do peer to peer recognition as Mr. Kelly mentioned earlier. The longer this pandemic goes on, the more we will become accustomed to not being physically connected. As we have seen, YHI has hired new team members and the Board has new Board members, some of which have never met others within the organization.

Ms. Malek said as we rely more on technology going forward, there should be an increased investment in technologies to prevent cyber-attacks. There is a dehumanizing effect in communicating with one another remotely and the risk goes straight to the culture of an organization. The other effect we have seen is the need for more transparency about what is going on in the organization to employees. A gap in communication seems to result in nervousness, hesitation, or even office gossip about what is going on behind the scenes. We need to be sensitive to that going forward.

Chair Settles recalled YHI’s first online Board meeting being somewhat difficult, but now is running smoothly for the most part as we have all been forced to learn the technology. The question is that although we *can* do it, do we really *want* to? Back in the early days of this Board, we spent a lot of time together – sometimes meeting weekly for Committee meetings – and built that trust early on. The ability to build that trust now has been hampered by the pandemic and the remote work environment. Ultimately, it is important to be able to use these tools, but really everyone wants to get back to face to face interactions. Benefits are found in the flexibility of the work environment.

Mr. Kelly said for Your Health Idaho, it will be important for everyone to be onsite once the pandemic ends. The challenge will be how to marry the current reality of remote work with the onsite requirement down the road. That will take a lot of discussion and education to be well accepted. Communication coming from the organization is now more critical than ever to help ease minds and lessen anxiety. Creativity has also been hampered during this time as one cannot simply stop by someone’s desk to discuss an idea. Those are the real challenges these days.

Mr. Donaca added that it is good to look at the things that are working well in a remote environment and incorporate them back into the office of the future.

Mr. Kelly said some of the ways that we have tried to engage in a virtual environment is with icebreakers and that adds some levity to the meetings that a virtual environment removes. Until

we are back together, we will continue to add engagement activities in an effort to balance the engagement in a virtual world. Examples of the icebreakers YHI has used include "How do you listen to your music", "What does your Thanksgiving table look like", or "What is your favorite Christmas tradition." In addition, when you do have to have those virtual meetings, it is important that video is used.

Chair Settles said he will really miss the YHI Board Holiday Dinner this year. His team will be having a virtual holiday party with drawings and prizes and management meetings from all restaurants are also held online.

Mr. Kelly said he and Chairman Weeg discussed if YHI could pull off a virtual Board Holiday party and decided against it as it was not clear if it would result in a net-positive due to the diverse Board that we have.

Chair Settles added that the composition of this Board has changed considerably this year and this coming spring will be particularly interesting as other terms expire. The strength of a Board is in trust, of one another and the staff, which is more difficult to maintain in a virtual environment.

14. NEXT MEETING

The Chair noted that the next meeting will be held in late February or early March.

15. ADJOURN

There being no further business before the Committee, the Chair adjourned the meeting at 10:52 a.m.

Signed and respectfully submitted,



Kevin Settles, Committee Chair