



**IDAHO HEALTH INSURANCE EXCHANGE  
DBA YOUR HEALTH IDAHO**

**YOUR HEALTH IDAHO BOARD  
MINUTES  
FRIDAY, DECEMBER 13, 2019**

**1. BOARD MEMBERS PRESENT**

- Mr. Stephen Weeg, Chair
- Ms. Karen Vauk, Vice Chair
- Mr. Kevin Settles, Treasurer
- Mr. Hyatt Erstad, Secretary
- Mr. Tom Shores
- Ms. Margaret Henbest (via teleconference)
- Dr. John Rusche
- Mr. Jerry Edgington
- Ms. Janice Fulkerson
- Ms. Carolyn Lodge
- Ms. Heidi Hart
- Mr. Paul Zurlo
- Senator Jim Rice (via teleconference)
- Rep. Sage Dixon (via teleconference)
- Deputy Director Weston Trexler (for Director Dean Cameron)

**2. OTHERS PRESENT**

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Alanee Thomas, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Heidi Stockert, Your Health Idaho
- Ms. Frances Nagashima, Your Health Idaho
- Ms. Wanda Smith, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Tresa Ball, HR Precision
- Ms. Emily Hunter, Risch Pisca
- Mr. Jeremy Pisca, Risch Pisca
- Mr. Norm Varin, Pacific Source Health Plans
- Ms. Sherry Jansen, Blue Cross of Idaho
- Mr. Mike Reynoldson, Blue Cross of Idaho
- Ms. Julie Hammon, Idaho Department of Health and Welfare
- Ms. Camille Schiller, Idaho Department of Health and Welfare
- Ms. Sara Stover, Office of the Governor

### 3. CALL TO ORDER

Following proper notice in accordance with Idaho Code §74-204, the Board of Directors meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Stephen Weeg (Chair), at 9:02 a.m., Friday, December 13, 2019, at the State Capitol Building, Room WW17. In accordance with Idaho Code §74-203 (1), the meeting was held in an open public forum and was streamed in audio format on the Idaho Public Television web site.

### 4. ROLL CALL

Mr. Erstad called roll and determined that the Chair, Ms. Vauk, Mr. Settles, Mr. Shores, Dr. Rusche, Mr. Edgington, Ms. Fulkerson, Ms. Lodge, Ms. Hart, Mr. Zurlo, Senator Rice (via teleconference), Deputy Director Trexler (for Director Cameron), were present, resulting in a quorum. Rep Dixon (via teleconference) joined at 9:18 a.m. and Ms. Henbest joined (via teleconference) at 10:19 a.m. Dr. Livingston, Mr. Donaca, and Director Jeppesen were absent.

### 5. PUBLIC COMMENT PERIOD

The Chair asked for public comments and there were none.

### 6. PRIOR MEETING MINUTES

**Motion:** Dr. Rusche moved to approve the meeting minutes from the September 20, 2019, Board meeting as presented today. **Second:** Mr. Shores. **The motion carried.**

### 7. REVIEW AGENDA

There were no changes made to the agenda.

### 8. EXECUTIVE SUMMARY

Mr. Kelly introduced Ms. Heidi Stockert, YHI's new Director of Finance, who joined YHI about 8 weeks ago. He provided a high-level overview of the key areas that are front and center for Your Health Idaho.

Most importantly, is of course, Open Enrollment. The deadline to submit applications for financial assistance is this coming Monday, December 16, and we have certainly felt the last-minute crunch. Call and email volumes saw an expected spike this last week and we expect that to continue into next week. While the workload has increased steadily, the team has done a fantastic job remembering that we are here to serve Idahoans and provide a flawless customer experience. Yesterday, YHI took just under a thousand calls, and relative to the call volume at DHW, it is a drop in the bucket. Happy to report only forty of those calls were answered outside of YHI's service level agreement.

We can't talk about Open Enrollment without talking about Medicaid expansion. We expected there would be confusion during this open enrollment, and we are seeing that. But once again, our team has truly embraced the challenge of providing that flawless customer experience by taking time to explain the process and eligibility results as best we can to help mitigate those call

transfers over to DHW. Aside from open enrollment activities, we have not lost sight of all the other activities going on including the work with enhanced short-term plans.

Mr. Kelly reported on the building acquisition and said YHI has found a new home. A number of properties in the Boise area were looked at and that narrowed down to a short list. One property quickly rose to the top and those details will be shared later this morning.

## **9. MARKETPLACE**

Mr. Edgington, Chair of the Marketplace Committee, said at the last Marketplace Committee meeting there were several items reviewed: the performance of YHI through the enrollment process, looked at CSC metrics, discussed how customers have become more self-serving on the website, the successes of outreach events, and how YHI's paid advertising success is measured. The Outreach events were particularly positive and appreciated by enrollment counselors as well as the agents and brokers. In the technology area, the Committee discussed the potential impacts of short-term plans, how that would look on the exchange, and the benefits to the overall shopping experience of having those plans on the exchange. There are still many unknowns, but the Committee agreed that being able to compare plans side by side on the platform would be a significant benefit to the customers. The Committee had a robust discussion of YHI's enrollment goals and the impact to the exchange caused by Medicaid expansion. The Committee is supportive of revisiting the goal after open enrollment if necessary.

### **a. PY19 Enrollment Update**

Mr. Kelly said as we move through the presentation deck today, I'd like to take a bit less formal approach than meetings past. YHI is always looking to improve things and based on comments in the September meeting, we decided a little less formal approach would encourage more dialogue.

Mr. Kelly shared the enrollment graph which shows year-over-year plan year enrollments. Effectuations continue to trend above last year, and the slope is much more consistent and slightly less steep than the prior year which reflects the reconciliation activities that have been done throughout the year with YHI's carrier partners to ensure enrollments are consistent. We interpret this to mean Idahoans are keeping enrollments throughout the year and finding value in being covered. Time will tell if we see the characteristic "premium holiday" when enrollees cancel their coverage for the last month of the year. Early indicators show that our December enrollments had a lower rate of decline than last year.

Mr. Kelly moved to the enrollments by net premium and said we do continue to see the two bookends demonstrating that about a quarter of YHI's enrollments have either a zero net premium or net premium greater than \$200. The remaining enrollments are distributed throughout and is consistent with the September distribution. We do expect to see the number of \$0 premiums go down as those who are now eligible move to Medicaid.

### **b. PY20 Open Enrollment Highlights**

Mr. Kelly said preparations are well underway for Plan Year 2020 and shared that plan selections for both Qualified Health Plans (QHPs) and Qualified Dental Plans (QDPs) are just under 83,000

as of this morning. This is about 15,000 lower than last year. YHI still expects the impact from Medicaid Expansion to be 18,000 year over year, and the difference currently is driven by those people that are still in the manual determination process. DHW has made great strides in that area, but there remains about 6,000 in process. YHI is also seeing a mix of those people receiving a tax credit and it is pretty consistent with the same point of time last year. The mix is high as open enrollment progresses and then tends to settle as the effectuation process begins.

Mr. Shores said last year agents and brokers had issues with phone calls and emails and YHI team members getting back to them. This year YHI is doing very well, but agents and brokers are having challenges with DHW, primarily due to the volumes. He suggested that DHW consider an email process like the one with YHI.

Dr. Rusche asked if there has been any kick back from those people who are no longer eligible to purchase a subsidized policy and instead are now being pushed to Medicaid? Mr. Kelly said YHI doesn't have any data yet to support that but has heard from agents and brokers that some of their clients who have been determined eligible for Medicaid are asking how to get their income up above that 138 percent threshold to maintain their private insurance. It is something YHI is working on in how to draw that question out in the annual customer survey. Mr. Shores added that he has had numerous clients that do not want to be on Medicaid for various reasons and are finding ways to increase their income in order to maintain private insurance.

Mr. Kelly said DHW is doing a tremendous job with the call volume increase this week. They took about 6,000 calls on Wednesday and 6,200 calls on Thursday. They handled all but 5,000 of them yesterday and they will return the remaining 1,200 calls today. They also have about 7,700 pieces of paper to work. YHI really appreciates all the hard work they are doing on behalf of YHI and the citizens of Idaho. He thanked Ms. Hammon for maintaining an amazing approach to handling everything and for partnering with YHI as we have provided outreach to our combined population.

Mr. Edgington asked if with these significant increases in volume and the manual process, does YHI have a feel for how that 18,000 number that we know qualify for Medicaid is going to be affected. Will it be a few hundred members or closer to several thousand. Mr. Kelly said the challenge is when people are in process, it's difficult to determine where they will be when they come out of that process. We have seen 12,000 move to Medicaid so there are about 6,000 that have figured out how to increase their income to qualify for the exchange or they are currently in that manual process. We don't yet have any visibility to see what plan they are on, what carrier they are with, etc., we only see those figures in aggregate at this point. We do have a fair amount of confidence that the 18,000 number is real but won't be able to confirm that until the first quarter of 2020 when the determination process is completed and we see the QHP effectuations associated with it.

Ms. Hart asked if YHI has a sense of how many people are reapplying and how many are new customers to the exchange? Mr. Kelly said about 85 percent of customers are renewing, but there were not drastic changes in the percentages of renewals versus new.

- *CSC Metrics*

Mr. Kelly said although YHI took a large number of calls yesterday, overall call volumes are down from prior years for October, November, and the early part of December. However, there has been an increase in email volumes reflecting a general movement from in-person interactions to electronic communications, either via self-serve or via emails with the customer support teams. YHI has a strong workforce of seasonal workers with 22 as of this week which is the right amount for the volumes YHI is seeing. The modifications to the training program to bring those seasonal folks on, as well as the uptraining and preparations for open enrollment for direct hires, has been very successful. Training this year focused on how to find the answers using the tools available to them which has enabled them to more efficiently serve the customers as they are not having to look up or memorize the steps each time they need to find an answer. There isn't a final outcome yet as to how that added to the efficiencies, but we know people are more engaged in solving the issues on their own rather than relying on their memory to do so, which is encouraging.

- ***Quality Tracking***

Mr. Kelly said in terms of the Net Promoter Score (NPS), which tracks the percentage of people that would recommend Your Health Idaho to their friends as compared to the percentage of people that would not. There is a 30 point difference between those two populations and that's about twice the industry average. In November the NPS score was around 31 and as of this morning December is tracking at 32 points. The scores are very good. However, it is below the Idahoan's Experience goal, which is 34. Mr. Edgington suggested that goal be revisited in the March meetings.

Mr. Kelly said YHI does look at comments from customers and there has been an increase in comments around Medicaid Expansion. We will provide data on how that has impacted the quality scores, but we are hopeful we can keep this result high and are proud of the current score of 32.

Mr. Kelly said two areas that YHI tracks closely include First Call Resolution (FCR) and Turnaround Time (TAT). Both of those are tracking well and relative to YHI's goals, there is a high focus on both areas in the customer support center.

- ***Appeal Update***

Mr. Kelly said September and October appeal volumes were lower year over year and the percentage of decisions that were upheld has increased. That means that the decision YHI is initially giving is the right answer. It also means that the support center teams are correctly applying the right policy the first time. There were some appeals related to early Medicaid eligibility decisions for eligibility beginning January 1, and people were concerned because they initially thought it meant for this year where they are APTC eligible. Unfortunately, APTC eligibility doesn't always drive a qualifying life event which would therefore open up an SEP. So those people ended up going through the appeals process.

Mr. Kelly said YHI held two appeal hearings in November, both related to retro-terminations and adjustment of APTC. One was upheld and one was overturned.

Mr. Shores said that over the years, there was a breakout in appeal numbers that showed how many used an agent versus how many did not. YHI has been working to encourage people to utilize the free service of an agent and wondered if YHI had an updated number on the number of people that submit appeals that are working with agents. Ms. Nagashima said about 75 percent of appeals are from people that do have an agent and 25 percent do not have an agent. Those 25 percent are much less likely to get overturned.

**c. Consumer Connector Update**

Mr. Kelly said consumer connector preparations were primarily centered on certifications. YHI has almost 100 more certifications, at 671 this year, compared to 584 certifications last year. The majority of those are agents and brokers with about 12 percent of those being enrollment counselors. The real excitement is in addition to the engagement of the agents, brokers, and enrollment counselors, we are seeing engagement with the staff members at the agencies. The more people that are engaged in the certification process, the more efficiently they work through the process with YHI's customers and deliver a better experience.

YHI is always looking for feedback and two of the highlights in terms of positives are that YHI ended training prior to the start of Medicare Enrollment, so agents and brokers were pretty excited about that. We also received positive feedback about the new training location in Caldwell. We are currently reviewing our lessons learned and one of the key areas is procuring a new learning management system. We are in the final process of that with final deployment in January to allow YHI to be prepared for 2021 certification. We also use the system for training YHI's internal team members around policy and privacy & security.

**d. Technology Update**

Mr. Kelly said the last update for 2019 will be in January 2020 and that is the annual updates for the 1095-A tax form. The primary focus of this update is to ensure YHI is in compliance with the IRS regulations and that YHI is able to properly populate the tax form and when the data is sent to the IRS, the IRS can consume it without error. This release also includes an update for non-payment processes that will ensure greater accuracy with those 1095-A tax statements. YHI is on track to distribute the tax statements prior to the January 31 deadline, with only about 300 that currently require some work.

Looking ahead to the coming year, YHI will have its three usual updates throughout the year. The spring update will include the agency portal that will allow for agencies to have a shared book of business to better serve customers. This will improve the efficiencies within agencies as well as improve the customer experience. The spring release will also include a WS02 upgrade which is the password management system we use and in partnership with DHW.

The last two items will be based on lessons learned from open enrollment 2020 combined with the feedback YHI receives at its open enrollment summit in the spring that includes YHI's partners at the Department of Insurance, the Department of Health and Welfare, carriers, and consumer connectors. We expect these to be deployed in July and September timeframe. Not listed here would be traditional roadmap updates that GetInsured does as part of the maintenance and operations agreement YHI has with them.

**e. Enhanced Short-Term Plans**

Mr. Kelly said YHI has continued to hold bi-weekly meetings with carrier partners that are offering these plans. There are four primary areas that need to be worked through related to the technology: 1) how does YHI consume the data from the medical questionnaire, how does that data then get passed to the carriers, and how the carriers then send the pricing back to YHI, 2) How does YHI load the plan details into the shopping platform so that it displays properly, 3) how will pricing be displayed, which is dependent on the medical questionnaire, and 4) how does YHI electronically communicate the enrollment and backend processing with the carriers. YHI is still planning to deploy this by the end of June 2020 and it is important to note YHI is only working with one carrier at this point but would welcome any other carrier that wants to participate.

Mr. Shores asked Deputy Director Trexler if there is the ability to expand the standard application to add additional information on those. Several clients have filed applications and received horrible ratings because there was not enough room to properly explain their medical conditions. Deputy Director Trexler said he will look at what is being described and will take that offline following the meeting today.

Dr. Rusche asked if we know what the migration of folks from the exchange to Enhanced Short-Term Plans will do to the cost of insurance on the exchange? Mr. Edgington said we believe that will come out in the 5-10 percent range. Deputy Director Trexler said this is a great question and is one where actuaries could make lots of assumptions about how this could play out. The target market is not necessarily those that are subsidized, but those that are paying full premium or have been pushed out. If you have just those that have been paying full premium and they move to Enhanced Short-Term Plans, that would result in an increase to the average cost of those that remain on the exchange. If many of the people that are healthy and sitting out and who are healthy, come back into the market, that could result in no real impact to the ACA premiums. It is something that we will have to wait and see.

Dr. Rusche said that about 12-13 percent of policies on the exchange are unsubsidized, but it will affect the premium cost and will affect the business going forward. Deputy Director Trexler said there are a large number of people that have been seeking affordable coverage and can't get it and the unsubsidized plans on the exchange are simply not affordable. Prior to the ACA when everything was underwritten, Idaho had very reasonable rates for insurance. There could be upwards of 100,000 people that have been sitting out or have sought affordable options elsewhere that may be interested in at least looking at the short-term plans to see if they are of value and affordable. Will the overall risk pool stay the same, will it worsen, or will it help the individuals that have been sitting out come back into the pool. It's too early to tell but will be monitored closely.

Dr. Rusche asked if the short-term policies are pooled with the other policies. Deputy Director Trexler said that on the enhanced short-term plans on the rating side, they are tied to the same index rate. Going forward, the expectation is that if ACA rates go up 5 percent next year, the short-term plans also go up by 5 percent.

**f. Outreach & Education/Marketing & Communications Update**

Mr. Kelly said YHI has hosted a number of enrollment events across the state and one of the goals this year was to target some areas that have been underpenetrated in terms of enrollment on the exchange. That resulted in getting into some of the smaller communities in areas like Grangeville, Orofino and also hosting events in Coeur d'Alene, Blackfoot, Boise, and Nampa. Just having enrollment counselors and YHI staff on site, as in prior years, was found to not be a big draw. This year we added activities like flu shots, glucose screenings and blood pressure checks. This resulted in drawing more people into these events and making them much more engaging. We had over 150 people attend these events throughout the state and it also allowed YHI to build those community partnerships. Another area of under penetration was the Magic Valley. This year YHI co-sponsored the Magic Valley Health Fair where YHI participated in the fair itself, but also provided some community education opportunities while there. Another great opportunity this year was with the Idaho Steelheads. Their schedule aligned perfectly with the beginning and end of open enrollment and allowed us to have a booth at a game in early November and then another one tonight. YHI had a table on the concourse, received a group of discounted tickets and it's a great opportunity to engage. At the November event YHI visited with somewhere between 300 and 500 individuals and had live reads during the broadcast which helps draw people in.

Mr. Kelly said YHI also did the usual community education events including Boise Learns, the Magic Valley event and two events in the Wood River Valley. A new Partner, Valor Health in Emmett, has also hosted us at several events.

In terms of direct consumer outreach, YHI started in November with two primary ways to reach out: robocalls and emails. The first campaign focused was on people that in 2019 had a special enrollment period but did not complete their enrollment. There were about 650 people in this group, and we saw a 3 percent response rate. Robocalls are relatively inexpensive and the ROI is very strong. We also do e-blasts throughout open enrollment and in November YHI reached out to those folks that had not completed their redetermination. We started with about 17,000 people in this group and as of yesterday we are down to 6,700 in that same population.

In November, those outreach efforts continued, and we added a population containing those that had completed their 2020 application but had not yet enrolled in a plan. Our most recent robocall campaign was yesterday and we dialed about 6,700 people.

Mr. Kelly said in November we started earned media statewide beginning in North Idaho and including Coeur d'Alene and St. Mary's and saw an amazing response from our media partners. We visit these same places every year and they continue to find value in stories for their local communities. We also visited SE Idaho in Blackfoot again and a new news outlet with East Idaho News doing an online interview. We capped off the media tour with View Point on KTVB with Director Jeppesen. It was a great way to provide a comprehensive show on both Medicaid expansion and Your Health Idaho and how the two programs interact and impact Idahoans. In addition, SelectHealth had an "Ask the Expert" with a live phone bank and we were provided the opportunity to speak there.

Finally, we will wrap it up with our media releases. We had one go out this week and it has been picked up by a number of outlets. We will do another release with our final enrollment numbers sometime after Christmas.

For paid media, we continued our practice of a 50/50 split between traditional and digital advertising. We did reuse some of our most popular television ads from last year (Ka-Ching and Some Plans) and created three new ads targeted at the young invincibles or this year. Those did not have people talent resulting in a lower cost to produce.

Digital advertising was via social and streaming and used our considerable library of content which was updated in consistency for the changed deadline this year.

Mr. Kelly said finally, we did create a new landing page this year on the YHI website. All paid digital advertising was directed to the landing page containing concise explanations of key information. This new landing page has seen the single highest number of visits and the single highest conversion rate to date, meaning after they came to the landing page, they clicked and took a next step. That conversion rate is almost 50 percent compared to 28 percent on our other pages that people end up on. Mr. Kelly played the three new ads for the Board and attendees.

As for digital impressions, that number is up to 10.8 million which equates to about 1.5 million impressions per week. Website sessions have been at about 450 thousand and 127 thousand have converted, meaning they clicked on something. The conversions of about 50 percent on the landing page and all other pages at 28 percent, the average is at about 38 percent which is quite exceptional. In the last week, we have seen the highest conversion rate yet through open enrollment.

Ms. Lodge asked if paid search was being directed to the landing page. Mr. Kelly said that yes, all of the paid search was being directed to the new landing page.

Mr. Kelly said the most visited pages on YHI, which is the main site prior to logging into the HIX, included the landing page, Apply & Enroll, Coverage Basics, Medicaid Expansion, and the Frequently Asked Questions. For the HIX, the most visited pages were Plan Selection, Agent Book of Business, inbox, My Preferences, and Show Cart.

Ms. Lodge asked if the website was optimized for mobile this year or if it was done in prior years. Mr. Kelly said the frontend website, YourHealthIdaho.org, was optimized for mobile when we redesigned the website last year. The backend HIX was optimized for mobile this year. Ms. Lodge said there are a lot of different ways to dig into the data even further beyond the conversion rates and clicks and suggested reviewing the demographics and whether they are mobile or on a desktop. That 50 percent might actually be higher because we might have an audience that is clicking on the "call us" from a desktop which would not register as a conversion.

Mr. Kelly said we will do a full, comprehensive review following open enrollment. We do adjust our spend for ads that are performing exceptionally well and we do adjust the spend real-time throughout the campaign each week. We will share that deep dive in the March timeframe or earlier if desired.

In comparing year over year activity, consumer behavior is very dependent upon day of week and shifts depending on the day. Time on site was down last year which was no surprise as we redesigned the website and this year is up slightly because, as we believe, people are

trying to understand Medicaid Expansion and doing more research on the plan they are choosing for this year. We are pleased with the trends and the increase in users year over year. And about two thirds of users this year are new to the site, which is encouraging.

Ms. Lodge said in looking at the website analytics, traffic is really high. This means brand awareness is good and marketing and advertising is being done well.

Ms. Hart asked if we have thoughts on why new visitors to the website are high, while about 80 percent are return customers. What is that discrepancy about. Mr. Kelly said the new were more towards the beginning of open enrollment and as we move towards the end, we would expect that to shift as this percentage of new bring themselves all the way through to plan selection. If it doesn't, we will have some work to do to figure it out why we are seeing this activity within the web visits or the users on the site versus how it translates into plan selection.

#### **g. CMS and Policy Update**

Mr. Kelly said there are a few distractions back east in terms of federal policy movement in the healthcare space. We do expect to see some bipartisan agreement in drug pricing, surprise billing and cost transparency space. And we do keep a close eye on that. The other item to note is around the Texas v. Azar ruling it has been any day now that the fifth circuit court will provide a ruling. We continue to wait as it has been imminent for two weeks now. The third item is the 2021 Notice of Benefit and Payment Parameter which are the rules that govern the exchange on a plan year basis and how the QHPs are designed in terms of actuarial value and related items. Two areas that we are aware of and will be in this notice of benefit and payment will be comments centered on silver loading and auto renewals. YHI has continued to express YHI's desire to have state flexibility and local control in both of these areas. Silver loading is primarily in the DOI space and auto renewals are primarily in YHI's space, but both organizations will continue to advocate for state flexibility as we know our market best. Idaho, and many other SBM's do auto renewals exactly opposite of the FFM states. YHI renews everyone so they are ready to go on November 1 when open enrollment begins, provide six weeks for customers to make plan changes and shop, while the federal government and the FFM states have an open enrollment where one has to actively renew and then if they haven't renewed, they automatically renew consumers in their same plan at the end of open enrollment. The problem with that approach is that once you are auto renewed, open enrollment is over and the customer can't make a plan selection. We believe our approach allows for the best consumer experience, minimizes gaps in coverage and we hope we can continue to do that. All the SBM states agree that we need that flexibility around open enrollment and most, if not all, do it the same way or similar to the way Idaho does it.

Ms. Fulkerson asked what affect this might have on appeals and is that part of the talking points being used. Mr. Kelly agreed and said not only is it a poor customer experience, but it does increase appeal volumes which translates to increased work for our team and higher operational expenses. We have explained that to our federal partners and we will certainly include that in our comments we provide once the preliminary rules are released.

Mr. Kelly said for state policy, the primary focus is on the coverage choice waiver. The Department of Insurance and the Department of Health & Welfare have the primary lead on

this, but we do participate in the meetings and calls so that we can share potential impacts to Your Health Idaho customers. It is being worked on in terms of revisions, it will be submitted, but we are still working through those details. In addition, the conversation about the messaging around Medicaid Expansion will continue. This will be an ongoing challenge for YHI for at least the next two weeks and possibly into the first quarter of the new year.

## **10. FINANCE**

Mr. Settles, Chair of the Finance Committee, said at the last Finance Committee meeting we received unfavorable news that revenue is under projections, but it is not a tremendous amount. The positive side is that expenses are also coming in under budget, so we are ahead of budget for the year. After looking at the financials, we looked at some of the policies including the Delegation of Authority and Travel policy and we made some minor changes to those. The Committee also did Committee training and regarding oversight role we have on financial issues. We are fairly comfortable that we are meeting our fiduciary responsibility. At the end of the day, we have sufficient cash to unwind and fulfill our obligations should the need arise and we always keep an eye on that so we don't get out of that position which is critical as we go forward with the building purchase. One of the things that make the Committee really comfortable is that some of the financial policies that we are going to approve today were brought to our attention by YHI. These are minor things that we wouldn't have thought much of, but the staff felt it important to circle back and fix the mistake made. The concern for doing it right is palpable.

### **a. Financial Results through September 30, 2019**

Mr. Kelly said assessment fee revenue was slightly unfavorable for the month of September at about \$22,000 on revenue just under a million dollars and primarily driven by lower than expected effectuations with a little lower premium than expected. Year to date, YHI has almost \$3.1M in assessment fee revenue and that's about \$80,000 short of budget year to date. The bulk of that is driven by lower than expected effectuations. The distribution of enrollments by carrier shows SelectHealth just over 40,000 and Blue Cross of Idaho around 34,000. Those enrollments are stable throughout the year.

Mr. Kelly said revenue for the quarter ended is \$3.1M with the bulk of that from assessment fees. Although we did see slight unfavorability in assessment fee revenue, we did see slight favorability in other revenues, meaning it was higher than budgeted. That is primarily due to the interest income in the CDARs investment.

Expense through the end of the first quarter were just over \$2M in operating expenses which was \$200,000 favorable to budget. That favorability is driven primarily by employee and employee related expenses by about \$130,000, a little timing related favorability in outreach & education expenses, and then \$170,000 favorability in eligibility and shared services which is the work provided by DHW. That favorability is offset slightly, about \$20,000 by facility and infrastructure primarily driven by adjustments in the contract with GetInsured.

Overall, Net Income is just over \$1M which is favorable by about \$273,000 year to date.

**Motion:** Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the financial results through September 30, 2019, as presented today. **Second:** Dr. Rusche. **The motion carried.**

Mr. Settles added that every time we come in under budget due to employee and employee related expenses, we ask if we are still providing the right experience. He assured the Board the Committee is quite comfortable that we are.

#### **b. FY20 Forecast and Commercial Real Estate Update**

Mr. Kelly as mentioned, we are under budget for revenue primarily due to lower than expected effectuations. As a result, we looked at what this means for the next nine months. Essentially enrollments will be just slightly favorable on a fiscal year basis and that is primarily due to the smoothing out of enrollment projections in the first half of 2020. The primary reason we are projected to be above budget for revenue results from the average premiums. In the FY20 budget, we assumed a 4 percent decline in average premium related to the implementation of Medicaid expansion, however final rates from the DOI averaged a 6 percent increase. In typical YHI fashion, we took a more conservative approach and assumed a 5 percent increase and we think that will primarily be driven by people switching from higher to lower priced plans. There aren't drastic changes by carrier in terms of overall pricing, so we don't expect the large shifts that were seen last year, but we did want to account for minor shifts resulting in a slightly lower increase for January 2020.

Mr. Kelly moved to the forecasted P&L which includes actuals through the first quarter and then forecast the next nine months and compare that full year forecast to the budget. Forecasted revenues are \$11.6M compared to a plan of \$11.2, resulting in \$400,000 favorability primarily driven by assessment fee revenue from January through June.

From an expense standpoint, we expect to be about \$553,000 favorable in operating expenses driven primarily by employee and related costs (current open positions). There is also a little favorability in the communications and outreach space coupled with a little favorability in professional services, resulting from bringing the agent and broker training in-house. DHW eligibility and shared services with continue with that favorability which is projected to be about \$450,000. That favorability is expected to be offset by the unfavorability from the adjustments in the GetInsured contract. Overall, we are projecting Net Income to be favorable by just over \$1M at the end of June 2020. For our low cost promise we are trending at about \$276,000 to a target of \$400,000.

Ms. Hart asked about the assumption behind the assessment fees. DOI approved about a 6 percent increase in premiums and YHI is budgeting that around 1 percent of customers will move to a lower priced plan. She asked if that is conservative enough due to the price sensitivity of customers. Mr. Kelly said when there are premium increases, the tax credit also increases at a relatively equal rate. In past years where we saw much more significant rate increases, we would see the individual net premium change about \$1-2 a month. We never want to dismiss those increases as they are real, but they are fairly marginal due to the change in the tax credit that offsets the premium increases.

Mr. Kelly shared an update on the building acquisition that we are currently in the due diligence process with. YHI initially evaluated five buildings in the Treasure Valley prior to the September Board meeting. After receiving authority to pursue this, we checked to ensure we hadn't missed any potential buildings and if there were any new buildings on the market. A new building did appear, and three others fell off the list, leaving us with a short list of three buildings. We went out and got estimates for tenant improvements and revised our cash flows to reflect those updates as well as updated purchase prices. One building stood out head and shoulders above the rest based both financially and how it would serve our business needs, providing space for our current operations as well as future operations. In terms of financials, this property delivered between \$600,000 and \$1.2M higher return than the other two buildings and combined with a better footprint for our operations, made it a fairly easy decision. The due diligence process that we are currently in takes roughly 60 days, ending around the end of January and closing is expected to take place about 15 days following the completion of the due diligence period. During this same time, we have worked with architects on initial space planning and now getting those drawings finalized to get bids from contractors. There are three contractors engaged in that process and we expect to have this completed by the end of the due diligence process.

Your Health Idaho would be occupying the single-story part of the new building with a small amount of expansion space in the first floor of the tower. This building is currently 100 percent leased when including YHI's footprint and all of the current tenants have options to extend their leases. The purchase price is about \$5M and with tenant improvements, we expect to be in the \$5.4M range. Current return on investment for the first five years is estimated to be about \$1M and years six through ten is an additional \$1.8M, with a total ten-year return on investment at about \$2.8M.

Mr. Kelly reviewed cash flow assumptions as they related to the building purchase. The current cash flow assumes YHI loses the 18,000 enrollments to Medicaid expansion and after 2020, enrollments are assumed to be relatively flat. Impacts from enhanced short-term plans are not included, but our building acquisition is assumed during the first quarter of 2020. The current cash curve without the building purchase is expected to be at about \$15.2M in June of 2025 and with the building purchase is assumed to be at about \$10.5M, staying well above the cash reserve goal of \$6.6M. Mr. Kelly said preliminary discussions with our current landlord about early termination of our current lease have been positive and encouraging.

There were numerous questions about the space, timing, and financial forecast related to the building.

#### **c. Financial Policies Update**

Mr. Kelly said there were a couple of policies that were reviewed as part of our annual review of policies. First is the Procurement Policy and the revisions to this document were made in March of 2019. There were a couple of revisions at that time that included the removal of the federal contract clauses which are no longer needed as we no longer receive grant money from the federal government. The second was related to YHI's ability to engage with current vendors under an existing RFP. At that time, the Board agreed that YHI could continue engaging with a vendor for up to seven years and then come back to the Board and determine if we can continue working with that vendor for another seven years or if we need

to issue a new RFP. During our review of policies, we realized that the motion in March of 2019 approved the appendices of the Procurement Policy, but not the changes made to the Procurement Policy itself. That is up for approval today and no changes have been made since that March meeting.

The Delegation of Authority, which is an Appendix to the Procurement Policy has also received some minor changes around banking information, removed the reference to the line of credit, and added some dual invoice approval authority for our Directors who have direct relationship with specific vendors. Ms. Stockert also recommended removing the ability of the Director of Finance to close bank accounts as an improvement to YHI's internal controls process. And finally, some minor changes were made to reflect organizational changes.

Mr. Kelly said the last policy that was reviewed and updated was the Travel Policy and that was simply to ensure that travel is approved in advance, that it is reasonable and necessary, and that YHI's employees are being reimbursed in a timely matter.

**Motion:** Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the updates to the Procurement Policy, the Delegation of Authority (an addendum to the Procurement Policy), and the Travel Policy as presented today. **Second:** Dr. Rusche. **The motion carried.**

## 11. GOVERNANCE

### *a. Employee Engagement*

Mr. Kelly said YHI performed the employee engagement survey that was traditionally done in May each year. This year we deployed an extra survey mid-year to measure engagement at a time when the teams are under significant workloads during open enrollment. No surprise that we saw the engagement score go down slightly with about a 3 percent decline from May of this year. Important to note as it still leaves YHI in the 82<sup>nd</sup> percentile of all Gallup companies. We attribute the decline to two major factors: the time of year and the organizational changes that occurred just before open enrollment. YHI did implement an interim organizational structure at that time, but any time you have changes anxiety goes up. The important thing for YHI is not to say it was simply caused by these two factors, but there is still some learning from this survey and we have taken these learnings and applied them to our new org structure.

The Employee Engagement Task Force (EETF) picks areas to focus on from the survey and make improvements in that area. Two areas the EETF worked on previously were "My opinions seem to count" and "At work I have a best friend." For Opinions, we saw an improvement of 1 percent. For Best Friend, the EETF focused on educating the team about what is behind that question. That question is really about having someone at work that you trust and can confide in. That score improved by 11 percent.

The other thing to note here is the grandmean, which is an average of all the twelve questions, and how it relates to the first question around overall satisfaction. When there is a differentiation between those two scores, Gallup says that a higher grandmean indicates that the team is engaged in the overall company purpose and mission, and when the overall satisfaction question is slightly lower, it indicates some level of engagement to be looked at relative to their direct

environment or direct supervisor. That is likely a result of the interim org structure and the turnover in that area, but we are really encouraged by the high grandmean score which means people are engaged with the overall company and culture.

Mr. Kelly said YHI is still moving forward with Idaho Best Places to Work, that survey will be deployed February 3<sup>rd</sup>, and we will be sharing that information with Committees and the Board in the March timeframe.

***b. Employee Handbook***

Mr. Kelly said every year YHI reviews the Employee Handbook and makes minor updates and changes. And then every three years a deeper dive is conducted. This year was a third year and YHI added four new policies: Reasonable Accommodation, Bullying, Whistleblower, and Personal Relationships. There were also significant updates to existing policies: Social Media, Cell Phone Use, Workplace Attire, Nepotism, Telecommuting, and Pay Practices including a Safe Harbor Provision and Travel Time. Full redlines were provided electronically. One thing to note was that when discussing the changes to the Social Media policy, it was suggested that be included in the Board training which is scheduled for the March timeframe.

**Motion:** Mr. Erstad moved that the Board, as recommended by the Governance Committee, approve the revisions to the Employee Handbook, as presented today. **Second:** Mr. Zurlo. **The motion carried.**

***c. Annual Plan of Operations***

Mr. Kelly said the Plan of Operations includes two primary categories of documents: Governing documents which are fairly static and include the enabling legislation, bylaws, Committee charters, Privacy & Security policies, and Public Records policy. The second group are the more dynamic operational documents and include the annual budget, the Committee and Board Roadmaps, and the Committee and Board decisions. Connecting the Governing documents to the Operational documents are the Committee recommendations and resolutions and the Board decisions. Combined, these documents, policies, and decisions comprise the Plan of Operations.

The Committees each year reviews their germane policies each year and each Committee reviews their Committee Charters. In addition, the YHI team reviews each document to ensure they reflect both regulatory requirement as well as best business practices. Finally, YHI's General Counsel reviews all of the policies to ensure YHI is doing everything that the policies require and that they reflect regulatory and legal changes throughout the year. As Mr. Settles noted earlier, we caught the motion related to the Procurement policy because we track every single motion since the beginning of the exchange so that we can go back and make sure they are all accurate. That is the glue that really holds these sets of documents together.

Mr. Kelly reviewed the documents that have seen revisions this year and they include the employee handbook updates, the Procurement policy updates including the updates to the Delegation of Authority, the Travel Policy updates, and the updates made to the Privacy & Security policies in June to align with MARS-E requirements and CMS security guidelines and framework.

**Motion:** Mr. Erstad moved that the Board, as recommended by the Governance Committee, approve the Annual Plan of Operations, as presented today. **Second:** Dr. Rusche. **The motion carried.**

## 12. OPERATIONAL GOALS UPDATE

Mr. Kelly shared the progress on operational goals. Idahoans' Experience is a three part goal and includes Net Promoter Score (NPS), First Call Resolution (FCR), and Turn Around Time (TAT). NPS is running slightly behind the goal of 34 however, FCR is at the 100 percent threshold. TAT was lagging significantly behind the goal prior to the period of performance however, the team has focused on this goal and are just outside the measurement on that and we expect it to catch up over the next few weeks. As mentioned earlier, we will do a deep dive into NPS following Open Enrollment and bring any adjustments forward as a result of Medicaid expansion impacts. Overall that goal is tracking at about 50 percent.

For the Retention and Enrollment goal, it is too early to determine final enrollment numbers, but we are at just under 83,000 enrollments as of this morning. For the auto renewal portion of the goal, we had 99.8 percent for auto renewals and will round that up for 100 percent of achievement for that portion of the goal.

Mr. Kelly said for Risk Management, which is primarily focused on phishing including the click rate on internal campaigns as well as how team members are reporting those phishing emails. The reporting requirement is new this year and really important to the outcome of the goal. Both of these areas are currently achieving the 100 percent threshold.

For Low Cost Promise we are currently projecting \$276,000 in operating expense favorability towards a goal of \$400,000. We do expect that after open enrollment we will be able to tighten that up a little bit, but we do want to ensure we have the right resources without affecting the customer experience.

Finally, for Employee Engagement, this goal is measured by the May Gallup Employee Engagement survey, so we do not have an update on this yet. The second part of the goal is the COMPASS cards that are distributed each month to team members. COMPASS is part of our internal culture. It is an acronym that has specific behaviors we like to see. For example, the C represent Customer Driven. Each month team member receives three cards to give to team members when they display that behavior. And this measures the percent of cards handed out versus those that are distributed. We see an average of about three quarters of the cards distributed come back. This is a fun way to keep our culture top of mind and is a form of peer-to-peer recognition. This goal is at the 100 percent threshold.

The Chair asked if the Low Cost Promise goal implies that the original budget may have had some expected surplus in it or is there a way of budgeting so that the budget is tighter and meeting that budget is the goal of the Low Cost Promise. Mr. Kelly said yes, if you can achieve the goal while still delivering a good customer experience, there is some level of funding not needed. But the Board has always believed that YHI should have sufficient money to deliver on that experience. Coupled with the uncertainty of the work we do, it's always best to have a little bit of extra room. This goal this year, one of the most critical pieces is that we extracted the contractual components of the budget: the contractual obligations with the Department of Health

& Welfare and GetInsured. Those historically have been quite favorable and with them taken out, it makes this goal much more difficult to achieve. But we have always budgeted more than the minimum and that is to account for that uncertainty as well as ensuring we have the resources to pivot while still delivering that flawless customer experience.

Mr. Settles added that looking back over the last few years, Ms. Fulton renegotiated the copier contracts which saved a lot of money and we also saw the same thing earlier with YHI's phone plan. It is a good way to encourage the team to look for savings, but as time goes on, it will be more difficult to find them. At the end of the day, since it is tied into the customer satisfaction, this is a valid and valuable tool.

### **13. EXECUTIVE SESSION**

**Motion:** The Chair moved that the Board convene in Executive Session 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 asked for agreement to enter Executive Session and the following voted yes: Ms. Vauk, Mr. Settles, Mr. Erstad, Mr. Shores, Dr. Rusche, Ms. Henbest (via teleconference), Mr. Edgington, Ms. Fulkerson, Ms. Lodge, Ms. Hart, Mr. Zurlo, and Rep. Dixon (via teleconference), resulting in a quorum.

The Board entered into Executive Session at 10:55 a.m. and reconvened at 11:32 a.m. No final actions nor decisions were made while in Executive Session.

### **14. EMPLOYEE COMPENSATION AND BENEFITS**

**Motion:** Mr. Erstad moved that the Board, as recommended by the Governance Committee, approve changing Mr. Kelly's title to CEO, and authorize Mr. Kelly to update current, applicable YHI policies, Employee Handbook, and other relevant documents with this title change. **Second:** Dr. Rusche. **The motion carried.**

**Motion:** Mr. Erstad moved that the Board, as recommended by the Governance Committee, approve that YHI pay the employee portion of family medical, dental, and vision insurance premiums for C-Suite team members effective January 1, 2020. **Second:** Dr. Rusche. **The motion carried.**

**Motion:** Mr. Erstad moved that the Board, as recommended by the Governance Committee, approve delegating to the Board Chair and Governance Committee Chair responsibility to establish the process to facilitate the Board's ability to annually review, recommend, and award supplemental, performance-based compensation to the CEO for the purpose of a 529 Plan contribution. **Second:** Ms. Lodge. **The motion carried.**

**Motion:** Mr. Erstad moved that the Board, as recommended by the Governance Committee, approve increasing YHI's Variable Pay Plan target amounts, effective FY21, to the following: C-Suite at 10 percent, Directors at 7 percent, Managers at 6 percent, and all other team members at 5 percent of base pay. **Second:** Dr. Rusche. **The motion carried.**

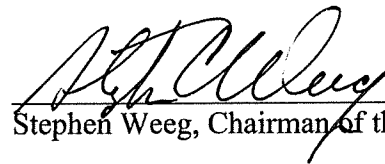
**15. NEXT MEETING**

Chair Weeg said Rep. Erpelding resigned his seat in the legislature. That seat must be filled by a member of the minority party at the time of the vacancy. YHI will work with the Governor's office and the minority party leadership to have the position filled. The Chair said the next meeting will be held in late March 2020.

**18. ADJOURN**

There being no further business before the Board, the Chair adjourned the meeting at 11:39 a.m.

Signed and respectfully submitted,



Stephen Weeg, Chairman of the Board