



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

**YOUR HEALTH IDAHO BOARD
MINUTES
FRIDAY, DECEMBER 14, 2018**

1. BOARD MEMBERS PRESENT

- Mr. Stephen Weeg, Chair
- Mr. Kevin Settles, Treasurer
- Mr. Hyatt Erstad, Secretary
- Mr. Tom Shores (via teleconference)
- Ms. Karen Vauk
- Dr. John Rusche
- Mr. Dave Jeppesen (via teleconference)
- Mr. Fernando Veloz
- Dr. John Livingston
- Ms. Margaret Henbest
- Mr. Jerry Edgington
- Ms. Janice Fulkerson
- Mr. Greg Donaca
- Senator Jim Rice
- Rep. Kelley Packer (via teleconference)
- Rep. Mat Erpelding
- Mr. Weston Trexler (for Director Dean Cameron)
- Director Russ Barron

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Mr. Layne Bell, Your Health Idaho
- Ms. Katrina Thompson, Your Health Idaho
- Ms. Alanee DeRouen, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Miriam Holmberg, Your Health Idaho
- Ms. Frances Nagashima, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Moriah Nelson, Idaho Primary Care Assoc.
- Ms. Tresa Ball, HR Precision
- Ms. Lori Wolff, Department of Health & Welfare
- Ms. Julie Hammon, Department of Health & Welfare
- Ms. Emily Hunter, Risch Pisca
- Mr. Jeremy Pisca, Risch Pisca
- Mr. Norm Varin, Pacific Source Health Plans
- Mr. Ron Williams, Williams Bradbury

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 9:07 a.m., Friday, December 14, 2018, 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, Mr. Shores (via teleconference), Ms. Vauk, Dr. Rusche, Mr. Veloz, Dr. Livingston, Ms. Henbest, Mr. Edgington, Ms. Fulkerson, Mr. Donaca, Senator Rice, Rep. Packer (via teleconference), Rep. Erpelding, Weston Trexler (for Director Cameron), and Director Barron were present, resulting in a quorum. Mr. Jeppesen joined via teleconference at 9:25 a.m. and Mr. Settles arrived at 9:40 a.m.

The Chair welcomed Mr. Donaca, Delta Dental, to the Board and said goodbye to Mr. Veloz.

5. PUBLIC COMMENT PERIOD

The Chair asked for public comments and there were none.

6. PRIOR MEETING MINUTES

Motion: Mr. Erstad moved to approve the meeting minutes from the September 21, 2018, Board meeting as presented today. **Second:** Ms. Henbest. **The motion carried.**

7. REVIEW OF AGENDA

There were no changes made to the agenda.

8. ENROLLMENT AND CUSTOMER EXPERIENCE UPDATE

Mr. Edgington, Chair of the Marketplace Committee, reviewed the Marketplace Committee meeting and said for the Marketing & Communications and Outreach & Education activities, the digital campaign is performing well, and the campaign statistics and metrics related to the paid portion of the advertising campaign were presented. A discussion of earned media was highlighted with YHI enjoying high favorability. A summary of the events attended and highlights from YHI's Open Enrollment Open houses across the state were also shared. In addition, the team wrapped up agent and broker training as well as provided an update on the total number of agents and brokers and enrollment counselors certified for 2019.

Mr. Edgington said for enrollment, effectuations remain steady for the month of November and there was a discussion about the average premium coming down and a slight shift seen in metal tiers and an uptick in dental insurance participation.

For Customer Experience, Mr. Edgington said the reduction in call volume this year resulted from the technology enhancements and because customers better understand the enrollment process.

Metrics are also showing an ease of navigation for customers on YHI's refreshed website, which has resulted in a reduction in time spent on site. And YHI's Net Promoter score remains strong heading into the final days of Open Enrollment.

Mr. Edgington said on the technology roadmap, the Committee had a quick historical run through of the technology roadmap and enhancements. Many of the enhancements made prior to Open Enrollment have proven to be effective. Also, YHI had an opportunity to visit with GetInsured and discuss future system enhancements not only being made for other states but recommendations from YHI as well.

Mr. Edgington said finally, several policy updates were covered including 1332 waiver guidance, Health Reimbursement Accounts, and Proposition Two passing and its potential impacts to YHI. There was good discussion and the sharing of various waiver ideas that will be covered in more detail later this morning.

Mr. Kelly shared an overview of YHI's 2018 key accomplishments and Open Enrollment activities for 2019. He said the Net Promoter Score is 30. This demonstrates strong customer service levels within the support center.

2018 effectuations are just over 89,000 and there has been little to no drop off in effectuations in the final months of 2018. This success is contributed to YHI's value proposition and continued messaging of coverage to care that is resonating well with Idahoans. YHI also has net favorability in its operating income and the technology enhancements made earlier in the year are proving valuable as YHI continues to see increased operating efficiency in the support center as a direct result of those improvements.

Key performance indicators and metrics remain strong as YHI heads into the final days of Open Enrollment. As of this morning, enrollment is just over 97K, which is 3.5 percent higher compared to this same time last year. 99.7 percent of eligible consumers were auto-renewed in a plan for 2019. And YHI has seen a 16 percent reduction in call volume as a direct result of technology enhancements as well as lower support inventory moving into open enrollment.

Mr. Kelly said YHI's website refresh has proven to be exponentially more efficient and customers are spending 50 percent less time on the site than in previous years.

Finally, YHI's advertising campaign efforts are doing a much better job at targeting consumers who are more likely to enroll.

Mr. Kelly moved to the Enrollment Update and said 2018 enrollment remains steady at just over 89,000 and the overall effectuation rate is north of 90 percent. He shared the enrollment graph which shows a relatively shallow slope in the 2018 line compared to previous years. What this means is that customers are staying enrolled longer throughout the year than seen in any of the previous years. This continues to show that YHI's value proposition and messaging of the value of health insurance is really resonating with consumers.

The average premium is down slightly to \$475 and we continue to see a slight shift from gold to silver as well as a minor shift into bronze as the year moves on. Overall, there is little to no percentage change in those consumers receiving a tax credit and that remains at 88 percent of the

overall enrollment. The APTC is still providing savings of about 80 percent of the monthly premium compared to 70 percent in previous years.

Mr. Kelly said that as of this morning, there have been over 97,000 plan selections which represent a 3.5 percent increase over this time last year. The year over year comparison of plan selections during open enrollment shows the gap between years has been very consistent as open enrollment has progressed. The mix of enrollments by carrier in 2018 vs. 2019 shows the shift from BCI and Mountain Health Co Op to Select Health. We understand there were differences in premium changes across the carriers for 2019 and this may be driving the shift in the mix of carriers and this indicates price sensitivity for both subsidized and non-subsidized customers.

Dr. Rusche said this is a fair amount different than the national news on open enrollment performance. He asked if this was something that staff suggests gets publicized. Mr. Kelly said the team is obviously very excited with performance so far and it does buck the national trend generally. But there are other Marketplaces that have remained flat, some have seen increases and some have seen decreases. YHI would be more comfortable with specific numbers after open enrollment ends and the numbers are final.

Mr. Shores asked how many effectuations were enrolled by the agents. Mr. Kelly said until the plan selections for 2019 are finalized, we would hold off on producing a number. What is known is that in 2018 the mix of agent assisted enrollments remains at about 70 percent.

Mr. Kelly continued and said for open enrollment 2019 the support center has had 16 percent lower call volumes while improving the customer experience. The lower call volume is driven by two primary factors. First, YHI began open enrollment with lower customer support inventory and therefore fewer customers calling in to follow-up on their issue. And second, the technology fixes that were implemented have deflected significant call volumes. For example, during last year's open enrollment there were approximately 7,000 tickets related to linking issues, this year, there have been less than 500.

The website refresh has also driven down time on site from 24 minutes to 12 minutes. This has deflected calls related to navigating the website and driven up customer satisfaction as noted in the comment section of our Net Promoter Score. Improved alignment in staffing needs and increased competency levels relative to training has also helped prepare YHI earlier in open enrollment so we that the call center is better able to manage the customer experience throughout the entire open enrollment period. The written team returned this year and has continued to prove effective and has really helped us again this year in serving our agent partners through open enrollment.

All these accomplishments have led to our Net Promoter Score of 30. What this means is that we have a 30 percent point difference in the percentage of customers who are promoters of YHI (a 9 or 10 survey response) compared to those who are detractors (a zero to 6 survey response).

Mr. Kelly moved to the appeals update and stated that there have been no new state or federal hearings. YHI's uptraining process is in place to stop any problems or mitigate any type of appeals early in the process. Currently there is a 12 day turn around for appeals and this process remains well organized and focuses on policy and resolution time. Common appeal reasons

include date changes, special circumstances, and plan selection. A more detailed chart of appeal reasons is included in the appendix.

Mr. Kelly noted the spike in appeals in January of 2018. This was due to the shortened open enrollment with consumers stating they weren't aware of the new dates for open enrollment. While YHI has worked hard to communicate the dates for open enrollment, the team is actively planning for increased volume in January through uptraining and identifying potential resources that can be shifted to support the increased volumes in the appeals work stream.

9. MARKETING AND COMMUNICATIONS / OUTREACH UPDATE

Mr. Kelly said YHI's Outreach team continues to reach far and wide attending events and providing education and outreach across the state. Since the last Board meeting, YHI has attended approximately a dozen events and presentations across the state.

YHI's signature event was the Open Enrollment Open Houses that took place back on November 15 in Boise, Lewiston, Idaho Falls and Twin Falls. YHI had agent and broker support in each of the four locations. There was record engagement on social media and Facebook posts reached almost 38K individuals with engagement from over 600 people. Engagement means those people liked or shared the content. The Outreach team also did a Facebook live broadcast from the event and almost 550 people followed this post. Over 100 consumers attended the events which provided solid leads for those agents that volunteered at these events.

Mr. Kelly said agent and broker training across the state has been completed and currently over 750 certified agents, brokers, and enrollment counselors have been certified. While these numbers are down slightly from previous years, it is up slightly for those consumer connectors who are active in 2018.

YHI has seen strong media coverage across the state starting in September when the number of plans available for 2019 were first announced. As of this morning, there have been over 40 news stories and TV interviews focused on YHI messaging, the number of plans offered, and open enrollment. YHI continues to communicate its value proposition of coverage to care and the benefits of enrolling and taking advantage of a tax credit that could save consumers up to 80 percent on their monthly health insurance premiums. YHI has experienced favorable media coverage across the state.

Mr. Kelly said in these final days of YHI's advertising campaign for this open enrollment and the various advertising campaign elements we've had out there during open enrollment are shown on the slide. This year, YHI refreshed its commercials and has two new 30 second and one 15 second spot airing on traditional television as well as streaming services such as Hulu. Radio continues to be a successful outlet for YHI and allows flexibility in ad messaging. YHI has also continued the use of outdoor advertising which has proven quite effective as in previous years.

As mentioned, YHI has refreshed ads that will be played momentarily. For those on the phone, please visit YHI's YouTube channel and click on the Ka-Ching spot and the Plans spot. Mr. Kelly played the ads for the Board.

Mr. Kelly shared some of the key metrics for YHI's digital advertising campaign. Overall, YHI had a strong digital presence during open enrollment with over 12 million impressions. Of those, almost 150,000 have clicked on the ad which redirects them to YHI's website. The conversion rate on ads is averaging at about 27 percent, which is significantly higher than the industry average of 2-4 percent. This conversion rate means someone clicks on the ad, redirects to the website and then takes one of the following actions; for example, they login, view plans, or click on "find help." YHI also had 3.6M completed views of Hulu and Pandora advertisements.

As of Monday, YHI had over 130,000 people visit the website with almost 60 percent of those being new visitors which is down just slightly compared to last year. As mentioned earlier, the website refresh increased the usability of the site exponentially with average time on site down almost 50 percent, or 12 minutes versus 24 minutes last year, compared to last open enrollment. This can be attributed to ease of navigation and functionality of the newly designed website. And, as a reminder, the website refresh was done in-house, saving over \$30K for Idahoans.

Dr. Rusche asked about the auto-enrollment and how that number compares with the total number of enrollees. Mr. Kelly said the 99.7 percent represents those eligible for auto-enrollment. The difference is those aging out or some other reason that makes them ineligible for QHP enrollment. For those that required manual intervention, it was around 300 individuals.

10. TECHNOLOGY UPDATE

Mr. Kelly said YHI has had two releases since the September Board meeting. The September release deployed a consumer information pop-up to ensure YHI has the most up to date information for our customers. This pop-up occurs every 180 days and to date has decreased return mail by 80%. With the September release, consumers were also able to opt-in to electronic 1095-A delivery. As of this morning, almost 10,000 consumers have opted-in for electronic 1095-A delivery which translates into direct cost savings for YHI. Finally, the September release also improved the mobile usability for the site.

The October release included minor tune-ups in preparation for open enrollment focused on bug and defect resolution. The December release has been moved to early January and includes final preparations for 1095-A preparation and delivery prior to the January 31 deadline.

In December, Kevin Reddish and Stephanie Husler spent three days at the GetInsured offices planning for the technology releases for the coming year. By meeting early in the planning cycle, YHI is better able to understand the items that GetInsured has planned as part of their overall product enhancements as well as share YHI's technology needs. These early discussions also provide opportunities for development and cost synergies across the states that share the GetInsured platform.

YHI is still in the process of finalizing the list but this slide highlights some of the key areas of focus for 2019. From here, YHI will continue to review and evaluate these options and ensure its technology investments produce the best return on investment. YHI expects to identify the short list of items in the first quarter of calendar year 2019.

Mr. Shores noted the two-tier agency log-in issue and wondered why that is not on the short list. He said this will enhance the ability of the number of people that the agents can work with. The

process currently takes about an hour to an hour and a half per client and with the number of agents and a short window of time to work in, anything to help that timeline would be great.

Mr. Erstad said the one call he received this year was related to just that. He said what Mr. Shores is saying is that currently only one person within an agency can be working on the site at a time. With an agency log-in, an agency could have more than one producer working on the site at the same time. With a dual log-in, a lot more work could be done.

Senator Rice said this is important and one of the key things the legislature did was keeping the agents and brokers involved. If there is a barrier to that, YHI needs to seriously take a look at how to eliminate it.

Mr. Kelly said this is something YHI continues to have conversations around. It is a combination of technology, regulatory, and working with the Department of Insurance to make sure that licensure requirements are being followed and security regulations are being adhered to. It is reasonably complex and it is something that is actively being worked on.

Chairman Weeg asked to add this as a follow-up for the meetings in March. Mr. Kelly said he would likely have information sooner than that and, if possible, will share it in a Board email update.

11. CMS AND STATE POLICY UPDATES

Mr. Kelly said in mid-October, CMS came out with some revised guidance around the 1332 waiver process. As a reminder 1332 simply stands for a section of code in the Affordable Care Act that allows states to apply to waive certain provisions of the ACA. One of the primary changes in the guidance was around one of the waiver guardrails. Instead of requiring a comparable number of people to be covered, it was changed to a comparable number of people with access to coverage. However, the other guardrails such as budget neutrality remain in place.

CMS released waiver concepts on November 29th to help guide states as they evaluate options. Those concepts were broken into four primary categories. 1) Restructure the APTC or subsidy to enable the tax credit to be applied to premiums and/or health care expenses; 2) there is an option to create state-specific premium assistance; 3) there is also an option to provide financial assistance to other type of health plans.

It is important to note that any change to how the tax credit is calculated or administered will likely bring significant administrative and development costs to both DHW and YHI.

The final concept is around general risk adjustment or reinsurance. Other states have been successful with 1332 reinsurance applications and any type of a waiver in that particular area would require assistance from YHI's partners at the Department of Insurance for either risk adjustment or reinsurance.

Ms. Henbest asked about the waiver concept of allowing financial assistance for different types of health plans, but within the context of continuing the guardrail around comprehensiveness of coverage. Is there confusion in that or is it pretty well mapped out. Mr. Kelly said when he had a call with CMS to review the concepts, there seemed to be some confusion between balancing the need for access to comparable coverage and the application of tax credits. All of these concepts

will require further discussions with CMS to work through the details. Not only for questions of remaining within the guardrail, but also in terms of how to operationalize it both in terms of technology and on the ground operations. There is much more to understand, but it is at first glance, it is a contradiction in how you meet that guardrail and application of the tax credit.

Mr. Kelly said it is important to note that YHI does not have statutory authority to submit a 1332 waiver application. If the Board would like YHI, with the assistance of the DOI and DHW, to investigate these ideas further, we would need assistance not only to determine the viability of a waiver concept, but to also submit the waiver application itself. Finally, any 1332 waiver application would likely need approval from the legislature.

He added that there will be a discussion later this morning on revenue options and these waiver concepts are listed there as well.

Mr. Kelly said the last item is around a Program Integrity Proposed Rule which was released on November 17. YHI has reviewed this proposed rule and have discussed it with partners at the Department of Health and Welfare and we believe that YHI and our partners at DHW are already in compliance. We will continue to monitor this space to ensure that we understand all the nuances in this integrity rule.

Mr. Kelly moved to the state policy updates and noted the Medicaid expansion ballot initiative that recently passed. There are a number of things that DHW must do and the legislature will need to provide input and funding during the upcoming session. At this point, given the numerous items that need to be addressed, we do not anticipate Medicaid expansion to be implemented any earlier than January 1, 2020.

Impacts to YHI remain consistent with prior guidance that has been shared with the Board. Approximately 20% of YHI's enrollment has incomes between 100-138% of the federal poverty level. These individuals, about 18,000, would move from the exchange to Medicaid beginning on January 1, 2020. YHI develops scenario plans for these types of things as a normal course of business. For fiscal year 2019, YHI has sufficient positive Net Operating Income to absorb the loss of revenue from these enrollments moving to Medicaid. While we do experience a drop in our cash balance, it does stabilize at about \$12M in 2021.

Finally, Mr. Kelly said YHI continues to actively reach new customers to offset potential losses due to Medicaid expansion. One such population are those Idahoans who are currently eligible for a tax credit but have done nothing in terms of enrolling on the exchange. YHI has done direct marketing to this population and will be tracking the results of that effort over the coming weeks.

Director Barron said Mr. Kelly explained it well, and with the target date of January 1, 2020, there is a lot of work to be done. However, none of it can even begin until after the legislative session. In the Proposition, it requires the department to submit a state plan amendment to the federal government which they must approve. This will be a process and will take time. The goal will be to minimize confusion for the consumers.

Mr. Shores said the Department of Insurance has been working with the federal government on non-ACA plans to provide some flexibility for those over the 100 percent poverty level. If those plans are approved, would those plans be available to sell on the exchange to perhaps offset

some of the reductions expected through the Medicaid expansion. Mr. Trexler said there are too many “ifs” to comment on that at this time. Chairman Weeg said at the end of this meeting there will be some discussion on policy options and perhaps what directions YHI might be able to take that might help answer this question.

Ms. Henbest asked Director Barron if the rollout of the Medicaid expansion occurs on January 1, 2020, will those shopping on the exchange and eligible for Medicaid be able to have that as part of their exchange experience during open enrollment? Director Barron said the goal of the department is to have everything ready and in place prior to open enrollment next year. That way both YHI and DHW can be communicating that as people go through open enrollment. That is why there is a short timeframe to get everything done since re-enrollments begin in September/October.

12. GOVERNANCE

Ms. Henbest, Chair of the Governance Committee, said one of the Governance responsibilities is to review the Plan of Operations. The Committee met and reviewed and discussed the various governing policies and operational documents such as the budgets and roadmaps and how these items come together to create the overall plan of operations. The Committee did review updates and changes, which had been previously discussed, and those included changes to the privacy and security policies to align with MARS-e and CMS security guidelines, changes to the Employee Handbook, Travel policy updates for car service/taxi, and revisions to the executive charter in response to leadership development changes.

The Committee also summarized and discussed the Board survey which reflected the notable year-over-year improvement in Board effectiveness and alignments. There was also discussion about the survey itself like how utilitarian it was as well as question quality and thoroughness. We do expect the survey to look a little different next year based on these discussions. The Committee also discussed some areas from the survey that could be included in the annual Board training such as conflicts of interest, preparing for meetings, and utilizing Board expertise.

From there, the Committee discussed in detail the proposed Annual Board Training Plan and discussed potential board training topics and the ongoing need for continued training focused on topics such as public meeting laws, conflict of interest, governance topics including duty of care, duty of loyalty, duty of attention.

Mr. Kelly also brought forward different revenue opportunities, which this Committee discussed in detail. Three primary areas of revenue opportunity were discussed and include 1332 CMS revised guidance, private exchange/large employers, and leveraging existing operations to support other exchanges. The Committee recognized that the details and specific opportunities need to be discussed more broadly and looks forward to the discussion on these items later this morning. Ms. Henbest also noted the discussion of a potential building purchase as YHI’s current building lease is set to expire in July 2021 and will not be renewed.

Ms. Henbest said the Committee also talked about employee benefits and the challenge YHI was faced with as the team considered employee benefits. The team outlined how the nature of the YHI employee benefits selection timeline did not allow for YHI to wait for the December Board meeting. However, the evaluation and selection process included internal YHI and as well as

independent third-party individuals to ensure a fair and unbiased evaluation. Based on this, the Governance committee made a motion to authorize YHI to move forward with the recommended carrier.

Ms. Henbest said the Committee was given an update on Operational goals and they are all tracking nicely toward the 80% to 100% thresholds and continue to incent the right decisions and focus for the team at YHI.

a) Employee Handbook

Mr. Kelly said the employee benefits and the revenue opportunities required input from multiple Committees, and the specifics of those decisions and related motions were moved to the Finance section today due to the cadence of the meeting and how to move them forward.

Mr. Kelly said one of the things YHI does as part of the review of the Plan of Operations is to review the policies and operational practices to ensure they are aligned. One of the items that was identified were items related to the employee handbook. This includes updates with regards to funeral/bereavement and our Jury Duty policies and also a clarification of our FMLA Policy.

As many of you may know, the employee handbook was set up in 2013. Since then we not only have more experience in how we operationalize policy, but we've also experienced growth as a company and have found that some of our current policies are no longer fit for purpose.

With respect to Jury Duty, we removed compensation for jury duty and replaced it with up to a week of Paid Time Off. This does not go against the accrued PTO employees earn, and it would be consistent with other companies of our size. It also removes the administrative burden of calculating the difference between employee's compensation and that which they are paid when serving on a jury.

Mr. Kelly said YHI's Bereavement policy was also reviewed and the current policy did not allow for any company paid leave. Employees were required to use PTO or leave without pay. That has been amended to allow for up to three days of paid leave and this also doesn't go against any of their accrued PTO. Time in excess of those three days would need to be covered by their accrued PTO. No other changes to that policy were contemplated.

And finally, with respect to our FMLA policy, employees were required to use all their PTO before utilizing FMLA. The verbiage in the handbook has now been changed to give employees the option to take PTO prior to or after going on FMLA which is more in line with our current practices. Redlines for these policies have been included in the Board materials.

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

b) Plan of Operations

Mr. Kelly said Your Health Idaho's Plan of Operations is a collection of policies, governance and operational documents that guide the overall operation of the exchange.

There are two primary categories of documents: Governing documents – such as the charters and the bylaws as well as conflict of interest, privacy and security policies and public record policy; and Operational documents such as roadmaps, approved budget, and Board decisions. These are more dynamic or fluid in nature. These two categories are brought together by Committee and Board resolutions to create our overall plan of operations.

During the year, Your Health Idaho leadership reviews policies to ensure they remain reflective of the day to day operations and propose changes where needed. YHI's legal counsel performs an annual review to ensure compliance and the Committee and Board also review the Charters to ensure they remain an accurate reflection of our business.

As a result of those reviews, policy and governing document updates are recommended and adopted by the Board throughout the year. Some of the updates this past year include Employee Handbook edits, updates and changes to the Privacy and Security policies to align with MARS-e and CMS security guidelines, Travel policy updates, and revisions to the Executive Charter in response to leadership development changes. As Ms. Henbest mentioned, the Governance Committee does recommend approval of the Plan of Operations.

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

c) Board Survey Results

Mr. Kelly said in November, Ms. Ball, YHI's human resources consultant, led YHI's fourth Board survey. The initial survey in 2014 showed many areas of opportunity followed by drastic improvement in 2016. In 2017 we saw some settling of results and 2018's survey reflected the continued maturation of the Board and organization.

For 2018, we had good Board participation with 14 of 17 board members responding. Highlights include 19 of 25 statements show an increase in percent agreement while 5 statements decreased in agreement compared to the prior survey. The Governance Committee discussed specific questions that may be difficult to interpret and will make recommendations for revisions to some of the questions for future surveys.

The committee also discussed which areas of the survey could be incorporated into the annual Board training. A summary of the survey is in the Board packet and the full survey is available on the Hawley Troxell Sharefile site.

d) Board Training Plan

Mr. Kelly said Your Health Idaho's bylaws require annual Board training which will be conducted in March. Prior to that, the Governance Committee will review the specific contents of the training and make any needed adjustments. To ensure the training covers relevant topics and appropriate outcomes from the Board Survey, YHI reviewed potential topics with the Governance Committee.

There was strong support for some content from prior years. Greatest hits include public meetings laws, conflicts of interest, and National Association of Corporate Directors best

practices. We are also planning to incorporate areas of opportunity identified from the Board survey. Those areas include clarifying expectations for Board members, providing suggestions and best practices for Committee and Board meeting preparation such as reviews of prior meeting minutes, and enabling better use of the expertise of each Board member. Finally, YHI will consult with the AG's office to ensure any new requirements or developments are addressed at the training in March.

e) Operational Goal Update

Mr. Kelly said the Committee also reviewed YHI's overall operational goal performance. In short, Your Health Idaho is trending well in most of the goals.

The Idahoans experience goal is trending towards the 100 percent threshold. There are two parts to this goal with the first related to linking. As mentioned earlier, YHI has seen a significant reduction in linking related tickets from about 7,000 last year to less than 500 this year. And our NPS (Net Promotor Score) is tracking nicely at 30.

YHI's retention and enrollment goal is tracking above the 80 percent threshold with only a few days left in open enrollment. While we did not tie compensation to this goal, we are still very focused on both retention and enrollment and will sharing our final numbers the week of Christmas.

The risk management goal, which measures how effectively the team handles phishing attempts, is currently below the payout thresholds. However, we continue to educate our team members on best practices for identifying and reporting phishing attempts.

The Low Cost Promise goal is tracking between 80 percent and 100 percent with \$319,000 of operational expense savings identified to date.

Finally, Employee Engagement continues to remain a focus at YHI. The Employee Engagement Task Force identified its first recommendations and most of those have already been implemented.

13. FINANCE AND BUDGET

Mr. Settles, Chair of the Finance Committee, said the Finance Committee is very fortunate as the YHI team shows up for the meeting, tells the Committee that YHI is making more money than was forecasted and spending less money than budgeted.

The Committee did have one issue pop up related to the insurance renewal for employee insurance that was affected by the Delegation of Authority. The Committee will be recommending the change because overall the package falls outside of the DOA, but the monthly cost falls within it. Due to the short timeline already to look at renewing, this Committee didn't want to hold that process up.

The Finance Committee also covered revenue opportunities, the 1332 waivers, and the potential opportunities at the state level, leveraging existing operations to support other exchanges, etc. The Committee recognized that the details and specific opportunities need to be discussed more broadly and said he looks forward to the discussion on these items later this morning. Finally,

Mr. Settles said the Committee discussed the building purchase as a potential opportunity. With all the uncertainty around the exchange, YHI has held onto a lot of cash which puts YHI in a good position to build or purchase a building, if that is what is decided.

The Finance Committee completed its annual training which was focused on risk governance and understanding the risk for this Committee. Mr. Bell presented some good information and we discussed the audit and making certain the details are watched carefully. Overall, the Committee is doing a good job of assessing the risk, doing what it is chartered to do, and monitor it all.

a) Financial Analysis of Results thru September 30, 2018

Mr. Kelly said through the end of September, YHI's Assessment Fee revenue was \$28K favorable to budget and this was due to higher than anticipated effectuations which was offset by slightly lower than expected average premiums. The September premiums were lower than previous months and this was due to prior period adjustments due to carrier reconciliations. That Assessment fee favorability is expected to continue through the end of the calendar year.

Moving now to YHI's first quarter fiscal year 2019 results. Overall, net operating income is favorable by \$379K, driven by revenue favorability of \$40K and operating expense favorability of \$339K. Overall revenue favorability is made up Assessment Fee revenue of \$28K and Other revenue of \$12K. Other revenue favorability is driven primarily by higher than planned interest rates on our CDARS investment.

Operating expense favorability of \$339K is driven by employee and employee related expense favorability of \$147K, due to timing of filling open positions at YHI. The outreach and marketing favorability of \$134K is due in part to bringing the website refresh project in house and the timing of advertising spend. Favorability in the DHW eligibility support services and professional services combined equals about \$79K and is offset by \$22K of temporary support center services due to earlier onboarding of YHI's seasonal workforce.

The last line on the P&L is Capex unfavorability of \$496K and is due to the timing of development expenses relative to the budget.

b) FY19 Financial Forecast

Mr. Kelly moved to the fiscal 2019 forecast. This forecast includes actuals through September and our best estimate of both revenue and spend through the rest of the fiscal year, which is June 30, 2019. Overall net operating income is projected to be \$455K favorable for the financial year. We anticipate continued favorability in assessment fees and our CDARS investments. Operating expense favorability is projected to be \$319K driven by employee and employee related expenses. Outreach and marketing and professional services expense favorability is offset by unfavorability in facilities costs due to contractual lease increases.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the financial results through September 30, 2018, as presented today. **Second:** Dr. Rusche. **The motion carried.**

Mr. Kelly moved to YHI's operational sustainability analysis and reminded the Board that YHI does a lot of scenario planning as a normal course of business and with Medicaid Expansion,

some of those scenarios are playing out. Overall YHI continues to do well with almost \$12M of cash reserves. The cash balance depicted on this slide reflects the forecast as well as anticipated changes to our enrollments and premiums from Medicaid Expansion.

As mentioned, YHI is expecting a 20 percent decline in enrollments beginning in January 2020. This decline, coupled with a marginal decrease in average premium, is reflected in the graph shown. As you can see, the effects of Medicaid expansion cause a moderate decline in our cash balance, however cash does stabilize at about \$12M at the beginning of 2021.

Mr. Jeppesen asked about the forecast graph and said there could be a policy change at the federal level that could change what's currently known as silver loading. There could be a situation where CSR's come back which would lower the average premium. Has YHI looked at that? Mr. Kelly said yes, YHI does scenario planning on a number of different options. The easiest way to think about it for the Board, and when evaluating the multitude of things that could occur, YHI's revenue streams are linear in nature. A 10 percent decrease in premiums translates almost directly into a 10 percent decrease in revenue. With respect to silver loading and other potential federal policy changes, it is difficult to know exactly what those impacts may be until we have the policy specifics to know how to operationalize that. But generally, if YHI were to lose 10 percent of its enrollment or premiums changed by 10 percent, that would translate directly into the P&L. With roughly \$10-12M in revenue, 10 percent would be a \$1M reduction to the cash balance.

c) Procurement Policy and Employee Benefits

Mr. Kelly said during our most recent process of renewing our annual health insurance policy for YHI employees, there were two components that came into play. The first is the RFP process. The Procurement policy requires an RFP for annualized expenditures in excess of \$15,000. YHI's employee health insurance premium exceed this annual limit. However, the review process ensures a fair and independent assessment of the options available to YHI and its employees.

Each year YHI evaluates the employee benefits, providers and costs based on submissions from each carrier. This process includes a cross-functional group of YHI employees, our HR consultant Ms. Ball, and an independent third-party broker. Medical, Dental, Vision and ancillary benefits are all evaluated. Because we are classified as a small group the rates are set and submitted to the DOI so a carrier cannot give preferential treatment to YHI.

This process essentially works in the spirit of an RFP as there is a competitive review process specifically related to costs of the various benefit plans and selecting plan options in terms of impact to YHI employees and the overall cost to Your Health Idaho. A carrier would also not be able to submit lower rates for YHI employees in hopes of preferential treatment on the exchange.

Based on this year's review YHI leadership recommended to the Governance Committee, and the Governance Committee is now recommending to the Board, that employee health insurance moves from Regence to Blue Cross of Idaho. Annual costs savings associated with this change is approximately \$50K per year. Your Health Idaho was able to keep the employer portion of this benefit flat and pass on significant savings to our employees while providing better coverage. This is a win, win all around.

Mr. Kelly said the second item related to the benefit review and Procurement policy is the signature limit within the Delegation of Authority, which is \$100K for the Executive Director. The annual costs for YHI employee health insurance exceed this signature limit. The Finance Committee recommended that we provide an exception to the Procurement policy regarding employee health insurance and amendments to the Procurement policy will be brought to the Finance Committee in February or March, to avoid this issue in the future. One item that was brought up was that open enrollment internally is done and if the Board decided they didn't want YHI to make this change, we could simply cancel and begin with a new carrier.

Mr. Jeppesen and Mr. Edgington, representing carrier seats on this Board, declared a conflict of interest on this subject and abstained from the vote.

Motion: Mr. Settles moved that the Board, as recommended by the Governance Committee, approve that YHI select Blue Cross of Idaho for employee health insurance. **Second:** Ms. Henbest **The motion carried.** Mr. Jeppesen and Mr. Edgington abstained from voting.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve an exception to the procurement policy for the Executive Director to negotiate and execute a contract for employee health insurance in an amount consistent with the approved 2019 budget. **Second:** Senator Rice. **The motion carried.** Mr. Jeppesen and Mr. Edgington abstained from voting.

The Board took a break at 10:40 a.m. and reconvened at 10:53 a.m.

d) Revenue Options

Mr. Kelly said revenue options continue to be top of mind for Your Health Idaho and we have four categories of options to discuss today. The first of which is related to the recent 1332 guidance and concept papers that were reviewed earlier this morning. As a reminder, those concepts fall into four categories: account-based subsidies to pay for premiums or health care expenses; state-specific premium assistance; provide financial assistance for different types of health insurance plans; and risk stabilization or reinsurance.

One option that is not listed in the concept papers is the ability for YHI to offer non-QHPs on the exchange. Detailed discussions with CMS on this concept still need to occur, but if this, or any of the above items are of interest to the Board, we can certainly form a working group to pursue additional details.

Another option that would be similar to this is to leverage YHI's technology and develop a marketplace for non-QHP's. This approach would highly leverage YHI's technology, operations and support center expertise. This would also provide the consumer with the necessary tools when making informed decisions about their health insurance. YHI has not formally pursued this with CMS, but initial discussions have indicated that this option would not require federal approval. This option entails a separate and distinct copy of our technology to sell non-QHP plans.

The second category of options is around the private exchange for large employers. This again would leverage the technology, existing assets and technology platform to work with an

employer. Essentially the employer would provide a defined contribution or some sort of premium assistance that would mechanically work like the ATPC. This would allow the employer to control their costs while providing options for their employees. The employees would log into their own instance of the technology and select a plan from a number of different carriers that best fit their needs. We do not have a specific company to pursue at this time, but we do know that there has been some discussion around this concept. Without knowing the specific employer, it is difficult to size this opportunity.

Dr. Rusche said this private exchange would be geared towards large employers – big enough that they can offer multiple carriers? The second question is if there is competition in the marketplace. Mr. Kelly answered the second question first and said generally the private exchange market has an oversupply of technology and for this to work, it would have to be an employer that would see the advantage of utilizing Idaho's technology investment and Idaho's assets. As for the second question, this does not have to be a self-insured situation, the idea is multiple carriers would come together and offer a variety of plans to the employees. The employer can control cost while offering choices to the employee.

Senator Rice asked if there has been any legal analysis based on the governing statute on whether these are even viable options under the statute. Mr. Kelly said the answer depends on several things like who the employer would be. Certainly, another state agency or the state itself would be seen as viable and within our enabling legislation. If we were to go outside of that to a private employer, it would need to be evaluated. Senator Rice said that the legality of these options should be seriously looked at before further discussions even take place.

The third option is a reminder that we are not forgetting YHI's operational expertise that we can leverage with other exchanges. There is nothing on the horizon, but it is something we've talked about in the past and know that we continue to look for opportunities and would bring those forward should they arise.

Mr. Kelly said the final option is a building purchase. YHI's current office space is leased through the end of July of 2021. The new owners will not extend the lease and we will be in the market for new office space. We do have some cash on hand and we've always talked about how we achieve a strong return on that cash. Purchasing office space would provide potential revenue opportunities, cost avoidance and potential return on investment in excess of our current CDARs program.

We have discussed this with our general counsel and we understand that there are some restrictions if we pursued this option with respect to how much overall space YHI could purchase relative to the overall building space we would utilize. For example, we couldn't buy at 10M square foot building and only use 10K square feet. We believe YHI would need to occupy at least 25-30 percent of the overall square footage in order to justify the purchase of a building and stay within our general guidelines.

Chairman Weeg asked Mr. Stoddard to explain legally what steps may need to be taken in terms of evaluating these options. Mr. Stoddard said in reference to Senator Rice's comments earlier, our conclusion was that we have some flexibility if working with state agencies, but since we aren't looking at anything specifically, we would need to see what needs to be researched and checked based on those terms. As for the building purchase, there are a number of examples of

Independent Bodies, Corporate and Politic, that have purchased building and moved into them and how they have grown over time. Most notably would be the Idaho Housing and Financing Agency. When they purchased their building, they resided in half of the space. They have grown considerably and have expanded into the entire building and have even had to look outside of the building for expansion. It is clearly permissible for YHI to own a building, but there are number of other factors that would need to be considered.

Mr. Veloz asked if there are any restrictions on the reserve requirements or guidelines that would prohibit the exchange from purchasing their own building, specifically because this would place the exchange in a landlord type of situation. Mr. Stoddard said all of the reserve requirements are policy based, not statutorily based, enabling us to do what we think is prudent financially. It is really the global mission and how integral to YHI's discharge of duties is the purchase of a building. Ms. Henbest added that at some point it would be prudent to simply ask the Attorney General if this would be statutorily allowed before we go much further with this.

Dr. Rusche asked about the federal partners and how they might feel if we take the technology that they contributed financially in building and use it for non-ACA purposes. Mr. Kelly said he had a very high-level discussion about this with CMS and no red flags have gone up. If the Board recommends it as something to pursue in more detail, of course YHI would have a much more detailed conversation with our federal partners. Mr. Kelly said the asset of our technology sits on YHI's books and while we don't own the technology as an asset, we own the perpetual licensing to use that technology. In order to make a copy of that technology and use it for non-QHP products separately from the exchange, YHI would likely need another license agreement. YHI has had preliminary conversations with GetInsured, and they are generally supportive.

Senator Rice said owning an asset compared to having the expense for someone else's asset is prudent business planning and there isn't a restriction on buying a building. When we talk about limitations on excess capacity, the only real considerations are that the size of the building reach future operating and growth needs. The State of Idaho is one of the fastest growing states in the country and it will continue to grow. As the population grows, there will be growth in the future. The real limitation is that leasing building space shouldn't be a primary business activity. This is not just something that is reasonable, but something that is prudent for YHI to have this on the table and it's nice to have both options on the table.

Mr. Erstad said there is talk in D.C. that the President is encouraging the use of the APTC for products that are not ACA-compliant products. And the discussions with CMS should include that option because we are in a unique position in working with the Department of Health and Welfare.

Mr. Jeppesen said in addition to making sure we operate within the parameters that the enabling legislation directs, one of the other purposes of YHI is to ensure as many Idahoan's as possible have access to coverage that is affordable and meets their needs. YHI shouldn't just be looking at just revenue opportunities, but how those opportunities help us reach that mission of access to coverage.

Ms. Henbest added that we shouldn't lose sight of the need to market and brand YHI in a broader way. YHI has a great utilitarian brand now and would hate to lose that. We would want to ensure that enough is set aside for that.

Mr. Trexler said we do need to review the enabling legislation because certain types of insurance are defined in that legislation. Going beyond health benefit plans may go beyond the statute. Chairman Weeg asked for an explanation of the difference between health benefit plans and those that may not be a qualifying plan. Mr. Trexler said it is stated several times in Insurance 41, the insurance title, and it carves out many types of plans that are not health benefit plans including short term plans, hospital indemnity, and workers comp are not included.

Mr. Jeppesen said it might be helpful to determine the criteria we would use to make this type of a strategic decision. For example, is it within our enabling legislation and does it preserve and help build the brand of Your Health Idaho. The next step as a Board would be to determine what those criteria are that we would use to make these types of decisions.

Rep. Erpelding asked about the idea of a second portal. Mr. Kelly said 88 percent of enrollees on the exchange receive an APTC, which means 12 percent do not. The idea of a non-QHP marketplace would be a different set of plans and it would be hard to guess how they would appeal to our currently unsubsidized population, but those unsubsidized consumers would be the most likely to move over.

Senator Rice said it is important to not create confusion for customers going onto the exchange. Any real changes like making the APTC available for non-ACA plans is being discussed, but it isn't very likely.

Ms. Henbest offered that the Governance Committee take this up in March, try to articulate the criteria that the Board should consider, determine if it is statutorily allowed, what the ROI might be, implications for branding and marketing, is it part of YHI's mission, etc. She suggests we flush it all out and then provide that to the Board and the staff with an outline for viable options.

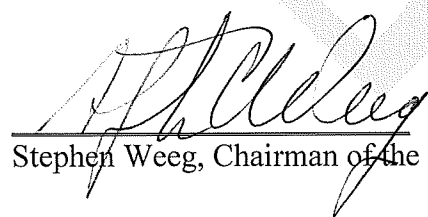
14. NEXT MEETING

The Chair said the next meeting will be held in March 2019.

15. ADJOURN

There being no further business before the Board, the Chair adjourned the meeting at 11:50 a.m.

Signed and respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen Weeg", is written over a horizontal line.

Stephen Weeg, Chairman of the Board