

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

**FINANCE COMMITTEE  
MINUTES**

**JANUARY 23, 2015**

**1. COMMITTEE MEMBERS PRESENT**

- Mr. Jeff Agenbroad, Chair
- Mr. Kevin Settles
- Mr. Fernando Veloz
- Dr. John Livingston
- Ms. Geyer-Sylvia
- Senator Jim Rice

**2. OTHERS PRESENT**

- Mr. Trent Cummins, Your Health Idaho
- Mr. Kevin Martin, Your Health Idaho
- Ms. Jody Olson, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho

**3. CALL TO ORDER**

Following proper notice in accordance with Idaho Code §67-2343, the Finance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Jeff Agenbroad, Chair of the Committee (the Chair), at 8:05 pm, Friday, January 23, 2015, at the offices of Hawley Troxell Ennis & Hawley, 877 W Main Street, Suite 1000, Boise, Idaho. In accordance with Idaho Code § 41-6104(8), the meeting was held in an open public forum and was streamed in audio format. Members of the public could access the audio stream by dialing into a telephone number that was included in the notice of meeting posted on the Exchange Board's Web site and at the meeting location.

**4. ROLL CALL**

The Chair called the roll and determined that Mr. Settles, Mr. Veloz, Ms. Geyer-Sylvia, Dr. Livingston and Senator Rice were present resulting in a quorum.

Representative Packer was absent.

**5. APPROVE PRIOR MINUTES**

Motion: Ms. Geyer-Sylvia moved to approve the meeting minutes as presented from the October 17, 2014 and November 7, 2014 Finance Committee meetings.

Second: Mr. Veloz.

The motion carried.

## **6. REVIEW OF AGENDA**

There were no changes made to the agenda.

## **7. FINANCE COMMITTEE ROADMAP**

The Chair reviewed the Finance Committee Roadmap and asked if there were any items listed on the Roadmap that need to be addressed.

Ms. Geyer-Sylvia asked about the Assessment Fee as noted in April on the Roadmap. She said that date will potentially not leave enough time for the carriers to include the assessment fee in their rates that are due to the Department of Insurance in early May. She requested that item move earlier on the Roadmap.

Mr. Cummins will research the filing schedule and adjust the timing on the Roadmap as needed.

## **8. FINANCIAL RESULTS THROUGH DECEMBER 31, 2014**

### **(a) Financial Highlights thru Dec '14**

Mr. Cummins reviewed the highlights thru Dec '14 and said that the assessment fee revenue was consistent with prior months at approximately \$0.3M. Cash spend was \$7.3M and YHI was approved for a third grant in the amount of \$35.9M.

### **(b) Assessment Fee and Enrollment Highlights**

Mr. Cummins noted that the Assessment Fee revenues were stable and the revenue to date is about \$3M. In December, there were 78,983 effectuated members and 87,808 individuals have selected a plan for January 2015, however these are not effectuated enrollment numbers at this point. Ms. Geyer-Sylvia said that YHI needs to understand that this number is significantly overstated. She said that about 10,000 individuals were passively enrolled and did not get a renewed APTC and she anticipates most of these individuals will not be able to afford to pay their bill. Because of the DOI Guarantee of Renewability law, YHI must give people the opportunity to renew, but if they are paying five times more than they were paying before, they will likely not be able to pay their premiums. Since December, the premium went up an average of 9% but the Silver Plan had a significant increase resulting in up to a 100% increase in their premium.

### **(c) Enrollment Year 2014 Revenues**

Mr. Cummins looked at key areas of focus for 2015, which includes the Assessment Fee Revenues graph as presented.

### **(d) OPEX FY '15 Actuals YTD and Budget**

Mr. Cummins said the actual spend was budgeted for \$5.3M and that the actual is currently at \$3.7M with the largest reason for this differentiation being the M&O spend which was originally

anticipated in October 2014 but is now not beginning until March of this year. Ms. Geyer-Sylvia said it is surprising as significantly more must have been spent on the call center. Mr. Cummins said that the DHW call center was slightly over budget but not by much.

**(e) Dec '14 Operating Expense**

Mr. Cummins said YHI had an operating expense of roughly \$0.9M with large favorability around the Consumer Connector contracts. The other favorability is around the M&O as previously discussed.

**(f) YTD Break out of O&E Spend**

Mr. Cummins said much of these O&E payments have been rolled over and captured in the new SOW and delayed to the January/February timeframe.

**(g) Break out of IPA and Tribal Contracts**

Mr. Cummins said the previous IPA's that just ended are noted and completed in December. The new Enrollment Counselor's that just started were originally estimated to cost \$900k but the actuals came in at \$365k. Ms. Geyer-Sylvia has concern about risk with having YHI's Navigators inside a hospital. This might be reconsidered for next year. Tribal negotiations are ongoing and should be fully executed by the end of February. Mr. David Chase is working on these and has made a lot of improvements with the tribes.

**(h) YTD Jul - Dec 2014 Actual vs. Budget**

Mr. Cummins said this shows the large favorability of the timing of the M&O and the Consumer Connector IPA which is right around \$500k.

**(i) Dec '14 Project Expense of \$4.7M**

Mr. Cummins said that the project expenses are primarily contracts with vendors (GetInsured, Accenture, DHW and First Data). Contingency funds covered the unknowns which ended up being Privacy and Security, C3 assistance for re-enrollment and Operations Support.

**(j) YTD Project Expenses**

Mr. Cummins noted that YHI is below budget for YTD project expenses in many key areas.

Mr. Cummins also noted that the Appendix includes the Cash Flow and Balance Sheet for December.

Motion: Mr. Settles moved to recommend to the Board for approval the financial results through December 2014.

Second: Senator Rice.

The motion carried.

## **9. INVESTMENT DISCUSSION**

Mr. Cummins said a couple of months back the Committee asked to look at options for cash reserves. YHI will be funded through grant dollars through 2015. The investment goal is to increase return while minimizing risk. Mr. Cummins said he spoke with the bankers for basic advice and then spoke with companies that manage the carrier portfolios and then compared those ideas. Suggestions are compared side by side in the packet.

Mr. Cummins suggests a strategy of a mix of the options noted in the chart which include CD's, Money Market, Treasuries, Municipal Bonds, Bond Mutual Funds and Stock Mutual Funds. The estimated return is 80-200 basis points (bps). The Chair noted that the return will likely be on the lower end because money won't be able to be tied up for more than a year.

Mr. Cummins said the findings were that returns can be increased while minimizing risk. He said YHI should ideally have an investment advisor to manage this as it would be very time consuming for YHI staff to manage. The return on investment would more than cover the cost of managing the account.

Motion: Ms. Geyer-Sylvia moved that the Finance Committee recommend to the Board that the Board authorize the Finance Committee to conduct an RFP for an Investment Advisor, (2) establish a Proposal Evaluation Team (PET) to evaluate the responses to the RFP, and (3) report the recommendations of the PET to the Finance Committee to establish an investment policy for recommendation to the Board.

Second: Mr. Veloz.

The motion carried.

## **10. DELEGATION OF AUTHORITY**

Mr. Cummins reminded the Committee that the Delegation of Authority was initially approved in October 2013 and it was included on the Finance Committee Roadmap to review this document annually. The main changes that were made to the document were changes in staffing and the invoice approval process. Invoices over a certain dollar amount have to be approved by three people including the Executive Director, the Controller and one of the Board authorized signers. Then the check requires two signatures. Often, one of the approvers on the Board would also be the same person that signed the check. Due to increases in staff, it now makes sense to have the initial approvals handled internally with the check signers being one of the Board authorized signers. Mr. Cummins said this would provide a separate set of eyes and an additional person to look over the invoice and it also adds security for audit purposes.

Motion: Ms. Geyer-Sylvia moved to recommend to the Board to approve the Delegation of Authority with the changes that include the changes in staffing and for invoices over \$50k, require 2 of 3 designated approvals.

Second: Dr. Livingston.

The motion carried.

## **11. VARIABLE PAY TARGETS**

Mr. Cummins said that on June 20, 2014, the Board approved a variable pay plan to be incorporated into the FY15 Budget year with 3 key strategic goals used for measuring variable pay. The third goal was the Low Cost Promise and was defined as "Stay true to the principles in the enabling legislation including the promise of operating a low cost and efficient marketplace that is financially self-sustaining." When the Board approved this it was noted that they would later approve a financially sustainable budget for FY 2016 by June of 2015, and the Idaho assessment fee would remain substantially lower than the Federal fee, with "substantially lower" to be defined no later than January 31, 2015.

Mr. Cummins said 1.5% is what YHI has been using and is the goal YHI was focused on. As the 2016 budget develops, and revenue generation is considered utilizing the average monthly premium amount, assessment fee and number of actual effectuated members as its determining factors, it has become clear that there is not enough real information to make a true estimate at this point. As a result, this has become a very high level look at those three factors and what is generally believed YHI's expenses will be. Today the goal is not to set the assessment fee, but to establish that range for employees as goals.

Ms. Geyer-Sylvia is confused about the process because within a month YHI will know what this number is based on actual numbers following open enrollment and effectuation of policies.

The Chair thinks placing a goal for the staff based on a Board decision probably should be looked at carefully, but would be better measured by something that is within the staff's control and not something that was set in the Board Retreat nearly a year ago. The Chair thinks it should be based on staying within budget or something that the staff has more control over. This information could be misinterpreted as what YHI expects the Assessment Fee to be and the concern is how this looks during the Legislative Session. He thinks this is going to be the number that the press runs with. Ms. Geyer-Sylvia suggested that that last goal be 2% (in lieu of 2.2%). Mr. Cummins thinks that this is a reasonable range to aim for. Mr. Veloz feels that 1.5%, 1.75% and 2.0% would be a better range as the control is more in the budgeting and not based on the assessment fee range that is set. The sustainable budget should be the goal, not the Assessment Fee range.

Mr. Settles said the Board asked the Committee to set the Assessment Fee and it will be set on what is sustainable. The staff has an impact on the number of enrollees and ongoing operations and that is what determines that number. If you set it at 2.0%, it diminishes the ability of the staff to achieve those goals.

Mr. Veloz said that if premiums are increasing, and there are no subsidies for some folks, a lot of people are going to drop off and the staff has no control over this.

The Chair agreed that the incentive should somewhat be in the control of those that are being incentivized.

Ms. Geyer-Sylvia mentioned that it seemed reasonable at the time that it was discussed, however, now that the Committee is figuring out how to actually do it, it doesn't make much sense. YHI has a pretty hefty reserve to use to offset the glide path for enrollment. There will be fluctuations in enrollment, but overall it should increase steadily over time.

Mr. Cummins said these are based on self-sustaining numbers and are not based on YHI's reserves. YHI does not have a clear view on operating expenses going forward. Based on current estimates, a 1.9% to 2.2% range for self-sustainment is reasonable. He cautioned the Committee about getting too lost in the details since those are still unknowns. If YHI's enrollment was 100,000 enrollees, 2.2% would be accurate. If enrollment was 120,000 it would bring it down to 1.9% and so on.

Motion: Ms. Geyer-Sylvia moved that the Finance Committee recommend to the Board of Directors that the following ranges be approved for the Low Cost Promise Goal (1) 1.5% Assessment Fee as the 100% Achievement Benchmark, (2) 1.75% Assessment Fee as the 80% Achievement Benchmark, and (3) 2.0% Assessment Fee as the 60% Achievement Benchmark.

Second: Dr. Livingston.

Mr. Settles opposed.

The motion carried.

Ms. Geyer-Sylvia will take this back to the Personnel Committee to review the formula and look at possible alternative measurements.

## **12. NEXT MEETING**

The next meeting of the Finance Committee will be held during the first week of February.

## **13. ADJOURN**

There being no further business before the Committee, the Chair adjourned the meeting at 9:45 am.

Signed and respectfully submitted,

  
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Jeff Agenbroad, Committee Chair