



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

**FINANCE COMMITTEE  
MINUTES**

**WEDNESDAY, FEBRUARY 21, 2018**

**1. COMMITTEE MEMBERS PRESENT**

- Mr. Kevin Settles, Chair
- Mr. Fernando Veloz (via teleconference)
- Dr. John Livingston
- Dr. John Rusche (via teleconference)
- Senator Jim Rice

**2. OTHERS PRESENT**

- Mr. Layne Bell, Your Health Idaho
- Mr. Pat Kelly, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Wanda Smith, Your Health Idaho
- Ms. Mandi Shawcroft, Your Health Idaho
- Mr. Robert Schmidt, Milliman

**3. CALL TO ORDER**

Following proper notice in accordance with Idaho Code §74-204, the Finance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Kevin Settles, Chair of the Committee (the Chair), at 10:02 a.m., Wednesday, February 21, 2018, 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 roll and determined that Mr. Veloz (via teleconference), Dr. Livingston, Dr. Rusche (via teleconference), and Senator Rice were present, resulting in a quorum. Director Barron was absent.

**5. REVIEW AGENDA**

The Chair reviewed the Agenda and there were no changes made.

## **6. REVIEW ROADMAP**

The Chair reviewed the Roadmap and noted that since the Assessment Fee is not changing for PY'19, there will be no discussion of the topic today.

## **7. FY'19 BUDGET REVIEW**

Mr. Bell shared the budget timeline and said on February 12, this Committee reviewed the detailed view of the expense assumptions and as we go through the revenue assumptions and sustainability projections today, it is important to note there were no changes made to the expense assumptions from the meeting on the 12<sup>th</sup>. Finally, today's meeting will focus on preparing for the Board meeting in March.

Mr. Bell reviewed the highlights from the meeting on the 12<sup>th</sup> and said salaries and employee related costs increased by \$269k, outreach & education increased slightly by \$14k, professional fees decreased by \$12k, repairs and maintenance increased by \$45k, and DHW Eligibility Services increased by \$32k as we are budgeting near their receipt authority.

### **a) Revenue Forecast**

Mr. Bell said YHI utilizes Milliman to validate YHI's assumptions around revenues. The representative from Milliman will explain their methodologies and projections as they have in the past. Revenue projections for Fiscal Year (FY) '19 (July to June) were validated against Milliman projections. YHI management decided to remain conservative in average monthly premium projections while Milliman stayed more conservative in effectuations.

Senator Rice noted that the 2019 and 2020 average premium projections are exceptionally conservative, particularly on plan cost. Mr. Bell acknowledged that and said these items include things that no one knows yet. Mr. Kelly said we looked at a number of items that are unknown including the Executive order, the association health plans, the short-term plans, etc. As we get towards June, and the more clarity we get, we will revise the budget, if needed. He added that there is not enough clarity on these items to consider them in the proposal today.

Mr. Bell introduced Robert Schmidt from the Milliman Boise office.

### **i. Agenda**

Mr. Schmidt, Milliman, developed the model. He said he would provide the Committee today with a background, model inputs, model outputs and model updates and limitations.

### **ii. Background**

Mr. Schmidt said the intent is for this model to be used throughout the year to test sensitivity of changes in headcounts, population changes, premium changes, etc., to see how they will affect assessment fee revenue. Multiple factors built into the model including the size of the individual market relative to the other insurance markets (Medicare, Medicaid, and employer coverage), the number of individuals eligible for

premium assistance, the likelihood of individuals purchasing coverage on the exchange, and premium trends and benefit levels in Your Health Idaho. When this model is updated, it takes into account 3 years of information from YHI and then combine it with publicly available data, such as loss ratios from insurance companies and enrollment information from the other market segments.

The model includes the estimated impact of the removal of the individual mandate penalty beginning in 2019. However, the model does not include the impact of the Idaho Governor's executive order allowing non-ACA compliant plans. The model also does not include the impact of the proposed Idaho Health Care Plan or the association plans.

Dr. Livingston asked if we have looked at selling these other plans on the exchange. Mr. Kelly said YHI is always evaluating options, but we need clarity on if we can, then determine if we should, and will then look at how. Dr. Livingston asked if YHI's enabling legislation restricts YHI from selling these unsubsidized plans. Mr. Kelly said the question of what can be certified to be sold on the exchange is independent of the tax credit determination. For example, we don't sell the transitional plans and, while they are allowed to be sold, they are not allowed to be sold on the exchange.

### **iii. Model Inputs**

Mr. Schmidt continued with the Model Inputs and started with premium trends, which have been volatile the last few years. We also look at the trends in maximum premium, growth in the individual market, the uninsured rate, the overall population growth of people 19-64 years of age, and the percentage of individuals purchasing coverage through Your Health Idaho. The way the model is set up, Mr. Bell can then enter new months of enrollment and premium, as they become available, and as they enter new months, the projection changes accordingly.

### **iv. Model Outputs**

Mr. Schmidt continued with the model outputs and said he extended the projections out through 2023. These projections show enrollment by month, premium volume by month, and tax credits as a percentage of premium. The model also outputs enrollment detail broken down by household income, age group, and metallic tier and then shows the projection for the individual market, employer market, and remaining uninsured. Finally, all of this allows YHI to project its assessment fee revenues.

### **v. Model Updates and Limitations**

Mr. Schmidt said for updates, the model will be updated annually with data from the open enrollment period, insurer market data, and other publicly available data. For eligibility for Medicare and Medicaid, no changes are assumed. For changes in population morbidity, other than age, no changes in the health status of the population are assumed. We don't anticipate changes in the income distribution and age mix. We do include just the medical and Rx benefits only. And finally, the model does not include any impact due to future legislative changes to the ACA or Idaho state

law. Depending on what they are, any changes may have a significant effect on enrollment and premium estimates.

Chair Settles asked at what point do we go back to Milliman and ask to change numbers based on changes, or how much flexibility do we have. Mr. Schmidt said the enrollment and premiums drive a lot of it so we have freedom to update those. Most of the changes and inputs can be done by YHI staff without having to come back to Milliman.

Mr. Kelly said the original idea was to get a third-party view of our revenue and also some intelligence from outside of the scope of the exchange to include population and age mixes. The model is robust in changing some individual variables, but more minute and sensitive changes would be done outside of the model and then push it back through a different variable in the model.

Dr. Livingston said our engagement with you includes more than the model and includes access to other information. There is a lot of information about our market that we don't know. Is there a way to get information about the people we aren't selling insurance to? Mr. Kelly said this is primarily census driven and as our market continues to have these vectors added, knowing what our untapped market is, is our next opportunity to offset some of those vectors coming at us.

Mr. Schmidt said we actually do have a pretty good idea of how many uninsured there are, we know the total population of the state, we know how many are in employer coverage, how many are individually insured, how many are on Medicare/Medicaid, and from that, you can deduce roughly how many are uninsured. As far as how many are eligible and how many applied, eligibility is tough, but those that applied are easy. It is a challenge and the data is more fragmented than we would like.

Senator Rice said when you lower the unemployment rate, more people will qualify for a subsidy and we should see enrollment increase as unemployment goes down in the state. The Chair said the public sentiment and the desire to have insurance is hard to gauge.

## **b) Operational Activities**

Mr. Bell moved to the FY18 Forecast vs FY19 Budget comparison and said the only thing that has changed on this is the budgeted revenue based on assessment fees. And because we will be asking for a motion to approve this, it is important to review. He asked if any Committee members have any questions. There were no questions.

Senator Rice left at 10:45 a.m. The Committee maintained a quorum.

## **c) CAPEX**

Mr. Bell said asking the Board to approve a \$1.2M Capital budget. He said these are two things happening here: timing with our needs and our contract with GetInsured. The amount in September 2018 are items that need to be developed and tested prior to OE19 to improve the customer experience and also the agent support beneath them. Mr. Kelly said we have in this past year remained within our \$1M budget. There is a small amount remaining, combine that with what we are asking for and then setting the second half of 2019 back to an annual

contract of \$1M. The short version is the additional monies in the early part of the fiscal year is to address linking. This is the last piece to get the technology aligned. Change requests have been negotiated down and we will need to increase the spending authority with GetInsured at Marketplace next week.

Chair Settles asked how much difference will the changes to the linking issues make? Mr. Kelly said the linking issue is the primary driver of a customer inquiry. There are multiple events that trigger a linking problem that then result in contact with YHI (phone call, email, etc.) and intervention by a Customer Advocate to manually fix it at YHI. Chair Settles asked if GetInsured is able to successfully address that issue and fix it in the system. Mr. Kelly said yes, and then explained how the structure of how linking works today. The fields are variable and like a name or an address which can change frequently. When the information for one of the variable fields changes it creates a linking issue. Dr. Livingston asked if this was an extra \$200k that YHI is asking for. Mr. Kelly said yes. The Chair asked if it was related to the new contract with GetInsured. Mr. Kelly said the CR's for the linking issue are unrelated. The proposed contract with GetInsured is driving why the March 2019 number is \$500k and not \$300k.

Dr. Livingston asked if when YHI gives this money to GetInsured, is YHI in a position of paying for services from an independent contract or are we investing in a technology for which we have partial ownership. Mr. Kelly said we are investing in the technology, and this does not change the ownership profile of the intellectual property that's associated with the change request. The asset, as discussed previously, when the existing contract is termed, the existing HIX assets will be fully depreciated. Any CR's following that, will create a new HIX asset that will depreciate over the life of the new term. It does not translate into ownership of that asset.

#### **d) Sustainability**

Mr. Bell shared the scenarios or potential impacts to revenues, the first one, the ACA mandate being repealed, was vetted with Milliman and included in their model. When looking at the revenue impact, we included the enrollment decrease as a conservative estimate, but we did not include the estimated potential increase to premiums. This estimate is an overall wash to the budget, but we did not include that.

Mr. Bell said for the state-based plans going into effect, we estimate an 8,000 decrease in effectuations. Part of the challenge with this is we don't have a good estimate of what will happen to premiums. We assume something will happen, but there is no reasonable way to capture that. What we are looking at here is a potential \$1.1-1.2M decrease in revenue.

The dual waivers being approved resulted in an estimated \$360K decrease in revenue.

Chair Settle asked Mr. Kelly where the dual waivers are and Mr. Kelly said there have been lots of discussion but the last he heard was it was scheduled for a vote on the floor on the 27<sup>th</sup>.

Mr. Veloz asked if these numbers will be imposed on the budget. Mr. Bell said they are not included in the budget because of the variability, but these are considerations for being as forward-looking as we can be.

Mr. Veloz asked about the timing of the impact of these. Mr. Kelly said the mandate is effective in PY'2019, state-based plans will be selling in March with an April 1 effective date. Dual waivers being considered, the 1115 is proposed to be effective July 1, 2018, the 1332 would be January 1, 2019, and the premium impact would be January 1, 2019.

Mr. Bell said in looking at the sustainability graph, the numbers are "actuals" through December 31, 2017 and this reflects YHI's total cash balance as of that date. The black line was the original projection that we viewed on the 12<sup>th</sup> and in looking at the model, the blue line, or lower line, has two items impacting it: the mandate going away and the change to the capital budget we are requesting, with the extra \$200k showing up here. The key takeaway is that YHI will be well above the red line for cash reserves.

Dr. Rusche added that if it weren't for the uncertainty in the market, I would suggest changing the assessment fee back down to its previous percentage point of 1.99%. But with the uncertainty, it doesn't make sense to do so.

## 8. EXECUTIVE SESSION

**Motion:** The Chair moved that the Committee enter into Executive Session pursuant to Idaho Code Section 74-206 (1), to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with other governing bodies in other states or nations pursuant to Idaho Code 74-206 (1)(e).

**Executive Session Roll Call Vote:** The Chair called roll and determined that Mr. Veloz (via teleconference), Dr. Livingston, and Dr. Rusche (via teleconference) were present, resulting in a quorum.

The Committee entered into Executive Session at 11:04 a.m. and reconvened at 11:13 a.m. No final actions nor decisions were made while in Executive Session.

## 9. FY18 BUDGET REVIEW

**Motion:** Chair Settles moved that the Finance Committee recommend to the Board to approve the Fiscal Year 2019 Operating Expense Budget at a not-to-exceed amount of \$9,959,921 as presented today. **Second:** Dr. Rusche. **The motion carried.**

**Motion:** Dr. Rusche moved that the Finance Committee recommend to the Board to approve the Fiscal Year 2019 CAPEX Budget at a not-to-exceed amount of \$1,200,000 as presented today. **Second:** Dr. Livingston. **The motion carried.**


## 10. NEXT MEETING

The next meeting will be held in late May or Early June.

**11. ADJOURN**

There being no further business before the Committee, the Chair adjourned the meeting at 11:15 p.m.

Signed and respectfully submitted,

  
\_\_\_\_\_  
Kevin Settles, Committee Chair