

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

**FINANCE COMMITTEE
MINUTES
MARCH 2, 2015**

1. COMMITTEE MEMBERS PRESENT

- Mr. Jeff Agenbroad, Chair
- Mr. Kevin Settles
- Mr. Fernando Veloz
- Ms. Geyer-Sylvia
- Representative Kelly Packer (via teleconference)

2. OTHERS PRESENT

- Mr. Trent Cummins, Your Health Idaho
- Mr. Pat Kelly, Your Health Idaho
- Ms. Delfina Krakau, Gallatin Public Affairs
- Ms. Wanda Smith, 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 8:06 am, Monday, March 2, 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, Ms. Geyer-Sylvia, Mr. Veloz, and Rep. Packer (via teleconference) were present resulting in a quorum.

Senator Rice and Dr. Livingston were absent.

5. APPROVE PRIOR MINUTES

Motion: Ms. Geyer-Sylvia moved to approve the meeting minutes from the February 4, 2015 Finance Committee meeting.

Second: Mr. Veloz.

The motion carried.

Ms. Geyer-Sylvia would like to have follow up regarding the survey of those consumers who did not re-enroll this year.

6. REVIEW OF AGENDA

The Roadmap Review item was removed from the Agenda.

7. FY16 BUDGET REVIEW

Mr. Cummins reviewed the updates. Grant 1 was closed out with CMS. Mr. Cummins introduced Ms. Wanda Smith as she has been hired as accountant for YHI. Mr. Cummins mentioned that the team will be issuing an investment advisor RFP with the help of Hawley Troxell. The responses will be gathered and presented to the Finance Committee at the 2nd Budget Review Committee meeting. Ms. Geyer-Sylvia likes the format of the expenses by vendor presented on today's slide and mentioned that Accenture and Gallatin have very high dollar signs. Mr. Settles commented that while those figures will be declining, the DHW costs are very high. He was not aware that YHI would be spending this much for operating costs. Mr. Kelly stated that the ongoing eligibility shared services and call center will be much less than the figure which includes the development work. He also mentioned that working with DHW is a CMS requirement.

(a) FY16 Budget Review – Expense Focus

Mr. Cummins mentioned that today's meeting will focus on operating and project expenses. The March 23-27 updates will be based on today's review plus an initial look at enrollments. The April 2-6 updates will be based on prior meetings and recommendations of the assessment fees for 2016. The budget will be approved by the Board in April or May. Enrollment projections are being discussed with stakeholder groups over the next few weeks.

The budgets have been developed from a bottoms up approach with each functional owner developing their own expenses.

- Outreach and Education – Jody Olson
- Operations – James Wong
- IT/Privacy and Security – Ethan Owen
- General Operations – Trent Cummins
- Project Expenses – YHI team effort

The Headcount will be developed based on current work streams, technology roadmap and current/future operational processes, which will be based on input from Ethan, James, and Pat and ties to Technology Roadmap. The Development (DDI) expenses will be tied to the Technology Roadmap and the CMS requirements. The key budget assumptions as line items in the OPEX budget include employee travel, professional services including legal, HR, audits, computer programming and temp staffing. Also included as key line items are business insurance, Consumer Connectors, GetInsured and other expenses such as Board travel, sales tax, office supplies, rent and utilities.

Ms. Geyer-Sylvia is concerned with the high HR expense. Mr. Cummins mentioned that YHI will be hiring new employees throughout the calendar year 2015 during which those HR services

will be needed. Mr. Settles reminded the group that YHI is a small business, and needs to run like one. He is concerned with the high legal services, and Mr. Kelly shared that the monthly invoices have been on the decline, and many of the services that YHI requires from legal are out of YHI's control. Chair Agenbroad stated that it is wise to budget for the unknown than not have the funds when needed. Mr. Veloz was curious as to what the monthly IT programming budget entails. Mr. Cummins mentioned that it includes IT Support and ensuring proper bandwidth but that Mr. Owen would better be able to answer that in detail. Mr. Veloz mentioned that this could be an YHI employee for less than the budgeted \$8,000 per month. Ms. Geyer-Sylvia commented that one of the three proposed IT Security Analysts could possibly absorb these duties. Mr. Veloz inquired about the temporary staffing and how long a period that covers and Mr. Kelly stated that the temporary staffing is for a 5 month period. Mr. Veloz asked how integral the temp staffing is, and Mr. Cummins mentioned that these employees would handle escalations that arise out of the consumer working with DHW. This has been decided by the YHI operations team that it is an important piece to improving customer service for agents and consumers. Ms. Packer is concerned with rising expenses, and cautions against raising the user fees as legislative support is wavering, and if expenses keep rising, this may be detrimental. Chair Agenbroad supports this healthy dialogue and that it is important to find a balanced budget to run YHI successfully at the lowest cost. The Consumer Connector amount has been cut in half from the first open enrollment period. It will remain similar to the open enrollment period as OE2. This may continue to decline in the future. Mr. Cummins mentioned that YHI must continue to hire navigators (a form of Consumer Connectors) in order to receive grant funding. Mr. Kelly noted that payment to Consumer Connectors is performance-based on the number of consumers assisted.

(b) Employee and Related Costs

Mr. Cummins reviewed the proposed plan, pending Personnel Committee review, and shared that the employee costs stay the same for current employees' salaries, and any new hires will be hired at the market mid-point, replacing the current variable pay plan with a more targeted and timely plan to increase employee retention and engagement. The fringe rate is at 8% with a merit pool at 3%, pro-rated based on tenure. The variable pay plan will be replaced with a new incentive plan for FY16. The new incentive plan will include a spot bonus and recognition plan, which will save YHI \$85,000. Due to a recurring theme with current employees, and some employee departures, the employer contribution of dependent insurance is significantly below market. The proposal is to increase the employer benefit contribution from 30% to 80% for medical, dental and vision premiums. This will increase YHI's cost in the amount of \$48,000. The net cost savings with these two changes would be \$37,000.

Mr. Settles inquired on how the spot bonus plan would be monitored. Mr. Kelly mentioned that this has not been fully planned out, however, recognition versus year-end bonus tends to improve employee performance and morale. If this is the direction in which the team decides to go, the plan will be fully created and detailed. Ms. Geyer-Sylvia suggested a combination of a spot and year-end bonus structure.

Mr. Cummins reviewed the proposed org chart. Ms. Geyer-Sylvia mentioned that the new positions should be tiered to show which positions are absolutely necessary and which would be nice to have. Mr. Cummins mentioned that more detail around the org chart and the bonus structure will be vetted through the Personnel Committee.

(c) FY16 Operating Income Statement

Mr. Cummins stated that the increase in employee and related costs directly correlate to the shift from a vendor supported model to hiring in-house resources. The total O&E budgeted expenses for FY 2016 totals \$2.1M. FY 2015 has an anticipated expense total of \$4.1M, which is a reduction of \$2M in budgeted expenses. Cost savings are also driven by a reduction in reliance on outsourcing to vendors by hiring full time employees and by implementing a marketing approach to retention versus an acquisition model. Mr. Cummins shared that the mailing costs falls within the O&E budget. Ms. Geyer-Sylvia suggested separating mailing expenses into a separate line item. Mr. Cummins suggested that a member of DHW attend a Finance Committee meeting to review the cost allocation methodology as well as provide a future look into costs. There is concern surrounding the high DDI costs. Mr. Cummins will provide expense charts in an 18-month view to capture calendar and fiscal year expenses in one chart.

(d) FY16 Project Expenses

Ms. Geyer-Sylvia suggested taking a look at the projected grant spending to see what the return on investments would be. Mr. Kelly said that the team would take a look at that. CMS has required that the DDI consist of SHOP (\$3.3M) and Stand Alone Dental (\$1.8M), yet CMS has given YHI another year of manual SHOP application and enrollment. Ms. Geyer-Sylva suggests against individuals paying for SHOP, and that fees be kept separate. Mr. Cummins shared that the contingency funds for IT are captured in the other DDI category. Mr. Veloz asked what the sales and use tax is, and Mr. Cummins mentioned that YHI reports on a quarterly basis any purchases that did not have sales tax charges, such as equipment that was purchased online that didn't charge this tax.

8. NEXT MEETING

The next meeting of the Finance Committee will be determined through a Doodle poll for a time during March 23-27. It was noted that this week is Spring Break for the Boise School District.

9. ADJOURN

There being no further business before the Committee, the Chair adjourned the meeting at 9:57 am.

Signed and respectfully submitted,



Jeff Agenbroad, Committee Chair