

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

**YOUR HEALTH IDAHO BOARD
MINUTES
FRIDAY, MARCH 25, 2016**

1. BOARD MEMBERS PRESENT

- Mr. Stephen Weeg, Chair
- Mr. Scott Kreiling, Vice Chair
- Mr. Jeff Agenbroad, Treasurer
- Mr. Hyatt Erstad, Secretary
- Mr. Tom Shores
- Ms. Karen Vauk
- Mr. Kevin Settles
- Dr. John Livingston
- Ms. Margaret Henbest
- Ms. Candace Sweigart
- Mr. Jerry Edgington
- Ms. Janice Fulkerson
- Senator Jim Rice
- Representative John Rusche
- Director Dean Cameron
- Director Dick Armstrong

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Ms. Jody Olson, Your Health Idaho
- Mr. Ethan Owen, Your Health Idaho
- Ms. Dana Packer, Your Health Idaho
- Mr. Layne Bell, Your Health Idaho
- Ms. Wanda Smith, Your Health Idaho
- Ms. Karla Haun, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Susan Scovel, Your Health Idaho
- Ms. Alexi Faucher, Your Health Idaho
- Ms. Stephanie Mathiesen, Your Health Idaho
- Ms. Frances Nagashima, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Mr. Matt Fuhrman, Your Health Idaho
- Mr. Ryan Beckstead, Your Health Idaho
- Ms. Tracy Ryan, Your Health Idaho
- Mr. Sean Robinson, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Trent Cummins, former YHI Controller
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Tresa Ball, HR Precision

- Mr. Greg Kunz, Idaho Department of Health & Welfare
- Ms. Moriah Nelson, Idaho Primary Care Association
- Mr. Jim Murray, SelectHealth
- Ms. Marnie Packard, SelectHealth
- Mr. Norm Varin, PacificSource Health Plans
- Mr. Shad Priest, Regence BlueShield
- Ms. Charlene Maher, Blue Cross of Idaho

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 8:03 a.m., Friday, March 25, 2016, 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 Televisions web site.

4. ROLL CALL

Mr. Erstad called roll and determined that The Chair, Mr. Kreiling, Mr. Agenbroad, Mr. Shores, Ms. Vauk, Mr. Settles, Mr. Veloz, Dr. Livingston, Ms. Henbest, Ms. Sweigart, Mr. Edgington, Ms. Fulkerson, Senator Rice, Representative Rusche, and Director Cameron were present, resulting in a quorum.

Director Armstrong arrived at 8:05 a.m. Ms. Geyer-Sylvia and Representative Packer were absent.

5. PUBLIC COMMENT PERIOD

There were no public comments.

The Chair introduced Ms. Charlene Maher, the new President and CEO of Blue Cross of Idaho. Ms. Maher will be appointed by the Governor soon and then will need to be confirmed as a Your Health Idaho Board Member, representing carriers, when the legislature convenes next year. Ms. Maher provided a brief background.

6. APPROVAL OF PRIOR MEETING MINUTES

Motion: Mr. Erstad moved to approve the meeting minutes from the December 17, 2015 Board meeting as presented.

Second: Mr. Shores.

The motion carried.

7. REVIEW OF AGENDA

There were no changes made to the Agenda.

8. EXECUTIVE DIRECTOR UPDATE

Mr. Kelly said today YHI's Executive Team will be providing a quarterly update on our progress. We will begin with a summary of our Open Enrollment; 1095 progress; the latest from CMS and options for SHOP; an update on our Operational Goals, and a look at what lies ahead for 2016.

(a) 2016 Open Enrollment Overview

Mr. Kelly began with a review of YHI's third open enrollment. He said by the end of February, nearly 101,000 Idahoans had selected a plan. This represents an increase of about 7.5% year over year. In looking at effectuated enrollments to date, with just over 90,000, we expect that year over year difference to widen as numbers continue to settle in. On a national scale, our per capita enrollment is second highest in the country, just behind Florida, and the highest of any state-based marketplace.

(b) 2016 Policy Landscape

Mr. Kelly said there are many things being discussed in the Idaho Legislature and we continue to monitor the discussions and outcomes and prepare for any potential impact to our consumers. At this point, we are not aware of any material impacts to YHI or our customers based on legislative activity to date, and we will continue to watch as the day progresses and update the Board as needed.

(c) 1095 Update

Mr. Kelly said even before Open Enrollment ended, we began our first ever processing of 1095-A tax statements. We have distributed the original 1095-A forms to almost 70-thousand households and we experienced an error rate of 7%. Both delays and needed corrections are typically caused by coverage date issues and life event changes.

We have worked aggressively to manually identify and resolve the remaining forms. We have expanded our hours and reassigned and added team members. This will continue to be our highest priority until all processing is completed.

(d) CMS Update

Mr. Kelly said there are a number of updates to note from the February CMS Final Notice of benefit and payment parameters. We have final Open Enrollment dates for plan years 2017 and 2018 – they remain the same as this year which is November 1- January 31. However, beginning with plan year 2019, Open Enrollment will be contained to the calendar year and run from November 1 to December 15. These dates align with YHI's response to the proposed rules which was sent in December of 2015.

CMS has listed divorce as a qualifying life event for a special enrollment period beginning in 2017 and will be stepping up verifications for SEPs this year. YHI had prepared for this possibility on our technology roadmap.

Mr. Kelly said other updates include recalibrating the risk adjustment model; SHOP and network adequacy. The FFM assessment fee remains at 3.5% compared to 1.99% in Idaho. And as a reminder, the difference in those fees has saved Idahoans \$10M dollars since the inception of Your Health Idaho.

We will review the document in detail and bring any policy adjustments to our steering team, Board Committees and the Board as needed. As you are aware, Director Cameron and the DOI have sent a letter to Secretary Burwell regarding the open enrollment dates for 2017. We hope to hear a response from CMS within a few weeks, and if approved, YHI will initiate contingency plans to address impacts to the following work streams: carrier reconciliations, redetermination and renewal process, technology development roadmap, operational process improvements, the timeline for anonymous shopping, and the availability of our system for hands-on training for our agents and brokers.

(e) SHOP Strategy

Mr. Kelly said Idaho's SHOP marketplace has a relatively small enrollment, with less than a thousand lives covered. Moving forward, there are three clear paths:

First, develop YHI technology to comply with ACA regulations and this option comes at a very high cost and is not recommended.

Second, lease the technology from the FFM at a cost of several hundred thousand dollars. We see this as a resource distraction and not a viable solution.

Our third option and the one we recommend is to continue our current approach with direct enrollment for plan years '17 and '18, pending a waiver from CMS.

(f) Operational Goals

Mr. Kelly said we've previously reported our IT Goal was met at 93%. We have finalized the retention and enrollment figures and can report we met 79% of our goal. Our financial report shows expenses will be somewhere between 90-100 percent of that goal. You will hear more about our financial reporting later this morning.

Now, I would like to take a moment and introduce you to our new Controller, Layne Bell. Layne joined us in March and was able to work with our outgoing Controller, Mr. Cummins, for a seamless transition. Also let me introduce two of our newest Consumer Support Representatives, Sean and Tracy, who clearly have the hardest job in the building if not the state.

(g) 2016: The Year Ahead

Mr. Kelly said as we look further into 2016, we are wrapping up the first quarter and are here today to present our 2017 Fiscal Year budget for your approval, as well as the 2017 Plan Year assessment fee.

The second quarter will begin with a system enhancement in April, and end with another update in June. We will work closely with Carriers during the quarter for qualified health plans and carrier agreements.

In the third quarter, YHI ramps up to prepare for Open Enrollment. We will seek board certification of plans and rates, prepare our advertising, outreach, and marketing efforts, and training begins for our Consumer Connectors. We will end the quarter with another system upgrade.

The fourth quarter will see continued training and outreach activities, and we will follow the same cycle for anonymous shopping and the Open Enrollment period. Our unused grant funds expire in December of this year.

The Chair thanked the Consumer Support team for their hard work and extra hours to do the best they can with a very complex system.

Mr. Shores asked about the agent and broker training and if the dates had been set yet. Mr. Kelly said the training calendar has not yet been finalized and he and Ms. Olson have discussed holding a monthly session with agents and brokers to receive feedback on the content of the training, and that will drive the training calendar.

Regarding SHOP, the Chair asked for confirmation from the Board on the selection of option three. Mr. Settles asked Mr. Kelly how confident he is that CMS will approve option three. Mr. Kelly said they understand YHI's position both financially and operationally, and this is aligned with what has been discussed with them.

Motion: Mr. Erstad moved to concur with the recommendation to continue with direct enrollment for SHOP.

Second: Mr. Shores.

The motion carried.

Mr. Erstad said the carriers are offering numerous options for SHOP. He is hopeful that it eliminates the need for expanding SHOP down the road.

Ms. Fulkerson said this was discussed at the Marketplace meeting and the Committee concurred with this path forward.

9. OUTREACH AND EDUCATION UPDATE

(a) 2016 Open Enrollment Review

Ms. Olson presented an overview of the 2016 Open Enrollment and YHI's Outreach and Education activities. We did certify more than 1,000 agents and brokers statewide, and we conducted over 25 in-person training events for them. This was an extremely successful endeavor and we are looking at formalizing a way for agents to review and provide feedback on the training we provided so that we can enhance future training.

YHI also expanded its advertising efforts this year to include digital and also theatrical spots which were very successful since they ran in conjunction with the release of Star Wars.

We also met with editorial boards and reporters in all regions of Idaho for increasingly fair and favorable coverage. And YHI held its first ever Super Sign up Saturday, which resulted in light attendance and we are analyzing its role for 2017.

The use of automated outbound calls and emails was utilized towards the end of open enrollment, to remind consumers that they had taken action to enroll, but needed to come back to the website to select a plan. The response rate was over 25% and we will utilize this approach again. Our outreach and education resulted in over 100,000 individuals signing up for a plan on the exchange.

Ms. Olson said 2016 saw increases in the number of pages viewed, and the number of visits to the site. Of note, the time on site was lower this year, which may point to an easier user interface.

Ms. Olson added that there were a significant number of agents and brokers that renewed their certification, but this year we also saw some new certifications. Each year, all agents, brokers and assistants are required to renew their certification due to updates in the system and policy changes.

(b) SOW #13

Ms. Olson said SOW #13 is significantly reduced from our previous SOW at \$63,000 and is in line with our projections and activities. We have worked with vendors since day one and they have provided us with valuable tools and skills which we are now transitioning to in-house staff. This transition is responsible for the reduction in dollars.

Motion: Mr. Edgington moved that the Board approve SOW #13 in an amount not to exceed \$63,000. This scope of work falls within the global Outreach & Education budget approved by the Board.

Second: Dr. Livingston.

The motion carried.

Ms. Vauk echoed Ms. Olson's comments and thanked the vendors and staff on the success of this planned transition. To see this finally happening and on schedule is outstanding.

(c) Creative Services and Noticing Print RFP's

Ms. Olson said part of the transition from the vendor model to the in-house model is the requisitioning of services from contracts. YHI would like to release two Requests for Proposal.

Gallatin Public Affairs managed several subcontractors under their original Master Service Agreement. Two of those contracts were creative services and noticing. As part of our path to sustainability, direct oversight of those two work streams needs to move to the Director of Communications.

The first is the RFP for Creative Services, which is estimated not to exceed \$499,000 for one-year term.

The second is the RFP for Noticing, which is estimated not to exceed \$285,000 for one-year term.

The Proposal Evaluation Team (PET) will consist of the Executive Director, the Communication Director, the O&E Committee Chair and an O&E Committee member. The timeline includes releasing the RFP today, with questions from respondents to be received by April 1 and responses from YHI to those questions due on April 6 via website and email. The proposal due date will be April 20, followed by the PET review the week of April 25-29, selection of vendor on May 2 and work commencing on July 1, 2016.

The Chair asked for a motion. Mr. Edgington made the motion and it was seconded by Dr. Livingston. Senator Rice suggested moving this motion to later in the Agenda following the approval of the FY17 budget. Dr. Livingston amended the motion by adding “upon approval of the budget.” He then withdrew his amended motion.

The Chair stated that a good faith reason to amend the agenda to move the O&E motions to after the Finance section where the budget will be approved is due to the issue just raised by Senator Rice. Mr. Edgington withdrew his motion until the Board votes on the 2017 budget.

Motion: The Chair moved to amend the agenda to consider the decisions regarding the creative services and noticing RFP’s to be considered after the Finance section.

Second: Senator Rice.

The motion carried.

10. MARKETPLACE UPDATE

(a) Operations Dashboard

Ms. Packer updated the Board on the Operational Dashboard which summarizes open enrollment for 2016. She said the website activities demonstrate how open enrollment went.

Moving over to the upper right hand corner, YHI reached a milestone of 100,854 individuals that selected a plan. The most recent effectuated number from the carriers is 90,632.

YHI has made great process since its last open enrollment. There have been numerous process improvements and technology enhancements, as well as lessons learned. There are measurably lower calls and ticket volumes as well. This year we produced 1095s for the first time and have already identified many lessons learned and enhancements for the upcoming open enrollment and subsequent 1095 forms distribution.

Inventory is still greater than desired. Emails and tickets total an inventory of 4,043. We do not have a structure in place to break down the inventory by category, but we are working with our partners at the Department of Health and Welfare and GetInsured, to reduce that inventory. As of yesterday, we implemented a new system to refocus the resources for getting the inventory down and improve the turnaround time. This change will keep the call center open until 5pm and keeps YHI resources focused on resolving the issues so we can improve the turnaround time.

GetInsured has also added technical staff to help resolve the technical tickets that result from the

research the support staff does in resolving the tickets. As these changes are very new, we do not have a burn down or turnaround rate at this time.

Mr. Shores said a week ago he checked with Mr. Chase and found that tickets from early January were just now being opened, reviewed, and worked on. He asked if the team was still that far behind. Ms. Packer said she does not have that answer currently, but will work on getting that information to him by the end of the meeting.

Director Cameron asked about the consumer support team and how those resources were refocused. Ms. Packer said that in a traditional call center, when you receive a call, the call center has an escalation team. Our YHI consumer support team served as the escalation path for callers. With our lean consumer support team, when call after call was an escalation, there was no possibility of getting through the ticket and email inventory. As a reminder, there are three methods for an inquiry to come into YHI: a phone call, an email or a ticket. It was decided to stop the escalation method, provide the first level call center staff with more information and training to allow them to handle many issues right up front. This will allow the YHI call center staff to move through the call, email and ticket backlog much more quickly. Director Cameron said one of the adjustments mentioned was keeping the call center open until 5:00 p.m. He asked why it wasn't open until 5:00 p.m. before. Ms. Packer said we were keeping the call center open until 5:00 p.m., but when you look at how the calls flow through, a consumer could either leave a call back number or hold for the next available representative. The number of call backs at the end of the day were nearing 100, and once closed at 5:00 p.m., the team then had to work through those, with an average of 8-9 minutes per call. We worked with the Department of Health and Welfare to develop an algorithm that allowed YHI to clean up the queue by 5:30 or 6:00 p.m. and tried it for 2-3 weeks, but it was not the progress we were looking for. We are now attempting this process to reduce the number of tickets. Director Cameron believes the consumer experience is critical to the sustainability and success of Your Health Idaho. The Department has received numerous complaints and they have categorized them and found that the number one complaint was lack of communication with YHI. He asked what YHI can do to improve that part of the experience so that consumers are getting a prompt response and have a good experience. Ms. Packer said if the call back is registered, the call back is made in the same day. However, there is sometimes a delay in working the call backs if hold times are exceptionally long. Ms. Packer would like to work with the team at DOI and look at the root cause of those complaints. Director Cameron said they are hearing that consumers have not been getting call backs within 24 hours.

Mr. Erstad suggested having the call center open until 6-7 p.m. because there are many individuals that do not have the ability to call or receive calls during work hours. This is a pretty big issue and could help mitigate some of these issues. Ms. Packer said she would evaluate this and see what can be done.

Mr. Shores said the problem for agents is updated policy and that change is not being communicated to the agents. The phone center shuts down at 3pm because the queue is full and then the agent can't get through so they are creating an additional ticket which actually makes the problem worse. If there was a system to let the agents know which tickets are being worked on and when, this would help alleviate some of this duplication. The other issue is the ping-pong effect where YHI says DHW should handle the issue, so the agent calls DHW and they say, no, it's a YHI issue.

Mr. Erstad suggested the YHI call center at least stay open to 6p.m. because in Idaho, there are two time zones.

Ms. Maher said the most important factor in the stability and sustainability of the exchange is persistency over time. Can we provide year-over-year enrollment over the prior year. This would help validate the success of the creative programs being launched. If you can isolate the new enrollees, and also know who has re-enrolled year-over-year that would be of value and interest. On the website components, we need to isolate those enrollments that move through completion on the website or if they need to call to finish. And on the breakdown of the carriers, if there is movement between carriers and those that are broker assisted vs. direct, those are important as well.

Ms. Fulkerson asked for clarification on the numbers and then noted that these numbers are down since the Committee met so we are seeing improvement in these numbers.

Director Cameron said the second largest consumer complaint alludes to a miscommunication between YHI and the carriers and the consumer is caught in the middle. Who is at fault is not the issue, taking ownership and fixing it for the individual is the most important thing. YHI should be the one who takes ownership and work with the carrier to fix this issue. By the time they complain to the DOI, they are very frustrated. Fixing this issue early on would eliminate much effort and time. Ms. Packer said the ping pong between YHI and the carrier is a big focus for us going forward.

The Chair reiterated that we have a new process implemented yesterday, what did we learn this year to look at for next year. He suggested that at the next Board meeting, Mr. Kelly and Ms. Packer should review lessons learned and areas of improvement that might be looked at.

Ms. Packer said along those lines, one of the greatest things we have learned for 1095s is the importance of carrier reconciliations. We are beginning to work with the carriers to identify how to improve this process so we can be proactive instead of reactive.

Ms. Packer said to date we have about a 7% correction rate on 1095s that we have issued. We have started identifying the lessons learned and will be holding a meeting in April with the Carriers to capture the lessons learned.

Ms. Packer said YHI has seen measurable improvement with the volume of appeals. We have had less than 1% of the appeals that have gone to an appeal hearing. The appeals are related to enrollment coverage dates and eligibility on the exchange.

Ms. Packer reviewed the Plan Management Timeline and this aligns very well with the DOI so we can officially certify our plans for next year Open Enrollment.

Director Cameron added that the DOI does not anticipate any changes to the plan management timeline.

(b) MARS-E V2.0 SAR RFP

Mr. Owen provided a brief update and reminded the Board that there is a new federal framework for MARS-E. YHI issued an RFP for this and received three responses for the MARS-E V2.0

Security Assessment Report (SAR) RFP. A proposal evaluation team (PET) was formed with YHI and DHW members. The PET met on February 4 to review the RFP responses. Two vendors were selected for interviews on February 9 and YHI requested a BAFO from both interviewees by February 12.

The PET met on February 16 after receipt of BAFO's and interviews. The PET ultimately selected CSG as the vendor and, since it was under the not-to-exceed amount, the RFP was signed on February 19, 2016, by the Marketplace Chair and the Executive Director. That assessment kicked off this week and CSG was at YHI this week and will be at GetInsured next week.

(c) OEP SLA's & Next Year

Mr. Owen said the contract with GetInsured stipulates a 99.75% uptime. Planned maintenance and DHW outages are not factored into the uptime SLA with GI. During the OEP time period, the HIX uptime was 99.98%. So YHI ramped down from 7 web servers to 4 during the March 1 maintenance window; planning is underway for the next OEP. Traffic overall was up 3% (2016 OEP versus 2015 OEP), peak concurrent users was on 12/15 (consistent with last OEP), and peak users for a single day moved from 12/15 to 1/26 this year.

(d) IT Update

Mr. Owen said Infrastructure was solid and system availability was excellent. System performance and responsiveness held up despite higher enrollment volume. The eligibility redeterminations and automated renewals process worked smoothly for consumers who qualified.

Mr. Owen said YHI has received positive feedback from multiple stakeholders about improved experience. Operational Efficiencies to work on include improved turnaround time to resolution of consumer issues and issue resolution should require fewer escalations to GI. Data Integrity can be improved by multiple changes to systems and processes in first year of operation after migration off of the FFM. The most critical area, as Ms. Packer mentioned, is data reconciliation with the carriers. Compliance is addressing ongoing ACA/CMS change requests, and Security and Privacy improvements. Overall Idahoans' experience will be improved by consumer change reporting during open enrollment and improved agent effectiveness. The number of change requests is much higher than anticipated and we will continue to update the Board on risks involved.

Director Cameron asked about the changes and how the ACA/CMS is making decisions on these because there are ways to be successful on pushing back on these issues and see if it is worth pushing back further. Mr. Owen said yes, they are improving the system and finding ways to mature the process and push back when appropriate.

Mr. Shores said one of the areas agents are struggling is agent support staff is not able to get into the portal to fix issues and requested an agency login to work on all lists while the agent is online. Really need multiple people in the system. Mr. Owen said that level of change would be significant and may be limited by privacy and security guidelines; he will take a look at that.

Mr. Owen reviewed the tech roadmap and stated that we have a small release going out the first week of April and then followed by two more releases in June and in September.

(e) First Data Contract

Mr. Kelly said FirstData has served as YHI's IV&V vendor since inception. Independent verification and validation is a requirement of CMS in order to access grant funding. In December, the Board approved an extension and additional funding for the FirstData contract to complete CMS requirements. This extension was through February 29, 2016.

Unfortunately, CMS was not able to complete its portion of the required and as such, FirstData was not able to complete their work. We expect CMS to complete their work in the coming months and are therefore requesting approval to extend the term of the FirstData contract until June 30, 2016.

Motion: Ms. Fulkerson moved that the Board extend the First Data contract through June 30, 2016; no change is made to the \$20,000 not to exceed amount of the contract extension approved at the December 2015 Board meeting.

Second: Mr. Kreiling.

The motion carried.

(f) GI Spending Authority

Mr. Kelly said as a reminder, the initial contract awarded to Get Insured had two components:

1. Design, Development and Implementation work, or DDI
2. Maintenance and Operations activities.

In July of 2015, the Board approved an increase to the DDI portion of the contract to fund changes to the 2015 development roadmap. That increase brought the cumulative spend to \$37M for DDI work. To date, we have spent \$36.1M. As a result of these expenditures, we have seen vast improvements to the consumer and agent/broker experiences, as well as a greatly improved renewal process which significantly added to our revenue for FY16.

So far this year, we have identified additional enhancements necessary to improve system security, add controls, and improve the consumer experience. Many of these enhancements are due to direct learnings from our first-time processing of 1095 statements.

Today, we are requesting an increase in spending authority of \$3M for DDI. There is no change request for maintenance and operations costs. Combined with what we have left from the previously approved spend, this proposal brings the spending authority to \$40M, and allows for a contingency of \$600k.

These funds are all contemplated in our FY16 approved budget. As a reminder, DDI work is funded through our remaining grant dollars.

It is important to note that YHI leadership is still working through details of the enhancements for Release 4.3. Depending on those costs, we may seek an increase to the DDI spending authority in July. Our FY17 budget considers such an increase and at this point, those costs would be covered under our existing grants.

Motion: Ms. Fulkerson moved that the Board delegate signing authority to the Executive Director to execute Change Requests with Vimo, Inc., doing business as GetInsured, in an amount not to exceed \$40,000,000 (exclusive of M&O), an increase of \$3,000,000 over the existing authority.

Second: Mr. Shores.

The motion carried.

(g) Agent Council

Mr. Kelly noted that at the December Board meeting, Mr. Shores brought forth the idea of an agent council. We have continued to discuss this option in the weeks since the December Board meeting. As mentioned at the December meeting, YHI completely supports enhancing the agent/broker's feedback and visibility into the enhancements being considered for both operational process improvement and technology enhancements. YHI leadership discussed the agent council at length and would prefer to improve the current feedback process rather than create additional governance for YHI.

As such, YHI is proposing to formalize the tracking of agent/broker suggestions for operations and technology improvements. We will continue to use the current forums to gather feedback, but it will be formally tracked. Additionally, YHI will create a specific email for agents to provide suggestions and feedback regarding potential areas for improvement, which does not exist today.

Mr. Kelly said YHI will use this tracking tool to share progress, decisions, and open items during a monthly webinar with agents/brokers. This forum will allow more transparency into the process improvements and technology enhancements and will set aside time of Q&A during these webinars to ensure that agents/brokers have time to express concerns and provide feedback. Due to agents'/brokers' busy schedules, these webinars will be repeated at different times. And will work with DOI to determine the feasibility of offering CPE credits.

While the monthly process will provide updates, YHI will also provide operational work arounds in a more expeditious manner as needed. In short, we believe this formalization provides clear accountability, transparency, and discussion to ensure that the agent/broker community, which has been the cornerstone of our success, continues to be provided the support they deserve.

Mr. Kelly said he has spoken with Mr. Shores, and he is supportive of this approach.

Mr. Shores added that this is a huge step in the right direction but is concerned with how this will work. We are moving in the right direction and he supports this.

The Board took a break at 9:50 a.m. and reconvened at 10:00 a.m.

Senator Rice and Representative Rusche left the meeting during this break to attend to legislative issues.

11. FINANCE UPDATE

The Chair asked Mr. Cummins to come forward and thanked him for his service.

(a) Audit Services RFP Selection

Mr. Kelly said in December, we issued an RFP for a financial audit. YHI's enabling legislation requires an annual audit and the current audit services contract, awarded to Harris & Co in 2013, was for FY13 – FY15.

The issued RFP was for FY16 – FY18 and YHI received responses from three local accounting firms. The Proposal Evaluation Team and the Finance committee awarded the new contract to Harris & Co.

Mr. Kelly noted that at the end of FY18, Harris and Co will have provided audit services for 6 financial years. Sarbanes Oxley requires the engagement partner to rotate off of audits every six years and while YHI is not subject to Sarbanes Oxley requirements, we believe such a rotation would be in YHI's best interest. Therefore, YHI will certainly evaluate a change in engagement partners or a new audit firm when the next contract is awarded.

(b) 2Q FY16 Financial Statement

Mr. Kelly said The Board is required to approve quarterly financials during the FY. As such, today I will be presenting the 2Q FY16 financial statements for the period from Oct-Dec of 2015.

The positive revenue variance of \$1.4M was driven by higher than expected grant income driven by additional activities qualifying as establishment activities. Assessment fees were slightly unfavorable by \$45K due to true-ups recorded in the current period but driven by enrollment activity in the prior FY.

Operational expenses, including establishment activities, were unfavorable by \$300K, driven primarily by an unfavorable variance of \$600K in Outreach and Education due to the shift to a later period in paid media spend. This was partially offset by favorability in a few areas including: employee and related costs due to the timing of new hires to fill budgeted positions, eligibility shared services and service line favorability, professional services, and facility costs.

Mr. Kelly moved on to the Project expenses, which typically included development work and establishment activities. Overall, project work was lower than originally anticipated. Overall favorability for the quarter was \$4.1M driven by lower than anticipated spend in: Security and Privacy work original budget estimated higher than incurred; FlexTech support has been transitioned to in-house resources; GI development work was paused during OE whereas the budget assumed we would have some activity in the period; and finally, YHI did not use any of the planned contingency.

Mr. Shores asked when the assessment fee changes to 1.99% and Mr. Kelly stated that it started on January 1, 2016.

Mr. Kelly moved to the YTD income statements and said net ordinary income was \$1M favorable to budget driven by \$50K in favorable revenue and just under \$1M favorability in operating and establishment activities.

With respect to revenue, grant funding is favorable YTD by \$150K and Assessment fees are \$10K unfavorable due to enrollment adjustments occurring in FY15 and being recorded in FY16.

Mr. Kelly moved on to expenses, representing both operational and establishment activities, and said the almost \$1M of favorability is driven by: \$220K in employee and related expenses due to the timing of actual hires compared to budget; \$450K in Outreach and Education driven by timing of media spend and shift to in-house resources earlier than budgeted; and \$180K in call center/eligibility Shared Services and consumer support center lower than budgeted costs prior to open enrollment and lower expenses in the consumer support center due to fewer temps.

Project expenses YTD are \$6.5M favorable due to: Security and Privacy estimated at a higher cost; FlexTechs costs are lower due to earlier shift to in-house resources; GI Development lower than originally budgeted but in-line with spending authority as discussed earlier; and \$3.4M of contingency that has not been used.

Motion: Mr. Agenbroad moved that the Board approve the 2nd quarter financial statements for Fiscal Year 2016 as presented today.

Second: Mr. Settles.

The motion carried.

(c) FY17 Budget Review

Mr. Kelly said The FY17 budget presented today has been through two reviews with the Finance Committee. On February 17, we reviewed the expense areas in detail and on March 9, a detailed revenue review was performed including the new revenue forecasting model developed by Milliman. All budgets were developed using a bottoms up approach and working closely with each functional area owner.

Headcount was developed on past experience, current team members and is consistent with the FY16 approved salary dollars. We are projecting a headcount of 27, and increase of two from FY16 and salary dollars are flat year over year due to favorability in actual salary dollars and mix.

Merit pools are assumed to be 3% and consistent with the overall market projections of 2.7% to 3.1%. In lieu of a broad market adjustment, we have included \$22K for individual team member adjustments based on pay ranges and equity in position. Overall market movement is projected to be between 1.6% and 2.5%.

We are projecting a fringe rate of 23% which includes all medical and retirement benefits and payroll taxes. The only change in benefits is an assumed increase in the participation rate based on conversations with specific team members and an 8% increase in medical premiums

(d) FY17 Operating Budget

Mr. Kelly said in regards to revenue, YHI's revenue has three primary drivers: assessment fee percent which is assumed to remain at 1.99%; effectuated enrollments; and average monthly premium based on actual/projected carrier premiums and carrier/plan mix.

Milliman was engaged to build a revenue model for YHI to assist with projections. These projections are based on actual detailed enrollment information from YHI for PY 2015 and actual results for Jan – March 2016. Historical trends drive any adjustments for enrollment and average premium fluctuations in 2016.

Mr. Kelly said projected enrollments and average premiums in 2017 and 2018 are shown in the table. We are assuming a 7% and 4% increase in average premium in 2017 and 2018 respectively. Effectuated enrollments are assumed to grow 5% in 2017, below the 8% growth we saw in 2016, and are essentially flat in 2018. This is all consistent with our sustainability planning.

Mr. Kreiling has a concern with the assessment fee, since this is a very tight budget, we could burn through our reserves very quickly. He would encourage increasing the assessment fee slightly to ensure that we can maintain our sustainability. Ms. Henbest agreed and is concerned that we cannot increase the lift and improve the consumer experience if we don't have the resources to do it. She said we need to be very mindful of our priorities and the bottom line at the end of the day. Mr. Settles said we are holding onto our reserves for changes that are required. He said the worst possible case is that the increase in premiums helps offset that because it is a percentage of those premiums. Mr. Kreiling said timing is a concern because the assessment fee is set before we see what the actual premium hikes are.

Mr. Kelly said on the screen is a comparison between our latest forecasted revenue and expenses for FY16 and our proposed budget for FY17. Overall revenue decreases \$5.6M. Grant revenue decreases \$7.6M due to lower development and establishment activities. Assessment Fee revenue increases \$2.M driven by increase enrollment, average premium and assessment fee percentage.

Overall operating expenses, including both operating and establishment activities, decrease by \$140K compared to our FY16 forecast. This decrease is driven primarily by: \$870K decrease in Outreach and Education spending (media and production), which is partially off-set by increases in: employee and employee related costs of \$340K; professional fees of \$190K related to MARS-e audit and Privacy and Security requirements previous categorized as project expenses; and \$175K in GetInsured maintenance and operations which is contractually obligated.

The significant depreciation expense is driven by the HIX software which is depreciated over the life of the GI contract. Overall Net Ordinary Income decreased by \$5.5M.

Based on our CMS approved Work Plan, YHI can continue to use federal grant dollars for establishment activities. Our current grant expires on December 22, 2016. The current slide shows the breakout of the projected activities and related funding sources.

Of the proposed \$8.8M budget for FY17, approximately \$7.1M and \$1.7M will be funded by assessment fee revenue and federal grant dollars, respectively.

Mr. Kelly shared the slide that shows YHI's proposed monthly budget for FY17.

Mr. Kelly stated that YHI also evaluated risks and opportunities for the FY17 budget. These allow the Board and YHI leadership to understand the impacts of shifts in major areas such as enrollment, operating expenses and grant funding.

(c) FY17 Development and CAPEX Budget

Mr. Kelly said this slide shows a monthly breakout of projected development and capex spending in FY17. Project activities for FY17 are projected to include development with both DHW and GI. Current projections show a total of \$7M for development in FY17. We are also projecting about \$75K in computer and furniture capital expenditures in FY17.

Mr. Kelly moved to the next slide that shows a summary of YHI's remaining grant funding and projected uses in FY16 and FY17. As of February 10, we had \$18.4M remaining in grant funds. We anticipate about \$14M in grant spending over the course of calendar year 2016. Major items include: \$3.2M in establishment activities; DHW DDI are projected at \$3.8M; GetInsured CRs already approved and in progress equal \$1.4M; and development of \$5M for FY17.

Mr. Kelly said assuming the above, and no extension of grant funds beyond December 2016, YHI will have utilized \$99M of the \$104M in awarded grant funds. This represents the fewest dollars spent of any fully-functional state-based marketplace. In respect of YHI's sustainability plan, we are on track and above our projections from this time last year.

Moving to the cash projections, the blue line on the screen represents the cash balance projections from last year's sustainability plan. Essentially, we remain just above our cash reserve threshold of \$6M. Due to higher than projected enrollment and average premium, plus the extended use of grant dollars for establishment activities, we are projecting to have approximately \$600K more in cash reserves at the end of 2018 compared to our projection at this time last year. This is represented by the green line.

Motion: Mr. Agenbroad moved that the Board approve Fiscal Year 2017 Operating Expense Budget at a not to exceed amount of \$8,852,287 as presented today.

Second: Dr. Livingston.

The motion carried.

Motion: Mr. Agenbroad moved that the Board approve the Fiscal Year 2017 Development & CAPEX Budget at a not to exceed amount of \$7,075,397 as presented today.

Second: Mr. Settles.

The motion carried.

Motion: Mr. Agenbroad moved that the Board approve an Assessment Fee of 1.99% for Plan Year 2017.

Second: Mr. Settles.

The motion carried.

The Chair circled back to the Outreach & Education motion that was moved from the beginning of the meeting and asked for a motion.

Motion: Mr. Edgington moved that the Board approve the release of a Request for Proposal (RFP) for a Creatives Services vendor, and request the Board authorize the Proposal Evaluation Team to select the vendor and authorize the Executive Director or the O&E Committee Chair to execute the contract at an amount not to exceed \$499,000. This amount falls within the anticipated FY17 Outreach and Education budget.

Second: Ms. Vauk.

The motion carried.

Motion: Mr. Edgington moved that the Board approve the release of a Request for Proposal (RFP) for a Noticing Print Vendor, and request the Board authorize the Proposal Evaluation Team to select the vendor and authorize the Executive Director or the O&E Committee Chair to execute the contract at an amount not to exceed \$284,000. This amount falls within the anticipated FY 2017 Outreach and Education budget.

Second: Ms. Vauk.

The motion carried.

12. GOVERNANCE UPDATE

(a) Annual Board Effectiveness Survey

Mr. Kelly introduced Ms. Ball, who was engaged to conduct the survey to ensure we had an independent party reviewing the results. Ms. Ball said we just completed the Annual Board Effectiveness Survey, the second of such surveys being completed for YHI. The questions remained the same and we had high participation by Board members. Significant highlights include that 10 of the 25 questions had 100% agreement, which is pretty remarkable for a diverse Board and the transitions the Board has gone through. The year over year comparison chart shows that there were several statements that had over 40% increase in agreement. Those areas of agreement were around the delineation of responsibilities between the Board and the Executive Director, the Board transitioning from operating to governance model and understanding those responsibilities. There were a few statements that didn't change much and already had moderate to high levels of agreement. Dr. Livingston thanked Ms. Ball for her hard work.

(b) Board Planning Session and FY17 Goals

Mr. Kelly said In April, YHI will hold its annual board training and planning session. We will cover two main areas during this meeting. First, we will be a Governance discussion which will include a refresher on YHI's governing legislation and other key documents, public meetings laws and public records, conflicts of interest, and media requests.

The second part of the session, we will break out into small groups to discuss topics such as revenue opportunities, a sudden change in enrollment due to policy changes, areas of opportunity based on Board survey results; and changes in enabling legislation, and any potential expense opportunities or increases we may need to look at in terms of our operating stance as discussed today.

Mr. Kelly said YHI's strategic goal in FY16 was to solidify YHI as a useful tool for Idahoans seeking access to health insurance by 1) continuously improving the consumer and agent/broker experience; 2) adhering to YHI's low cost promise; and 3) planning for future sustainability.

The Executive Director's performance review will include an assessment against this goal. While it is typical to measure performance against SMART criteria, the Governance Committee suggested that the strategic goal did not lend itself well to specific SMART criteria but rather should be visible in overall paradigms at YHI as well as specific initiatives such as process improvement, planning, and budgeting.

The Board and YHI leadership will revisit the strategic goal during the planning session and present any revisions for approval at the June Board meeting.

Mr. Kelly stated that YHI leadership, in discussions with the broader team, has developed three main areas for our operational goals for FY17. If the Board generally agrees with these three focus areas, YHI will develop specific goal language, including SMART criteria, for approval at the June Board meeting.

These goals will be a basis for reviews for all team members at YHI and will be tied to the variable pay plan. These areas are: Idahoan's experience, which includes both consumers, agents/brokers, consumer connectors and key stakeholder groups; sustainability and low-cost promise; and compliance and security which ensure we continue to place the highest focus on Privacy and Security and overall compliance efforts.

(c) Committee Charter Revisions

Mr. Kelly said currently, all governance documents are the responsibility of the Governance Committee with the exception of Employee related documents and specific financial policies and procedures, which are covered by the Personnel and Finance Committees, respectively. Privacy documents and policies currently fall under the Marketplace Committee and we are proposing to move these to Governance for the following reasons: Marketplace Committee's focus on the consumer experience can create an unintended separation of duties conflict; MARS-E control framework included policy, audit, risk management, legal and compliance all core pillars of the overall Governance structure; and provides consolidation of all related policies. This was

discussed in both Governance and Marketplace Committees and they are both in support of this change.

Motion: Dr. Livingston moved that the Board approve that the Marketplace and Governance Committee Charters be amended to move Privacy and Security governance responsibilities to the Governance Committee.

Second: Mr. Erstad.

The motion carried.

(d) YHI Privacy Policy

Mr. Reddish said this is the public facing policy that resides on the YHI website. During the CMS visit last year, they noted that our two existing policies were confusing.

So this year the Privacy & Security team worked with Hawley Troxell to consolidate these two policies and also took the opportunity to expand the language primarily around the consumer and their PII, what we do with this information, and how we safeguard it. Controls can change so this may be updated on a quarterly basis as opposed to annually.

Motion: Ms. Fulkerson moved that the Board approve the changes in the YHI Privacy Policy as presented today.

Second: Mr. Kreiling.

The motion carried.

13. PERSONNEL UPDATE

(a) Executive Director FY16 Review Process

Ms. Ball reminded the Board members that they are all involved in the evaluation process of the Executive Director. The process will be the same as last year. For those new Board members, a sample of the tool is included in the Board packet today and has key areas around strategic goals, the annual objectives and key competencies. In early May, the actual tool will be sent out to the Board for completion. Then Chairman Weeg, Ms. Henbest, and Ms. Ball will consolidate that feedback into a report to the Board in June to discuss implications for merit increase and incentive pay.

(b) Employee Handbook

Ms. Ball said the Employee Handbook is updated annually. There were no significant updates this year, simply some clarifications around LOA's and PTO accrual for new hires. There is also an addendum to the handbook related to Privacy & Security as related to staff.

Motion: Ms. Henbest moved that the Board approve the updates and edits to the Employee Handbook and Addendum as presented today.

Second: Mr. Kreiling.

The motion carried.

14. EXECUTIVE SESSION

Motion: The Chair moved that the Committee enter into Executive Session pursuant to Idaho Code Section 74-206 (1) to consider documents that are exempt from disclosure under YHI's public records policy and Idaho's public records act pursuant to Idaho Code Section §74-206 (1)(d).

Executive Session Roll Call: Mr. Erstad called roll and determined that The Chair, Mr. Agenbroad, Mr. Shores, Ms. Vauk, Mr. Settles, Dr. Livingston, Ms. Henbest, Ms. Sweigart, Mr. Edgington, Ms. Fulkerson, and Senator Rice, were present, resulting in a quorum.

The Committee entered into Executive Session at 10:58 a.m. and reconvened at 11:07 a.m. No final action or decisions were made while in Executive Session.

15. ADJOURN

There being no further business before the Board, the Chair adjourned the meeting at 11:08 a.m.

Signed and respectfully submitted,



Stephen Weeg, Chairman of the Board