

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

**YOUR HEALTH IDAHO BOARD  
MINUTES  
APRIL 17, 2015**

**1. BOARD MEMBERS PRESENT**

- Mr. Stephen Weeg, Chair
- Mr. Scott Kreiling, Vice Chair
- Mr. Hyatt Erstad, Secretary
- Mr. Tom Shores
- Mr. Mark Estess
- Ms. Karen Vauk
- Mr. Kevin Settles
- Mr. Fernando Veloz
- Ms. Margaret Henbest
- Ms. Candace Sweigart (via teleconference)
- Mr. Jerry Edgington
- Senator Jim Rice (via teleconference)
- Representative Kelley Packer (via teleconference)
- Representative John Rusche
- Interim Director Tom Donovan
- Director Dick Armstrong

**2. OTHERS PRESENT**

- Mr. Pat Kelly, Your Health Idaho
- Ms. Jody Olson, Your Health Idaho
- Mr. Ethan Owen, Your Health Idaho
- Mr. James Wong, Your Health Idaho
- Mr. Trent Cummins, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Dana Packer, Your Health Idaho
- Ms. Wanda Smith, Your Health Idaho
- Ms. Audra Girard, Your Health Idaho
- Ms. Lindsey Botkin, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Bob Vanderbilt, Your Health Idaho
- Mr. Tom Mortell, Hawley Troxell
- Ms. Elizabeth Woodworth, Burson-Marsteller
- Ms. Tresa Ball, HR Precision
- Ms. Eva Szalewicz, Accenture
- Mr. Gerald Massey, Accenture
- Ms. Natalie Podgorski, Gallatin Public Affairs
- Ms. Karen Covey, First Data
- Mr. Weston Trexler, Idaho Department of Insurance
- Mr. Shad Priest, Regence

- Mr. Jim Murray, Select Health
- Mr. Woody Richards, AHIP/Willamette
- Mr. Norm Varin, PacificSource
- Mr. Bill Roden, Delta Dental
- Ms. Marnie Packard, Select Health
- Ms. Emily Patchin, Risch Pisca

### **3. CALL TO ORDER**

Following proper notice in accordance with Idaho Code § 67-2343, the Board of Directors meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Stephen Weeg (Chair), at 8:05 am, Friday, April 17, 2015, at the State Capitol Building, Room WW17. In accordance with Idaho Code § 41-6104(8), 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. Shores, Mr. Estess, Ms. Vauk, Mr. Settles, Mr. Veloz, Ms. Henbest, Ms. Sweigart (via teleconference), Representative Packer (via teleconference), Representative Rusche, Interim Director Donovan and Director Armstrong were present, resulting in a quorum.

Senator Rice joined (via teleconference) at 8:12 am. Mr. Edgington arrived at 8:15 am.

Dr. Livingston, Mr. Agenbroad and Ms. Geyer-Sylvia were absent.

### **5. PUBLIC COMMENT PERIOD**

There were no public comments.

### **6. APPROVAL OF PRIOR MEETING MINUTES**

Motion: Mr. Erstad made a motion to approve the meeting minutes from the February 13, 2015 Board meeting as presented.

Second: Mr. Shores.

The motion carried.

### **7. REVIEW OF AGENDA**

Motion: Representative Rusche made a motion to add the conflict of interest question regarding the carrier Board representation to vote on the Assessment Fee, adding the word “approval” to the Improvement Checkpoint & Policy Updates section and adding the introduction of the New Board Member and his Committee assignment.

Second: Mr. Erstad.

The motion carried.

## **8. NEW BOARD MEMBER**

Chair Weeg introduced Jerry Edgington, representing Select Health, who is the newest member of the YHI Board. The Committee assignments for Mr. Edgington will be discussed and approved by the Board later in today's meeting.

## **9. EXECUTIVE DIRECTOR UPDATE**

### **(a) YHI Business Update**

Mr. Kelly shared a snapshot of the year ahead which focuses on sustainability in 2016. YHI will have financially and operationally prepared for Open Enrollment 2016. The focus for this update are the sustainability business plan development and deployment throughout 2015, ramping down the support provided by vendors, deploying system enhancements and improvements to the operational process. All APTCs for renewing customers will be re-determined for 2016 by the end of September and their plans renewed by the start of Open Enrollment. Additionally, the Anonymous Shopper functionality will be available one month prior to Open Enrollment. Open Enrollment will begin on November 1, 2015 and end on January 31, 2016.

### **(b) CMS Updates**

Mr. Kelly shared a few key updates from CMS. Your Health Idaho continues to maintain a frequent and strong relationship with CMS to ensure requirements are met and the 2015 reporting structure is in compliance and all requests have been addressed in a timely manner.

#### **Some recent updates include:**

- SMART compliance audit (new CMS requirement for YHI in 2015) submitted on 4/1.
- CMS site visit date for 5/18-19 is confirmed for a high level financial and operational review related to the SMART review.
- CMS will also hold an IT Consult on May 21. This visit is very similar to the 2014 GATE reviews.
- CMS has granted authority to continue the current SHOP process through Open Enrollment 2016 with options still being evaluated for Open Enrollment 2017 and beyond. This will help free up resources to focus on the technological upgrade to enhance the consumer experience.
- CMS announced last week that anyone with an incorrect 1095 and has already filed taxes does not need to file an amended return and the IRS will not seek penalties. There are 4 known individuals in Idaho who are impacted by this.

### **(c) Variable Pay Plan Goal Progress**

Mr. Kelly reminded the Board of the three goals: Retention & Enrollment, Low Cost Promise and Consumer Connector Engagement. Current effectuated enrollments are 85,128, just under the 80% Achievement Benchmark (the 100% figure is 100,800). The Assessment Fee is a large part of YHI's low cost promise and we are currently tracking to the 60% target, pending discussion during the financial presentation later this morning. Currently, YHI has 1,160 Enrollment Counselors across the state, who are the cornerstone of YHI's success, and this

number is just under the 100% Achievement Benchmark of 1,200 for the Consumer Connector goal.

#### **(d) FY16 Strategic Planning Update**

Mr. Kelly said leadership is working to develop three key strategic goals for FY 2016. These three key strategic goals will ensure that the entire YHI team is focused on common goals and will help to ensure the organization's success. Current proposals for these goals are centered on 2015 technology roadmap implementation, 2016 Open Enrollment goals, and FY16 Budget performance. YHI leadership will provide final goals, as well as SMART criteria, for review and adoption at the July Board meeting. Final strategic goals will be the basis for the FY16 variable pay plan. Separate individual goals will be developed for each team member centered on their specific area of responsibility.

#### **(e) Staffing Update**

Mr. Kelly introduced the new staff members of Your Health Idaho. He also reassured the Board that the transition from vendor support to hiring employees will be done in a seamless way to ensure success for the organization. Mr. Bob Vanderbilt joins YHI as an independent contractor and PMO lead. Ms. Dana Packer joins YHI as the Process Improvement Leader with a focus across both operational and technological processes. Mr. Kevin Reddish is the new Privacy and Security Manager. Ms. Stephanie Mathiesen is a Program Specialist focused on carrier relations. Ms. Lindsey Botkin and Ms. Audra Girard have joined YHI as Customer Service Representatives. YHI continues to explore reductions in vendor support where possible without adding unnecessary risks to operations and technology development.

### **10. OUTREACH AND EDUCATION UPDATE**

#### **(a) SOW 8 Update**

Ms. Olson shared the status of SOW #8 which included Project Management & Strategy/Operations Support, Market Research, Website Management & Transition, Paid Media – Production & Advertising, Social & Earned Media, Community Outreach and Noticing and Renewal Communication. The fiscal year budget through March 31, 2015 was \$4,524,466 with the actual spend at \$3,855,678, which is a favorable variance of \$668,788. This variance is not a timing variance and is expected to remain.

#### **(b) SOW 9 Overview**

Ms. Olson said the O&E Committee met and reviewed the details of SOW #9 and recommended it to the Board for approval. The funds for SOW #9 fit within the FY15 Outreach and Education Communication budget which has been reviewed and approved by the Board. The scope of SOW #9 includes focus on evaluation and transition activity, market research of YHI consumers, engage SHADAC to determine the remaining Exchange-eligible market, transition of the front-end website, social and earned media, community outreach (presentations) and training development.

Market research is imperative in determining motivations for consumers signing up, changing plans, etc. The State Health Access Data Center (SHADAC) will provide us with additional valuable information around the remaining market that is eligible for the Exchange, and yet don't have a plan. This service will be of no cost to YHI.

The front-end of the website will be moving to RackSpace, which will allow both the front-end and back-ends of the website to be housed in the same place which will reduce audit issues.

YHI will be hiring an in-house Communications Specialist to enable the transition from vendor support to in-house resources.

Community outreach is ongoing, and there have been various requests for engagement including presentations to Health Underwriters and informational events for college students losing SHIP.

Finally, training is being developed and upgraded to a more robust system than last year. This includes training for both YHI and DHW call center personnel as well as agents/brokers and the Consumer Connector community.

The Chair asked when the SHADAC data would be finalized. Ms. Olson said the results can be expected sometime in the next three weeks, and it will arrive in time to make decisions based off the data. Mr. Shores said that the situation that may be seen as a result of the SHADAC data is that many individuals may not be able to afford a plan. He cautioned against thinking that YHI may be able to get them into the Exchange simply because they have been identified. Mr. Erstad wondered if the higher penalties would incentivize individuals to enroll next year, and Ms. Olson mentioned that this is still an area of investigation.

The Scope of Work #9 Budget is \$413,250, which includes a Noticing line item of \$55,000. This is a new line item that was not contemplated earlier and was since rolled into the Communications budget. This is only for notices to consumers that are generated in YHI's system, and is not part of the DHW's noticing system. In order to maintain efficiencies in budget spending, it is not planned to spend the entire budget amount.

Mr. Veloz asked if the Noticing line item includes the noticing for the 1095's. Ms. Olson said that is not part of the budget for 2015 but will be added to the 2016 budget, as YHI will then be responsible for sending 1095 forms to consumers.

Motion: Ms. Vauk moved that the Board approve SOW # 9 in the amount up to \$413,250 retroactive to April 1, 2015 and to run through June 30, 2015, which was reviewed and recommended for approval by the Outreach and Education Committee and which Gallatin Public Affairs and its subcontractors have been honoring in good faith while awaiting Board Approval. This scope of work falls within the FY15 Outreach and Education budget approved by the Board.

Second: Rep. Rusche.

The motion carried.

## **11. MARKETPLACE UPDATE**

### **(a) Marketplace Dashboard**

Mr. Wong shared the Marketplace dashboard with a plan effectuation number of 85,128 and the enrollment number of 89,226. Reaching 85,128 effectuated enrollments was a collaboration of dozens of people, including Randy Gardner, who was responsible for over 10,000 applications. The QHP detail and average premium is \$311.18, which is very similar to last year. The number of tickets has been greatly reduced to under 300, considering that the number of tickets was well over 2,000. All of the tickets from Open Enrollment have been resolved. The team has worked through those tickets very efficiently and remained mindful of the budget. A cumulative look of enrollment activity shows that the enrollment activity spiked up in December and then started to level off in the subsequent months.

Mr. Shores said the primary issue he is seeing is that the 834 transfers are not very effective. Mr. Wong said that the team continues to have issues with the 834's and are working to eliminate some of the information that is not being resolved. Mr. Shores also said that in an audit of his files, there are a number of individuals that were passively enrolled from last year yet do not have a YHI account and would like to know if they should be set up now on YHI. Mr. Wong will research this to find out how this could affect the consumer's APTC and enrollment.

Mr. Erstad asked if there could be a third line on these graphs that includes SEP's during the year outside of the Open Enrollment period. Mr. Wong thanked him for that idea and will plan to add it to the graph.

#### **(b) Operations Status by Work Stream**

Mr. Wong said that the team continues to work on data and system integration as well as operational improvement. The team is paying close attention to agents/brokers, process improvement and training. Training involves communicating with all stakeholders on a timely basis to let them know what is coming down the pipeline. YHI continues to work on Complex Cases and continues to see a backlog related to duplicate enrollments and are working with the carriers to remedy this in time for the audit. YHI is also staying on top of the reporting with CMS. In regards to ticket backlogs, the team has implemented a process to reduce new tickets.

#### **(c) Complex Case RFP**

Mr. Wong said the FFM currently requires Complex Cases be closed within 15 days. YHI intends to mirror the FFM on this point. A Complex Case System should be auditable and reportable against Service Level Agreements (SLA) in order to satisfy audits and/or other information requests. YHI seeks to establish an SLA with Complex Case parties, and needs a secure tracking system that serves and works effectively across multiple stakeholders. As a result, YHI will execute an RFP to look into various system solutions to address complex case management in a secure environment. If the Board approves the team to move forward with the RFP, this RFP will be released in late April, with the Proposal Evaluation Team (PET) reviewing the responses in mid-May. It is hoped that in June the Marketplace Committee will approve the vendor recommended by the PET and then execute the contract.

Motion: Mr. Veloz moved that the Board authorize the Marketplace Committee to 1) conduct an RFP for a Complex Case Management tool; 2) establish a Proposal Evaluation Team (PET) to evaluate responses to the RFP; 3) accept the recommendations of the PET; and 4) execute the contract in an amount not-to-exceed \$95,000 with annual operating costs not to exceed \$15,000.

Second: Mr. Kreiling.

The motion carried.

Mr. Erstad shared that when producers have had critical issues and complex situations, Ms. Olson has worked hard to resolve these issues in a timely manner. Ms. Olson extended her gratitude and insisted that it has been a team effort.

#### **(d) PMO Dashboard**

Mr. Vanderbilt reviewed the highlights of the PMO Dashboard. The Release Plan and Roadmap has been completed with the mutual agreement of all stakeholders. The end-to-end carrier testing has been completed as well. YHI has 6 new staff members which helps tremendously. Communication, Training and Governance have been listed as key areas of process improvement, and this is well underway.

Some upcoming milestones include the GI Enhancement Release 2.4 on April 22 which will fix bugs and enhance the agent assignments. Regarding Project Governance, there is some risk of a shortage of resources as YHI transitions from a vendor environment to an in-house environment. The Privacy Assessment has begun and is going well. There are a large number of business requirements that need to be completed in a compressed period of time. The team is on schedule to complete these in May. Dependent effectuation errors, SEPs and termination errors continue to impact some carriers. Life change errors will be addressed in the 2.4 Release.

Mr. Shores would like a copy of the manual work around for the SEP's, and Mr. Vanderbilt will have that distributed to him.

#### **(e) Improvement Checkpoint & Policy Updates**

Ms. Szalewicz reviewed the Process Improvement Update where the team interviewed, identified updates, analyzed 46 technology updates and prioritized High Value Quick Wins, and launched into creating to-be structures, identifying owners of the processes and transitioning to YHI.

The three areas noted as critical for improvement include Communications, Training and overall Organizational Governance. Over 20 initiatives have been launched to address these targeted improvement areas and have begun to be transferred to YHI over the past several months.

Improvements that have launched include:

- Clarify ownership and responsibilities where needed which includes Aggregated Operations Tasks and updated definitions of responsibilities
- Institute structured communication cadences
- Improve rigor of training
- Improve consumer, carrier, and agent/broker experience

YHI's Process Improvement Lead, Dana Packer, is already working cross-organizationally and prioritizing the next steps. Some of the identified initiatives include organizing and monitoring the adoption of SharePoint Best Practices, institute the Shingo Model (Structure for

Implementing Operational Excellence), analyze the DHW and YHI call center data and build an YHI Knowledge Management System.

The Project Steering Team (PET) continues to meet to discuss policy and operations. There are four policy updates which include Decision 142, 169, 159 and 166.

**Decision 142:** YHI will be following the QHP Certification timeline for 2015 as published by the DOI.

- March 6 – Carriers to notify DOI of their intent to offer 2016 QHPs
- May 1 – QHP rates and forms filings due in SERFF, Parts I-III in HIOS (as applicable) and YHI to provide Carrier Participation Agreements
- May 8 – QHP binder filings due in SERFF
- June 1 – Carrier plan preview begins
- July 24 – Final day for carriers to submit corrections and objection responses
- July 31 – YHI participation agreement due
- August 28 – DOI to provide final QHPO recommendations to YHI
- August 31 – QHP certification notices provided
- October 1 – Anonymous shopping available to the public
- November 1 – Open Enrollment begins

**Motion:** Mr. Veloz moved that the Board approve the Your Health Idaho 2016 Qualified Health Plan Standards as presented today.

**Second:** Rep. Rusche.

The motion carried.

**Decision 169:** YHI will offer a one-time Special Enrollment Period (SEP) for students who are losing their Student Health Insurance Plan (SHIP).

Mr. Shores asked if all universities are ending their SHIP programs on the same date. Ms. Olson said that she has asked this question to all universities, and is awaiting their responses. He also asked about which documents would suffice as loss of SHIP documents as well as what the attestation to purchase a plan during the Open Enrollment period would look like. Ms. Olson said that students can purchase a short-term plan on or off the exchange but it does have to happen during the Special Enrollment Period, and the student will sign a document provided by the university stating that they will purchase a plan during Open Enrollment. She will ask the universities to make the attestation document available to agents and brokers.

Mr. Erstad asked about the communication from the universities to the students to inform them of their loss of Minimal Essential Coverage (MEC). Ms. Olson said the universities are creating the letters now to communicate this to the students, and that the short-term policies are not considered MEC. Mr. Shores said that in dealing with a number of college students, many of them do not qualify for APTC because their income is too low. Ms. Szalewicz said the students that currently have SHIP will qualify for an SEP, and it is those who chose not to purchase a SHIP plan (or any other plan) that will be required to buy a short-term policy in order to enroll in the university. Ms. Olson said that student premiums on SHIP run \$200-\$250 a month, yet purchasing full price on the exchange saves them an average of \$10-\$100, even without APTC



(based on the bronze and silver plans). Dr. Rusche suggested that everyone call their legislators to deal with the issue of gap in coverage and APTC.

**Decision 159:** Dental plan shopping will follow the same Open Enrollment Periods and Special Enrollment Periods as QHPs.

**Decision 166:** YHI will not offer an SEP in the case of a loss of a dependent.

Mr. Shores mentioned that if a dependent falls off the plan, the APTC will most likely change substantially, and he is wondering if the change in APTC would qualify the family for an SEP. Ms. Szalewicz said that it would.

#### **(f) Technology Updates**

Mr. Owen said that since launching Open Enrollment 2015, YHI has been implementing deferred functionality, bug fixes, and production pain point improvements. He explained the naming conventions for the releases and said it was a constrained risk. Requirements are about 80% complete and YHI should be at a point very shortly to share the detail on this. Also, YHI will be at a point shortly to run out of funds that were approved for GI. YHI will evaluate all of the requirements and “like to haves” and determine how to move forward from there. Development for 2015 is happening in stages including the ability to shop for stand-alone QDP, change reporting, and redeterminations and renewals.

Stand-alone dental is currently planned to deploy in Q3 2015 and there will be an additional cost of \$2.1M to implement this. Rep Rusche asked if the expense is worth having stand-alone dental. Mr. Kelly said the entire market size is difficult to determine, and how the demand for stand-alone dental will increase as the market increases. The amount allotted in the current budget for dental is within the budget, however, it is clear that additional funds will be needed to complete and request with GI. Rep Rusche and Mr. Shores agree that this money would be better spent in other areas. Mr. Kreiling asked about long-term sustainability and if YHI could use the grant dollars to build this now so that we don't pay for it out of our own dollars later. Mr. Settles said that if it is made more convenient to purchase dental, then the Exchange could see an increase in dental plans purchased.

Mr. Erstad referred to an article about GetInsured and how they revealed how they can create a stand-alone dental program at a low cost. He is hoping that GI can offer a more cost effective solution to YHI, as a result of this article, to create stand-alone dental. Mr. Settles asked if YHI is going to have to make this work with the remaining grant funds and Mr. Kelly said that it is contemplated in the project budget and project expenses. The additional funds needed would be to cover change requests and there is a bucket of money to cover that. Mr. Shores said there are a lot of other areas that are more important and would like to know if these funds are locked in for certain things or can YHI move them around. Mr. Kelly said YHI has some degree of flexibility in spending grant dollars and can always go back to CMS and re-evaluate. YHI has a commitment to the dental carriers to provide stand-alone dental on the Exchange per decisions made previously by the Board.

The Chair clarified that YHI has grant money for development and still has a bucket left in the grant that staff is not authorized to spend and YHI has a lot of work in progress within a tight

timeframe. Mr. Kelly said that is correct. One item around negotiating with GI is to ask for no increases for future maintenance and operations. Mr. Kelly confirmed that change requests from GI contain no M&O costs in future periods.

Motion: Rep. Rusche moved that the Board increase the spending with GI in the amount of \$2,113,750 for the stand-alone dental, in addition to what has been authorized previously.

Second: Mr. Erstad.

The motion carried.

The Security Assessment and Threat and Vulnerability Management work stream is moving along well and the initial assessment work at GI and DHW is completing. GI and DHW will have an opportunity to review and comment on draft findings to confirm accuracy. A summary of this review will be presented at the next Board meeting.

#### **(g) Accenture SOW**

Mr. Kelly reminded the Board that at the February Marketplace and Board meetings, YHI extended the PMO and QA/Testing SOWs through the end of March. The YHI technology Roadmap has matured sufficiently to clearly identify the level of effort required for PMO and testing for CY 2015. YHI and Accenture have worked together to roll-off PMO resources after transitioning to local Independent Contractors engaged by YHI. The PMO contract is shifting to a not-to-exceed Time and Materials to enable adjustments with level of effort and accommodate savings as needed. Based on the new SOW, YHI will save \$356,704. Costs incurred in March 2015, previously approved at the current amounts above, will be re-priced under the new SOWs.

Motion: Mr. Veloz moved that the Board approve, in connection with YHI's existing PMO contract with Accenture to execute Attachment 14, dated effective March 2, 2015, in an amount not to exceed \$3,336,786 through December 23, 2015. Of that amount, \$1,187,104 is included in the approved FY15 budget, \$2,149,682 is not included in the approved FY15 budget, was recommended for approval and inclusion in FY16 budget, was included in the grant awarded on December 22, 2014 and that the Executive Director and Chair of the Marketplace Committee would be authorized to negotiate and execute such Statement of Work.

Second: Rep. Rusche.

Mr. Shores said he was inclined to vote no for this motion.

The motion carried.

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

## **12. EXECUTIVE SESSION**

Motion: Mr. Veloz moved that the Committee enter into Executive Session pursuant to Idaho Code Section 67-2435 to consider documents that are exempt from disclosure under YHI's public records policy and Idaho's public records act pursuant to Idaho Code 67-2435 (1) (d).

Second: Mr. Shores.

The motion carried.

Executive Session Roll Call: Mr. Veloz called roll and determined that The Chair, Mr. Kreiling, Mr. Erstad, Mr. Shores, Mr. Estess, Ms. Vauk, Mr. Settles, Ms. Henbest, Ms. Sweigart (via teleconference), Rep. Packer (via teleconference), Rep. Rusche, Interim Director Donovan, Senator Rice (via teleconference), Mr. Edgington and Director Armstrong were present, resulting in a quorum. The Committee entered into Executive Session at 10:00 AM.

The executive session concluded at 10:08 AM. The Committee took no final action nor made any final decisions while in Executive Session.

#### **(a) Privacy Assessment Vendor**

Mr. Owen shared the targeted dates for the timing of the Privacy Assessment RFP. The RFP Release (February 13), RFP Response Due Dates (February 27), Proposal Evaluation Team (March 6), Marketplace Meeting Recommendations of Vendor (March 31), Board Meeting Approval of Vendor (April 17), Contract execution (Mid-April), and Pre-assessment commencement (Late-April).

Motion: Mr. Veloz moved that the Board approve that Deloitte & Touche LLP be selected as the vendor of the Privacy Assessment RFP and, subject to the negotiation of an acceptable contract, that a contract be awarded to Deloitte & Touche LLP consistent with the RFP in an amount not to exceed \$195,000, which funds are not included in the approved FY15 budget, were included in the grant awarded on December 22, 2014; and that the Executive Director and Chair of the Marketplace Committee would be authorized to negotiate and execute such contract.

Second: Rep. Rusche.

The motion carried.

### **13. PERSONNEL UPDATE**

#### **(a) Employee Related FY16 Budget Assumptions**

Ms. Henbest reminded the Board that the Personnel Committee makes recommendations that help recruit and retain resources for YHI. As such, the Personnel Committee reviewed and recommends the following items for inclusion in the FY16 operating budget:

- Employee costs at current salaries and new hires are estimated to be hired at market mid-point (actual offers based on experience, skills, etc.).
- Fringe rate of 20% (based on current actuals adjusted for proposed incentive and benefit change).
- Merit pool of 3% pro-rated based on tenure.
- Market adjustments \$0.
- Variable pay plan replaced with new incentive plan.

#### **(b) FY16 Variable Pay Plan Proposal**

Ms. Henbest said the proposal will replace the current structure for variable pay with a more targeted and timely plan to increase employee engagement and retention.

- Proposed plan represents a \$25,000 savings compared to a continuation of the current variable pay structure.
- Spot incentives awarded real-time for exceptional performance or contributions outside of team member's core responsibilities.
  - Quarterly recognition events and desktop item included.
  - Total cost of \$5,000.
- Attainment of three key strategic goals will drive variable pay for all YHI team members.
  - Payouts to be made during the year as goals are achieved except for Executive Director who is paid on an annual basis.
  - All team members participate after 3 months employment with YHI.
  - Total cost of \$60,000 (50% decrease compared to continuation of current plan).
- Increase of employer contributions for dependent benefit premiums, 60% employer paid and 40% employee paid (funded by the savings resulting from the change in the variable pay plan).
  - Total incremental cost \$27,000.

Changes to the variable pay plan require approval of the Variable Pay Policy adopted in 2014.

Motion: Mr. Kreiling moved that the Board approve the Compensation Procedure as outlined by the Personnel Committee and delegate to the Personnel Committee any modifications not inconsistent herewith.

Second: Mr. Settles.

The motion carried.

### **(c) Executive Director Performance Evaluation**

Ms. Henbest said the Board Chair and Personnel Committee Chair will provide oversight for the Executive Director Performance Evaluation Process.

The Performance Evaluation process will be similar to last year. The Executive Director will provide a self-assessment, each Board member will then be asked to provide feedback utilizing the Performance Evaluation template, and finally, the Board Chair and Personnel Committee Chair will obtain feedback from direct reports (this is a new step this year).

The Executive Director's performance will be based on six strategic goals established for FY15 and five areas of key competencies.

The timeline will begin with the Executive Director completing the self-assessment by June 1 and then the evaluation template will be provided to Board members the first week of June. The Board members are to complete and return the evaluation forms by the end of June and then Board member feedback will be compiled, the performance evaluation completed, and the associated compensation awards completed by mid-July.

### ***Assignment of Mr. Edgington to O&E Committee***

Motion: Erstad moved that Mr. Edgington be assigned as a member of the Outreach and Education Committee.

Second: Mr. Kreiling.

The motion carried.

### ***Conflicts of Interest***

Chair Weeg was assigned to the Health and Welfare Board and spoke with Director Armstrong, and neither of them see a potential conflict.

In addition, there was question of whether or not there is a conflict of interest for the carriers to vote on the Fee increase and if this creates any kind of material benefit. Mr. Erstad said that as an insurer, he would recommend that the carriers be involved, not only because they understand the program, but because the carriers were appointed to the Board to vote on such issues. Senator Rice said that because the Fee is identical for every carrier, it does not create a conflict.

Motion: Rep. Rusche moved that the Board state that the participation of the carriers representatives and agent representatives voting on the Assessment Fees is not a conflict of interest, but rather advantageous to completing the work of Your Health Idaho.

Second: Senator Rice.

The motion carried.

Mr. Kreiling abstained.

## **14. FINANCE UPDATE**

### **(a) FY15 Audit Plan**

Mr. Cummins shared that the 2015 Financial Statement Audit will be completed by Harris and Company, inclusive of compliance testing of the Federal Grants, and to provide assurance to other stakeholders. This is the third year that Harris and Company has provided audit services.

The YHI audit procedures will focus on the following key areas: revenue recognition, key contracts, accounting treatment for Federal Grants, completeness of liabilities including cut-off and payroll expenses, and asset testing including cash balances and fixed assets. Other procedures will include gaining an understanding of the overall control structure and control testing specific to the Federal Grants. The Finance Committee has approved the 2015 Audit Plan.

The timeline for the audit is Audit Plan reviewed and recommended for approval by the Finance Committee (April 7), preliminary field work, control testing and substantive testing (May 11-15 and July 20-24), draft financial statements for management (August 17), and financial statements approved by the full Board (September).

## **(b) FY16 Budget Review**

Mr. Cummins reminded the Board that the YHI fiscal year runs from July 1, 2015 to June 30, 2016 for the Fiscal Year 2016. The project budget is all funded by grant monies, so it is not contemplated in the YHI operating budget, but rather as a separate budget altogether. Revenue projections were calculated based on feedback from Carriers, DOI, and that information was used to project revenue over the next three years. Budgets were developed from a “bottoms-up” approach with each functional owner developing their own expenses. Headcount was developed based on current work streams, Technology Roadmap, and current/future operational processes. Development expenses were tied to the Technology Roadmap and CMS requirements. Carriers were contacted to discuss enrollment projections. DOI was contacted to gain understanding of changes to premiums over the next three years. And finally, budgeted expenses were combined with revenue assumptions to produce Assessment Fee scenarios.

### ***FY16 Operating Budget – Monthly Income Statement (OPEX)***

Mr. Cummins mentioned that this budget is related to the YHI daily operating expenses and will be a part of calculating long-term sustainability. This budget is comparable to last year’s budget in total. Areas of expense that have changed include headcount and staffing increases and the consumer support center. These increases in costs are offset by reductions in professional fees and Outreach and Education expenses. The projected budget for FY16 is \$9,749,390.

### ***FY16 Project Budget – Monthly Project Expenses***

The project budget is completely funded through grant dollars and does not affect YHI’s long term sustainability. Mr. Cummins reviewed the vendor expenditures around privacy and security. He also reviewed the development costs that are anticipated throughout the next year. Also discussed were the employee capital expenditures (computers and furniture) as this line item shows an increase with additional staff members being hired. The Total FY16 project expenses are anticipated to be \$15,932,075.

Mr. Kreiling asked about the cost of building a SHOP Exchange in 2016 for the 2017 Open Enrollment period. Mr. Cummins mentioned that the dollar amounts for SHOP are reserved within the grant dollars that have already been awarded. He said that the guidance he has received from CMS state that YHI is allowed to extend the period of time to use those grant dollars, however it is difficult to change the work plan associated with those grant dollars.

Mr. Shores inquired on the earlier mentioned savings and where they are being applied. Mr. Cummins shared that all savings can be used in a different area as deemed necessary or applied to the contingency fund. Mr. Erstad asked about the guarantee of the grant funds, and if YHI incurs the expense and submits documentation for reimbursement. Mr. Cummins stated that YHI does incur the expense and is later reimbursed, and as long as YHI adheres to the requirements of the grant, there should be no issues in receiving the funds.

## **(c) Plan Year 2016 Assessment Fee - Approval**

Mr. Cummins said YHI reached out to carriers on the Exchange to gather projected Open Enrollment 2015 enrollments, then sat down with the DOI to see if there is anything that might

affect premiums over the next three years. It is anticipated that a 9.8% premium increase will be seen year after year. The feedback YHI received was that carriers were unable to determine individual carrier enrollments due to their rate competitiveness within the market and that carriers anticipate the overall effectuated enrollments grow by 10% for Open Enrollment 2016.

Mr. Kreiling thinks that a 9.8% premium increase estimation is inaccurate, and could actually be higher. Mr. Shores and Ms. Henbest agree that the premium increase percentage is high and this increase will be tough on Idahoans. Mr. Edgington said he thinks these numbers are doable if a couple of things happen. The APTC needs to be watched and if it stabilizes, YHI may see a higher percentage of enrollees. Mr. Settles said that as a member of the Finance Committee, he thinks that the staff has come up with a solid formula and so he is comfortable with this.

#### **(d) Assessment Fee Projections**

The cash balance at the end of this year will be \$7.4M, which is the amount YHI will have to start the sustainability period on January 1, 2016. YHI prepared the cash balance projections using the assumptions stated in previous slides for effectuated enrollments, average premium and the budgeted expenses presented for the FY16 and projected expenses for future years. The Finance Committee recommends an Assessment Fee percentage of 1.99% for Plan Year 2016 which maintains a cash reserve balance of \$6M, and by 2017 the expenses would match the revenues. To date, Your Health Idaho has saved Idahoans \$5.9M by a reduced Assessment Fee from what the FFM uses as its Assessment Fee.

Mr. Kreiling said the Board has a duty to Idahoans to keep the Exchange affordable but also to keep YHI sustainable and viable. He believes that the higher number of 2.4% for an Assessment Fee is safer, and also believes YHI shouldn't come back again next year to raise it yet again. Rep. Rusche said the Board is charged with running this Exchange as efficiently and economically as possible, and that there will always be nay-sayers. YHI has a good track record, costs are excellent and the Board should be concerned about the people of Idaho and becoming sustainable. Mr. Veloz said that the team has done a very good job of estimating the budget and the 1.99% will keep YHI sustainable.

Mr. Settles mentioned that a cash reserve of \$6M will keep YHI on top when the unknowns happen. Mr. Kreiling said the projected enrollment numbers are conservative and based on actual numbers. There are so many unknowns and this budget is based on what YHI knows today. YHI needs to have extra money for these unknowns. Mr. Shores has similar concerns and feels that with the improvements YHI needs to make with the system, \$6M is a small amount of money.

Mr. Erstad said in being sensitive to these comments, one option to consider is a line of credit should YHI need it. He suggested that it would be wise to expand the existing line of credit to cover any overages, and then if it needed to be used, cover it with a raise in the following year. The Chair agrees that this may be a positive option. He is also unsure that the Assessment Fee at 1.99% is high enough. Rep. Rusche stated that a 2.2% Assessment Fee would cover the improvements and work YHI needs to do going forward. Ms. Henbest agrees with Mr. Kreiling's comments and would support a 2.2% Assessment Fee.

Motion: As recommended by the Finance Committee, Mr. Settles moved that the Board approve Fiscal Year 2016 operating expenses of \$9,749,390.

Second: Mr. Veloz.

The motion carried.

Motion: Mr. As recommended by the Finance Committee, Mr. Settles moved that the Board approve a Fiscal Year 2016 project expenses budget at a not-to-exceed amount of \$15,932,075 consistent with the project recommendations from the Marketplace and Governance Committees.

Second: Mr. Veloz.

The motion carried.

Motion: As recommended by the Finance Committee, Mr. Settles moved that the Board approve an Assessment Fee of 1.99% for the Plan Year 2016.

Second: Mr. Veloz.

The motion carried.

Mr. Kreiling abstained.

Mr. Kelly said YHI would need a motion to open a new line of credit instead of extending the existing as that line of credit has expired.

Motion: Mr. Erstad moved that the Finance Committee secure a new line of credit of up to \$4M.

Second: Rep. Rusche.

The motion carried.

## **15. NEXT MEETING**

The Chair said the next meeting would be scheduled for mid-July. Mr. Kelly suggested that the Board also look at another meeting in September. The third Friday of July would be the 17<sup>th</sup> and is a tentative date for the next meeting. Ms. Fulton will send out a Doodle Poll to determine the exact date. The Board will need to authorize the plans and the audit in a September meeting.

## **16. ADJOURN**

There being no further business before the Board, the Chair adjourned the meeting at 11:20 AM.

Signed and respectfully submitted,

  
Stephen Weeg, Chairman of the Board