

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

**FINANCE COMMITTEE
MINUTES
MAY 9, 2014**

1. COMMITTEE MEMBERS PRESENT

- Mr. Jeff Agenbroad, Chair
- Mr. Kevin Settles, Vice Chair
- Mr. Fernando Veloz
- Senator Jim Rice
- Representative Kelley Packer (via Teleconference)

2. OTHERS PRESENT

- Ms. Amy Dowd, Your Health Idaho
- Mr. Pat Kelly, Your Health Idaho
- Mr. Trent Cummins, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Bill Shrum, Harris and Company
- Ms. Cheryl Guiddy, Harris and Company
- Mr. Dick Riley, Hawley Troxell

3. CALL TO ORDER

Following proper notice in accordance with Idaho Code § 67-2343, the Finance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Jeff Agenbroad, Chair of the Committee (Chair), at 8:02am, Friday, May 9, 2014, at the offices of Hawley Troxell Ennis & Hawley, 877 W Main Street, Suite 1000, Boise, Idaho. In accordance with Idaho Code § 41-6104(8), the meeting was held in an open public forum and was streamed in audio format. Members of the public could access the audio stream by dialing into a telephone number that was included in the notice of meeting posted on the Exchange Board's Web site and at the meeting location.

4. ROLL CALL

Mr. Settles called the roll and determined that the Chair, Representative Packer (via teleconference), Mr. Veloz, and Senator Rice were present resulting in a quorum.

Dr. Livingston and Ms. Geyer-Sylvia were absent.

5. REVIEW OF AGENDA

There were no changes to the agenda.

6. BUSINESS INSURANCE

Mr. Kelly reviewed the suite of insurance that the exchange maintains.

(a) Comprehensive General Liability (CGL)

Mr. Kelly said this covers commercial property crime, automobiles, personal injury, employee theft, and enrollment events.

\$1M for liability and personal injury per event

\$25K for enrollment events

\$100K for theft

Premium: \$3400 with the largest part of that premium being for enrollment events.

(b) Director and Officers (D&O)

\$5M per claim in aggregate and covers employment practices and any actions that the Board and Officers take that represent a risk.

Policy: \$39,207 (waiting on renewal quotes)

D&O Supplemental Policy

Mr. Kelly said this is called Side A Difference in Conditions. This means that wherever the primary policy does not cover us, the supplemental covers us and will also serve as coverage for damages on initial policy.

Policy: \$25,438 (waiting on renewal quotes)

(c) Errors and Omissions (E&O)

Mr. Kelly said he will reserve the detailed discussion around this later in the year.

This covers employees, Board Members, Officers and Contractors and we have defined our area of work as Health Insurance Consulting Services which is about as close as we can get to defining what we do. He said we don't have enough visibility to the operational model yet to communicate it to the underwriters yet, but since it isn't up for renewal until September, we have some time to define the operational model before we get the quotes.

Policy: \$20,706 (waiting on renewal quotes)

(d) Cyber and Media Liability

Mr. Kelly said this is around technology and the problems that may occur in this space and renews in September.

\$5M per claim in aggregate with excess coverage up to \$5M per claim in aggregate. The additional coverage is for information security (HIIPA).

Policy: \$18,200 (waiting on renewal quotes)

(e) Workers Compensation

Mr. Kelly said this is held through the State Insurance Fund and it protects any employees and contractors from any injuries they may incur while working for YHI. \$100K accident/disease and \$500K aggregate for employees and Board (working on temporary worker coverage).

Premium: \$3,200 (premium increase due to increased headcount)

Mr. Kelly said it is important to note that there is very little experience in the insurance space relative to exchanges and very few underwriters willing to discuss our policies. Based on the discussions we have had with underwriters this year, we don't expect it to get much better in

terms of those willing to carry our policies. Premiums for CGL, D&O and D&O supplemental were already approved in the fiscal '14 Budget. These Roadmap and Agenda items are to make sure we have a robust discussion around the details of the policy. We don't have quotes but they are expected to be in line with the FY14 approved budget.

Mr. Riley added that the high costs in premiums are a result of this being in a high risk category because of the lack of experience in the industry. He added that even though we are a not-for-profit and immune, we could still get sued and the coverage would cover litigation and defense costs. He said that the policies are being shopped and the underwriter is out looking for the best possible rates.

Mr. Kelly asked for a resolution that includes those policies renewing in June only.

Motion: Mr. Veloz moved that Finance Committee recommend that YHI binds coverage for Comprehensive General Liability and Directors and Officers (including supplemental coverage) as described.

Second: Senator Rice.

The motion carried.

7. FY14 AUDIT PLAN

Mr. Kelly introduced Ms. Cheryl Guiddy and Mr. Bill Shrum from Harris and Company who will walk through the audit plan for this year.

Mr. Shrum walked through the key areas that the audit will focus on. First is the revenue recognition for which YHI has two channels including federal grants and assessment fee revenue. The second objective is to look at key contracts and make sure we understand what those contracts mean. The third objective is the accounting treatment for federal grants and making sure YHI is in compliance with the requirements of those federal grants and that the funds are being properly allocated and properly expensed. Standard to any audit are looking at completeness of liabilities including cut-off at year end and ensuring payroll expenses are inline. We will also be looking at 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.

Mr. Shrum reviewed the timeline for the audit which is as follows:

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| May 2 | Comprehensive list of documents and files needed for the audit. |
| May 9 | Audit plan reviewed and approved by the finance Committee. |
| May 27-30 | Preliminary field work including assessing the control environment, understanding of new contracts, and changes in business. Flexible time wise. |
| July 21 – 25 | Field work including debriefing management of any findings or observations from the substantive testing and prior to completing field work. Vet issues with management. |
| August 15 | Draft financial statements to management for review. |
| August 22 | Draft financial statements to Finance Committee for review (via email). |
| September 12 | Final financial statement for final review and prepare recommendation to the full Board to approve. |

September 19 Financial statement approval by the full board with a short presentation at Board meeting.

September 29 State deadline for final approved financial statements.

Mr. Veloz asked if there were any type of federal certification regarding grants. Mr. Kelly said YHI does regular reporting to the government including a monthly report on cash spend by category and quarterly attestation to dollars spent and drawn. Each report is done electronically and requires an attestation that the money was spent according to the grant guidelines.

Motion: Senator Rice moved to recommend that the Finance Committee approve the FY14 Audit Plan as presented.

Second: Mr. Settles.

The motion carried.

9. ANNUAL COMMITTEE TRAINING

Mr. Kelly opened up the floor for discussion about training for the Committee. It is part of the Committee Charter that we discuss training. This is optional and not a requirement.

Mr. Settles said he would like to look into some of those insurance policies and see if we can save some money on insurance. Has a friend that does risk management and Board insurance for Aetna and could come talk to us to see. Senator Rice said he would be interested in understanding why the companies set their rates the way they do and suspects it will be a few years before those rates come down for our new type of Board/organization. Mr. Settles will ask to see if the Aetna rep can come in and provide us with tips on how to reduce our risks and eventually reduce our rates. The Committee agreed to place this on the agenda for early June.

10. REVIEW ROADMAP

Mr. Kelly highlighted the May 30 meeting, which would focus on the budget as well as reviewing and recommending changes to the business process changes needed to fit the change in the technology solution. The model of the Exchange, how we interact with DHW and our other stakeholders. Also will cover the April Financial Statements. Looking forward into June, we would recommend the budget on June 12 and a view on grant funding at some point in June. We will also have a discussion around sustainability, key performance metrics and the financial statements for May.

Mr. Settles had a question about the possible changes in grant funding and asked if that would primarily be driven by the changes in our structure. Mr. Kelly said potentially, yes. We are funded by federal grants through 12/31/2015. The FY 15 budget, up for approval in June, would be through June of 2015 and then a look at the following 6 months to get us to January 1, 2016. What would drive those changes are costs around the work with DHW, the call center costs and operational costs of the exchange. The technology piece is the biggest driver to see if we need additional funding. Mr. Kelly thinks it is too early to determine if we will need to ask for additional grant funding. Ms. Dowd suggested that once we understand the cost allocation model better, that will be approved by CMS between YHI and DHW that we invite someone from

DHW to join a Finance Committee meeting and we walk through that so the Committee understands how that is proposed to work.

11. PERSONNEL RELATED BUDGET ITEMS

Mr. Kelly reviewed the outcomes of the May 6 Personnel Committee Meeting with the idea of getting a couple of items approved and on the budget.

(a) 4 Incremental Headcount

The main focus was around a staffing plan relative to the Consumer Support Center. Specifically internal YHI staff members that would serve as Program Specialists and Consumer Assistance Specialists and equals four incremental headcounts with a total annualized salary for those four heads around \$200,000.00 with \$5,000 in onboarding costs. The Committee members discussed some additional detailed information about these positions to get clarification and understanding.

(b) Merit Pool for eligible employees.

The Personnel Committee recommended a merit pool of 3% of base salary for YHI employees. The annual review process will be tied to the financial year so July 1. This is based on market data gathered by HR Solutions/Ms. Ball.

(c) Transition to 401(K)

Currently YHI has a SIMPLE IRA and would like to move to a 401(K) and there are some costs associated with this transition of about \$2600, and cover a third party administrator and getting plan docs and administrator itself set up. It enables higher contribution levels for employees and there will be no change to the employer match.

(d) Benefit Cost Increases

YHI employees currently have medical, dental, vision, short term disability, long term disability and life. There are no increases for medical the renewal period, the dollar amount of \$1200 is solely related to dental, vision and the other supplemental coverage.

Market reviews for current positions are on-going and will be incorporated into the FY15 budget prior to the May 30, 2014 Finance Committee budget meeting.

There is some concern with what the Personnel Committee is doing, and if they are focusing on the correct market data. The Finance Committee would like more information, would like an estimate on the cost on the Market Review from Ms. Ball as well as a description of where this information is coming from as far as market and whether they are comparing to public employees or private employees.

There was further discussion about what the Personnel Committee is doing and they would like more information about the costs associated with a market analysis. Mr. Kelly said the role of the Finance Committee to oversee these changes is unchanged. It has been reviewed in more detail at the Personnel Committee, and we can ask for more detail to be brought before the Finance Committee.

Motion: Mr. Veloz moved to recommend that the Finance Committee recommend to the YHI Board of Directors of the Personnel related FY15 budget items as presented.

Second: Mr. Settles.

The motion carried.

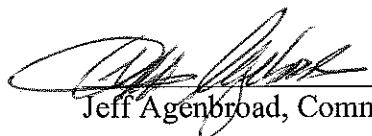
11. NEXT MEETING

The next meeting of the Finance Committee will be held on May 29 at 8:00am followed by another meeting on June 12 at 8:00am.

12. ADJOURN

There being no further business before the Committee, the Chair adjourned the meeting at 9:35am.

Signed and respectfully submitted,



Jeff Agenbroad, Committee Chair