

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

**FINANCE COMMITTEE
MINUTES
SEPTEMBER 18, 2014**

1. COMMITTEE MEMBERS PRESENT

- Mr. Jeff Agenbroad, Chair
- Mr. Fernando Veloz
- Ms. Geyer-Sylvia (via teleconference)
- Representative Kelley Packer (via teleconference)
- Senator Jim Rice (via teleconference)

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Mr. Trent Cummins, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Brody Aston, Lobby Idaho, LLC

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 10:32 am, Thursday, September 18, 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

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

Mr. Settles and Dr. Livingston were absent.

5. APPROVE PRIOR MINUTES

Motion: Mr. Veloz moved to approve the meeting minutes as presented from the June 12, July 17 and August 18, 2014 Finance Committee meetings.

Second: Rep. Packer.

The motion carried.

6. REVIEW OF AGENDA

Mr. Kelly said that since there was not a quorum reached at the Outreach & Education meeting on Wednesday, there will be no EEA Award update today. The O&E Committee will be reconvening on Friday to address this and will not be an issue because there is no formal action required of the Finance Committee as only an update would have occurred as the number came in well under the budgeted amount.

Motion: Mr. Veloz moved to amend the agenda and remove the agenda line item "EEA Award Update" as requested by Mr. Kelly.

Second: Ms. Geyer-Sylvia.

The motion carried.

7. FINANCE COMMITTEE ROADMAP

Mr. Kelly walked through the Committee Roadmap and the September actions are all covered in today's agenda. In October the Committee's first Quarter Financial review and recommendation to the Board for FY '15 will occur. The Committee will also continue to evaluate the business processes changes needed to fit the maturity of the technology solution. If there are no needs identified at that time, the Committee will move that item out to November. There will also be additional grant funding that will be reviewed in detail at the October meeting. Moving into November, the Committee will review the Delegation of Authority as well as the Financial Statements.

8. COMMITTEE SURVEY QUESTIONNAIRE

The Chair reviewed the questions on the Committee Survey Questionnaire and the Committee answered them with the following outcomes and comments:

(a) *Does the Board have active Committees composed of a small, effective number of members to handle responsibilities of key functional areas?* The Committee agreed that it does.

(b) *Are Committee appointments and rotations handled effectively and at regular intervals?* The Chair thinks that the YHI Board and Committees have not been in existence long enough and it is too early to determine at this point. The Committee was in agreement.

(c) *Does this Committee have a well-defined Charter in place?* The Chair said that the Committee took adequate time to develop the Charter and has had a good six months to follow it and he believes it is appropriate and well defined and has no suggestions at this point to change the Charter. Mr. Veloz said the financial oversight by the Committee is appropriate and that the Committee is doing an effective job of overseeing the finances of YHI in conjunction with the management team. The Committee was in agreement.

(d) *Does this Committee's meetings and actions align appropriately with its defined Charter?* Mr. Veloz said that with Mr. Kelly's assistance, the Roadmap does a very good job of informing

the Committee where it is headed and the actions that are taken align well with the Charter of the Finance Committee. The Committee was in agreement.

(e) Do the frequency and length of Committee meetings meet the needs of Your Health Idaho?

The Chair noted that the Committee will continue to be challenged by long meetings and that the Committee needs to be thoughtful of each member's time. Mr. Kelly said if the Committee agrees, it may be more appropriate to not have a meeting when there is only one or two items that do not require approval. The Committee agreed that as things become more standard and YHI becomes more settled, email communication could occur versus having meetings when there is not something to approve. Per the Charter, the Committee is required to meet 4 times per year for quarterly financial approvals. The Committee was in agreement.

(f) Do Committee meetings have written agendas and materials related to significant decisions that are provided to Committee members in advance? The Chair said that the staff specifically balances the timeliness of information in a dynamic market with getting it to the Committee timely, therefore there are sometimes short windows, but for good reason. Overall, the amount of lead time has been sufficient for reviewing materials and for preparing for significant decisions prior to the meetings.

(g) Are Committee meetings conducted effectively and with efficacious allocation of time and resources? Senator Rice thinks it has been efficient and that the Committee is at a phase where it takes the time needed to accomplish its goals. The Committee was in agreement.

(h) What suggestions for improvement should this Committee consider? The Chair said the Committee should continue to navigate the waters and be flexible and not be content, but always look for ways to improve. Ms. Geyer-Sylvia thinks that the Finance Committee meeting is very effective but thinks the really hard work will come next year when the team looks at financial sustainability which will be led by the Finance Committee.

9. FINANCIAL RESULTS THROUGH AUGUST 31, 2014

(a) Financial Highlights thru Aug '14

Mr. Cummins reported that assessment fee revenue remained consistent compared to prior months, August cash spend was focused primarily around project expenses with DHW, Accenture and additional amounts for Gallatin, professional services fees and operational expenses in general.

(b) Grant Draws

Mr. Cummins said Grant 1 is down to \$1.9M and is anticipated to be down to zero in roughly one month. The Grant 1 balance is primarily around the technology category (GI, DHW, and Accenture).

Ms. Geyer-Sylvia asked when those expenses will turn into operating expenses. Mr. Kelly said the DHW costs include both development and operations. Operating expenses include staff, call center, direct costs, etc. Development costs are related to the technology and are considered project costs. Cost allocation will be a monthly bill that starts in September when DHW turns on the cost allocation methodology. YHI should see that changeover on the September financials in

October and YHI will continue to book both development/project as well as operating expenses related to DWH work.

(c) Assessment Fee and Enrollment Highlights

Mr. Cummins said the Assessment Fee and Enrollment Highlights are consistent compared to prior months. To date YHI has received slightly over \$1.8 in assessment fee revenues. Effectuated members in August were 79,203 with the average premium of \$290 in August compared to \$289 in July.

(d) YTD Expenses

Mr. Cummins drew attention to the setup of the YTD Expenses table which shows July and August and then an YTD budget column, which includes the July and August numbers. There is favorable variance in employees and related costs, favorable variance around the call center and unfavorable variance in professional fees due to higher HR costs and the Executive Director search over the past couple of months. Mr. Kelly added that the reason that they are presenting two months is because there were a number of timing issues with things that happened in one month but were paid for in the next month.

The O&E spend YTD reports a favorability which can be explained by the delay of the overall advertising spend.

IPA and Tribal Contracts continue to have a large favorable variance resulting from the still outstanding tribal agreement with the Shoshone-Bannock Tribe.

Project Expenses YTD shows unfavorability primarily around the technology development and Accenture Contracts which is due to the unanticipated need for operations support The Chair thinks that for clarity, it might be best to change the wording from “re-budget” to perhaps “reallocate”.

The DHW Project Expenses were unfavorable due to timing. The initial budgeted amount was from May moving forward and expenses have been incurred over a slightly shorter period of time.

(e) August Consolidated Cash Flow

Mr. Cummins said there is nothing in particular that poses concern here. The Finance department tries to keep the Operating account at or near \$0. The cash balance that shows here is primarily assessment fee revenue.

(f) Consolidated Balance Sheet Assets

Mr. Cummins said the only notable items in Assets are the prepaid expenses, consisting of the business insurance policies and the deposit of about \$1,800 which is the expected to be refunded for the State Street office.

(g) Liabilities & Equity

Mr. Cummins said that accounts payable is primarily driven by project expenses around DHW, Accenture and GetInsured. Deferred revenue matches the prepaid expenses around business insurance.

The Chair asked what makes up the accounts receivable and Mr. Cummins said it is assessment fees.

Ms. Geyer-Sylvia asked now that assessment fees are accumulating, how those dollars are being invested. Mr. Kelly said that there are two accounts that hold assessment fee revenue; one is a checking account with a balance up to the FDIC limit. Those funds above that limit are earning nominal interest in a separate securitized account. The team could look at other options for investing those funds, however, cannot place these dollars in high risk investments. The goal is to place the funds in low risk accounts to protect the funds of YHI. Ms. Geyer-Sylvia thinks an investment policy should be on the roadmap. The Chair said the Committee will look at investments periodically and will add it to the roadmap.

10. INSURANCE POLICY UPDATES

Mr. Cummins provided a quick update on the insurance policies including cyber-liability, errors and omissions and supplemental excess to errors and omissions. Mr. Cummins has been working with Mr. Riley and Hawley-Troxell and they are on course for renewal next month. They are working on wording and ensuring that they are properly enforced as primary and secondary policies when certain events arise. The amounts presented are under budget for what was expected. Mr. Kelly added that Mr. Riley is continuing to work with the underwriters to get as broad a definition as possible for the services YHI provides. Currently the language is very broad and covers the activities both on the FFM and the transition to the marketplace. It is important to keep the language as broad as possible as it better protects YHI.

11. GRANTS UPDATE

Mr. Kelly said that YHI has two existing grants and are not filing for any extension related to the first level one grant, but that the team did file an extension on the second level one grant which was approved with a date through 2015. Mr. Kelly applauded Rick Moran for his work on this effort.

The second item is around the final request for additional grant funding. In addition to the re-evaluation of YHI's current costs, additional development costs will be considered which are based on CMS guidance and can be included indefinitely, or 3 years as defined by CMS. In determining these costs, YHI is working with GetInsured and DHW to determine what deferred functionality and related development costs will look like through 2017. Finance is also working with Accenture and FirstData as they will need to provide some level of PMO and IV&V services related to that as well. Once the information is gathered from the vendors, it will be combined with the operational costs and then an update to the Finance Committee will be provided in October. That update will be how much additional funding will be needed above the \$22M of additional grant funding that was approved as part of the fiscal year 2015 budget process. The Chair mentioned that this is very important and the Finance Committee is keeping a very close eye on this. Ms. Geyer-Sylvia said it is important to involve the stakeholders and thinks it would be very helpful to get the other stakeholders involved sooner rather than later.

Mr. Veloz asked in regards to the development costs and how those would be sought after. In other words, what type of developmental costs is anticipated? Mr. Kelly said it is deferred functionality like SHOP, streamlined application and other areas that have technical limitations in the current GI system. Those things will need to be prioritized, which is why stakeholder involvement is important. Ms. Geyer-Sylvia added that in order for YHI to be self-sustainable in the future, many of the items that are manual processes in the current work streams will need to be automated and those items should be added to this list.

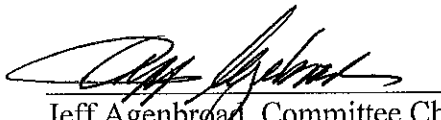
12. NEXT MEETING

The next meeting of the Finance Committee will be held the week of October 13-17 and Ms. Fulton will send out a poll to determine the exact day and time.

13. ADJOURN

There being no further business before the Committee, the Chair adjourned the meeting at 11:30 AM.

Signed and respectfully submitted,


Jeff Agenbrood, Committee Chair