

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

**FINANCE COMMITTEE  
MINUTES  
NOVEMBER 7, 2014**

**1. COMMITTEE MEMBERS PRESENT**

- Mr. Jeff Agenbroad
- Mr. Kevin Settles
- Mr. Fernando Veloz (via teleconference)
- Dr. John Livingston
- Representative Kelley Packer (via teleconference)
- Senator Jim Rice

**2. OTHERS PRESENT**

- Mr. Pat Kelly, Your Health Idaho
- Mr. Trent Cummins, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Jody Olson, Your Health Idaho

**3. CALL TO ORDER**

Following proper notice in accordance with Idaho Code § 67-2343, the Finance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Jeff Agenbroad, Chair of the Committee (Chair), at 8:10am, Friday, November 7, 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. Settles, Mr. Veloz (via teleconference) and Dr. Livingston and Senator Rice were present resulting in a quorum.

Representative Packer joined the meeting at 8:36 (via teleconference).

Ms. Geyer-Sylvia was absent.

**5. APPROVE PRIOR MINUTES**

There were no prior meeting minutes ready for approval.

**6. REVIEW OF AGENDA**

There were no changes to the agenda.

## **7. FINANCE COMMITTEE ROADMAP**

Mr. Kelly said the team took a broad overview of all of the Committee roadmaps and tried to condense meetings where appropriate and conduct some business via email and try to move to a quarterly cadence in most cases.

Starting in November, the October financials will be sent out via email within the next week for Committee review. In December, the financial statements for the month of November will be sent via email as well. Looking forward to January, February and March, the meetings will be aligned with actions that need to take place including quarterly financials, continuing education, investment policy, key accounting policies review and initial passes at the FY16 budget. The financials from January and February will be reviewed via email in February and March.

The big activity in the first quarter will be the budget activity in preparation for FY 16. The reason preparation begins so early is that it involves setting the assessment fee for next year, getting the sustainability model in place and having enough time to make a decision on the assessment fee and get it to the carriers in time for them to pass it through their plan pricing models and then to the Department of Insurance in time.

The key elements in the period from April to June is finalizing the budget and assessment fee process and then getting full Board approval of the budget.

Senator Rice asked about whether YHI will have enough information that early in order to determine the budgetary needs. Mr. Kelly said operational costs should be fairly easy to target but the capital budget may take additional time. He said that YHI will also have a sense of the number of renewals that were able to be processed out of the existing 80,000 people since staff changes have taken place. Mr. Kelly confirmed that there are no immediate concerns and the team has delegated the Finance Director responsibilities to Mr. Cummins as Controller and this change simply needs to be formalized through the policy channels.

## **8. FINAL GRANT SUBMISSION**

### **(a) Federal Grant Funding**

Mr. Cummins reviewed the background regarding why YHI is submitting this request. CMS has clarified the grant timeline and allowable funds for the Exchange programs. November 2014 will be the final opportunity for any grant funding submission. YHI is currently planning the final submission for November. Operational costs may only be funded through December 31, 2015, however, developmental costs may be funded indefinitely.

### **(b) Overview of Forecast Process**

Mr. Cummins provided a brief overview of the forecast process. The Finance Committee endorsed and recommended the FY15 budget and grant funding request at the May 29 and June 12 meetings. The budget process followed a bottoms-up approach with template submissions from each functional area owner. The team reviewed known and expected expenses for operations, project and capital and key items that were adjusted are noted throughout this

presentation. All other assumptions were held constant. Other operational expenses reflect Business As Usual (BAU), Project expenses which reflect contractual obligations for technology solution and supporting vendors such as PMO, IV&V and security and testing. This includes periods beyond FY15 to ensure that the grant request period is covered.

## *PROJECT AND CAPITAL EXPENSES*

### **(c) Approach to Design Development and Implementation Cost Estimates**

YHI has engaged vendors and key stakeholders regarding deferred functionality. GetInsured provided cost estimates of deferred functionality in three primary areas which are items identified through the change control process, Idaho specific requests made during development and implementation on functionality through 2015 Open Enrollment and general industry trends.

DHW has provided a high-level cost estimate for eligibility automation and YHI will continue to work with them to increase the level of specificity on other development efforts. YHI will also continue to engage carriers and other stakeholders for alignment on timing and prioritization of deferred functionality. And finally, a 20% contingency has been included to account for other functionality that has not yet been identified.

### **(d) Technology Enhancements Detail**

Mr. Cummins explained the table shown and said that it is a simplified summary of what each technology enhancement currently does and what the related future enhancements associated with that will be. He cautioned the Committee members that this is very simplified, and under each enhancement there could be upwards of 20 individual enhancements for that category. The dollar amount beside each one represents a summary of the whole including numerous enhancements. Each enhancement would be funded and approved separately and not in a grouping as shown here. Mr. Cummins said the grant request is separate from the budget approval process. The expenditure of grant funds will still require Committee review and Board approval according to normal procedures.

Dr. Livingston asked what kind of guarantees the grant request gives YHI. For example, if the federal funds are not received in 2 years, even though the funds were approved, what will YHI do and does YHI have a contingency plan. Mr. Kelly said that with the changes in Washington that is a bit of an unknown. Mr. Kelly thinks the more likely scenario is that YHI request an amount and they come back with a lower number. There is also a process where it could be defunded, meaning that they take away unallocated funds.

Mr. Settles said he recalls during the government shut down, they were not able to touch the money for ACA. If we put in a placeholder, at least it might be protected. Senator Rice said that we need to have contingencies in our planning and with technology enhancements it is important to get the more critical ones taken care of sooner. Mr. Kelly said the "have-to-haves" need to be stack ranked. Senator Rice said it might be nice to present the SHOP options to the federal delegation in an effort to get it repealed. Mr. Settles agreed that SHOP will not likely prove to be a valuable tool for businesses of his size.

Mr. Cummins continued by saying that a special Committee may be assembled to prioritize future enhancement selections. Technology enhancements will be selected based on, but not limited to, long-term sustainability, user/consumer experience and CMS requirements.

### **(e) Grant Funding Summary through 2020**

Mr. Cummins said this table summarizes everything over a 6 year period and the funding need over those 6 years and it totals \$88M. The Chair said that this is the purest definition of a placeholder that the team has run into as the government is asking us to estimate what will be needed and this is the best educated guess in talking to stakeholders.

Rep. Packer said that the team needs to be very careful about what is spent and the transparency around that, however she thinks YHI does need this placeholder to make sure those options are out there for use in the future. Senator Rice mentioned the need to look at things that will keep the costs down on ongoing operations.

The Chair stated that he and Mr. Cummins have discussed this. Mr. Cummins said it would be good to assemble a team to look at these to review the enhancements and determine what would be right for Idaho and the long-term sustainability. YHI needs to be able to create the best experience for Idahoans while also being able to afford what they are going to spend on these enhancements. The Chair said the three important questions are: Is it required by law; does it enhance the user experience; and is it sustainable financially?

Mr. Settles said the public is going to react the same way that YHI did initially when they see that number, but once the team is able to explain it, he thinks the public will also understand why YHI is doing what they are doing.

Ms. Packer said that it would be good to at least mention in the motion that a process is outlined and approved and that the vetting is done prior to any spend. Mr. Kelly said that the process is that it would go through Committees and the Board for approval regardless of any additional motion.

Motion: Dr. Livingston moved that the Finance Committee approve the request for grant funding in the amount of \$88.3M to be submitted to CMS and the spending of the grant funds will be subject to YHI's budget process.

Second: Mr. Settles.

The motion carried.

### *TALKING POINTS*

Ms. Olson said that she will enhance the talking points based on the conversations that took place today. These talking points are geared towards making sure the public knows that this grant request is truly a placeholder and that it is not a blank check for YHI to go spend money. YHI is working to build a sustainable and right-sized system for Idaho and also that YHI is going to be very careful in prioritizing the enhancements and there will be a very thoughtful and robust discussion around whatever YHI spends. If any Committee Members receive questions from

reporters, to please let Ms. Olson know and then Mr. Kelly or Chairman Weeg will be happy to speak formally. Ms. Olson said YHI is at a disadvantage because they are being asked to make a request for funds prior to having any experience in operating the system. However, the experience during this year of open enrollment will help to inform decisions made and what the team can bring before the Board in the future.

Mr. Kelly said that as part of the weekly Board update, a full updated version of these talking points around this grant item will be distributed.

The Chair clarified that a press release related to this grant funding request will not be issued.

Dr. Livingston requested that part of the talking points include language explaining that the expenditures of grant funds will require Finance Committee review and Board approval as defined by YHI By-Laws.

The Chair asked to have the Marketplace Committee look at each enhancement to make sure each item is necessary. Mr. Kelly said this will be part of the process.


## **9. NEXT MEETING**

The next meeting of the Finance Committee will be held in early January 2015.

## **10. ADJOURN**

There being no further business before the Committee, the Vice Chair adjourned the meeting at 8:55 am.

Signed and respectfully submitted,



Jeff Agenbroad, Committee Chair