

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

**FINANCE COMMITTEE  
MINUTES  
MONDAY, DECEMBER 5, 2016**

**1. COMMITTEE MEMBERS PRESENT**

- Mr. Jeff Agenbroad, Chair
- Mr. Kevin Settles
- Mr. Fernando Veloz
- Ms. Charlene Maher (via teleconference)
- Rep. Kelley Packer (via teleconference)

**2. OTHERS PRESENT**

- Mr. Layne Bell, Your Health Idaho
- Mr. Pat Kelly, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Wanda Smith, Your Health Idaho

**3. CALL TO ORDER**

Following proper notice in accordance with Idaho Code §74-204, the Finance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Jeff Agenbroad, Chair of the Committee (the Chair), at 8:15 a.m., Monday, December 5, 2016, 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 roll and determined that Mr. Settles and Mr. Veloz were present. The Committee did not have a quorum and proceeded as an unofficial meeting until later in the meeting when a quorum was reached.

Dr. Livingston and Senator Rice were absent. Rep. Packer called in at 8:53 a.m. at which time the Committee reached a quorum. Ms. Maher called in at 8:55 a.m.

**5. REVIEW AGENDA**

There were no changes made to the agenda.

## 6. REVIEW ROADMAP

The Chair asked if there were any additions or changes for the roadmap. There were not.

## 7. FY17 FORECAST REVIEW

Mr. Bell said the forecast slide shows a comparison of 1<sup>st</sup> Quarter actuals vs. budget and then extended that out through the end of FY17 by quarter. This is consistent by line item with YHI's financial statements.

When looking at the Federal Grant Income, we are forecasting \$10.5M by the end of the year. YHI was successful in getting the grant extension with one restriction and the funds involved in that restriction are not included in this forecast. At the beginning of calendar year 2017, assessment revenue income goes up in conjunction with premium increases, which is a very conservative number. Line three is advertising revenues, which are a new income stream, and is estimated to be about \$60k.

Mr. Settles asked about the grant funds and is concerned that when the new administration takes office, and assuming they repeal the ACA, will these funds go away? Mr. Bell said no as they have been appropriated and won't change.

Mr. Bell continued with Expenses and said employee related costs are anticipated to increase through December when YHI will be fully staffed. The Q1 favorability in employee-related costs is from the ramp up period, and should remain available through the fiscal year. YHI's health insurance costs went up this year and that is factored in. The Chair asked what percentage of increase did YHI see? Mr. Bell said the average rate increase was about 24%, but the effective rate increase was just under 20%. Mr. Settles asked if this went back out to bid and if YHI shopped for lower rates. Mr. Bell said YHI management worked with YHI's benefits administrator and compared costs with other providers. Compared to the cost of the benefits provided, it made no sense to make a change. Now that we are over 50 employees, we will likely have more options next year and be able to pick the options YHI wants in the plan. Mr. Kelly said at the end of this last fiscal year YHI had 23 employees and now we have over 60. YHI's participation rate is around 50%. The other component in this is the fringe rate, which assumes an average benefit cost over a certain salary per head. When we hired a large group of support center staff, the average salary was lower, and the fringe rate was understated. Mr. Kelly added that a comparable plan as far as benefits provided would have been about 40% higher and would have had higher deductibles and higher out of pocket expenses. Because of the increase in staff, YHI will receive a more robust selection of plans to choose from next year.

Mr. Bell said the Outreach and Education expenses are expected to have a favorable variance partly due to fewer noticing mailers than planned, partly due to electronic messaging. Support Center Shared Services has an unfavorable variance that is expected through the end of the fiscal year. The Consumer Connector program has a favorable variance because of the loss of one IPA group. The Chair asked if there were additional organizations we could look at to backfill. Mr. Kelly said the organization that was lost was not one that had a high percentage of activity, so the loss should not have a large impact on enrollments. Finally, Mr. Bell added that there is favorability in the facility costs in part due to lower-than-expected networking costs.

## **8. CARRIER INVOICING**

Mr. Bell said carrier invoicing is a CMS requirement. Currently, the carriers self-report to YHI what their effectuations are, what the premiums are and they report that to CMS at the same time. CMS is now requiring that process be reversed and that YHI invoice the carriers. Beginning in October, YHI set up a process out of the HIX and now the YHI system will be the system of record. YHI works directly with each of the carriers and this will go live January 1, 2017. Mr. Veloz asked how YHI will resolve the discrepancies between the effectuated and pending enrollments. Mr. Bell said YHI has a reconciliation process on the back end between the HIX and the carriers. This is ongoing and happens monthly and YHI is currently working with the carriers to ensure the carriers are comfortable with the results of that process as it appears on the invoice. Mr. Veloz asked what the current pending number is. Mr. Kelly said the pending number for the current calendar year is less than 5,000. These need to be resolved before YHI can effectively produce 1095A's in January.

## **9. DIGITAL ADVERTISING REVENUE**

Mr. Bell said Ms. Olson has done a tremendous amount of work to set this up and sell ad space. The basic model is YHI charges the advertiser \$9 per 1,000 impressions. YHI provides discounts as a marketing tool to encourage longer contracts. 25% of the contract price is recognized at signing and the remaining 75% is prorated monthly over the life of the contract. YHI invoices monthly and Ms. Olson and her team handles any collection issues.

The Chair asked since this is based on the number of impressions, how do we estimate cost? Mr. Bell said the ads are simply turned off when they reach their contracted number of impressions. Mr. Veloz asked who administers all of this. Mr. Bell said it is all done in-house. He added that YHI manages and monitors the contracts and manages the performance to the contracts. Mr. Kelly added that when advertisers purchase their blocks of impressions, these impressions are geo-targeted to IP addresses in their area. Once their number of impressions are reached, we take their ads down. YHI provides monthly reporting to the advertisers which shows them when their impressions were reached.

Mr. Settles asked if YHI knows what the renewal rate will be. Mr. Kelly said most of the advertisers purchased a 3-month contract during open enrollment. One of the challenges is, most of the larger companies already had set their budgets, so next year the revenue should jump considerably. He added that he heard from one agent who had purchased a block of impressions and he had received enough new business to pay for the cost of his advertising.

## **10. DELEGATION OF AUTHORITY**

Mr. Bell noted that as part of the external audit completed by Harris & Co., YHI reviewed the Delegation of Authority (DOA) both in terms of YHI's performance against it, consistency of the policies and procedures, and the adequacy of the policy. In that review we determined the policy is sufficient in terms of financial controls and overall protection of the individuals and the organization as a whole. As such, and based on the guidance from the auditors, we are not suggesting any changes to the DOA.

## 11. FINANCIAL RESULTS THRU SEPTEMBER 30, 2016

Mr. Bell called attention to the favorable variance in the Assessment Fee matrix with both a higher than expected average monthly premium and a higher than expected effectuations. Note also that YHI has over \$10.2M in remaining grant funds, and that was extended to December 21, 2017.

Mr. Veloz asked what the average premium is on the Exchange. Mr. Bell said for FY17 to date, it is \$343 per month, which is \$2 more per plan than what was budgeted.

Mr. Bell moved to the operating income statement and noted the unfavorable variance of \$639K for the quarter in the federal grant income. This was largely due to a timing difference and YHI anticipates using all the federal grant funds granted to us, minus the restricted funds. He noted there is no advertising revenue in this quarter as it will be realized in Q2.

Moving onto expenses, Mr. Bell noted favorability in employee and related costs. The unfavorability around shared services is due to timing of invoices received for prior periods. He also noted favorability in travel due to conservative travel spending this year. Facility costs also showed favorability because the September cost is reflective of capitalization of additional Support Center equipment that had been included as a facility expense in prior months. And finally, an unfavorability in depreciation and amortization because it was accelerated due to the GAAP treatment of the HIX.

Rep. Packer joined the call at 8:53 a.m. at which time the Committee reached a quorum. The Chair called roll to ensure a quorum was met. Ms. Maher joined at 8:55 a.m.

The Chair circled back to approval of the prior meeting minutes.

**Motion:** Mr. Settles moved to approve the meeting minutes from the September 1, 2016, Finance Committee meeting as presented. **Second:** Mr. Veloz. **The motion carried.**

Mr. Bell continued with an accrual basis view of project income and noted that YHI recognizes the accrual grant revenue and then show how it was spent. He added a cash basis view as a comparison to the accounting view. The accounting view shows most of YHI's major vendors and most of those have ramped down. This new cash basis view shows more detail as to how the grant funds were spent. Mr. Bell said he wanted a way to show in more detail how the money was being spent and asked the Committee for their thoughts and preferences.

The Chair stated that both the accrual view and cash view together might be best as it is more informative and provides a forward look. Mr. Bell said what he will do is include the cash basis view as informational in the appendix.

Mr. Bell said the unfavorability in grant funds is simply due to timing and YHI anticipates using the full grant funds prior to December 21, 2017, minus the restricted funds.

Mr. Settles asked what the status is on SHOP. Mr. Kelly said currently the plan, if forced to move away from direct enrollment, is to evaluate options. The most likely option would be to

lease the FFM for SHOP only. In that case, the cost to implement would be lower than the \$2M of restricted funds but CMS is unwilling to lower the restricted amount.

**Motion:** Mr. Veloz moved that the Finance Committee recommend that the Board approve the 1<sup>st</sup> quarter financial statements for Fiscal Year 2017 through September 30, 2016, as presented today. **Second:** Mr. Settles. **The motion carried.**

## 12. NEXT MEETING

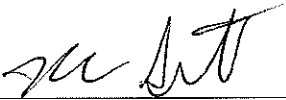
The Chair reminded the Committee that Idahoans from the 13<sup>th</sup> District elected him to serve in the State Senate for a few years, and with that comes his resignation from the YHI Board. He thanked everyone and said he will be stepping down at the end of the year.

Chair Agenbroad noted that the next meeting is anticipated to take place in early March 2017.

## 13. ADJOURN

There being no further business before the Committee, the Chair adjourned the meeting at 9:05 a.m.

Signed and respectfully submitted,



Kevin Settles, Committee Chair