

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

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

1. BOARD MEMBERS PRESENT

- Mr. Stephen Weeg, Chair
- Mr. Scott Kreiling, Vice Chair
- Mr. Jeff Agenbroad, Treasurer
- Mr. Hyatt Erstad, Secretary
- Mr. Tom Shores
- Ms. Zelda Geyer-Sylvia
- Mr. Kevin Settles
- Mr. Fernando Veloz
- Dr. John Livingston
- Ms. Margaret Henbest
- Ms. Candace Sweigart
- Mr. Jerry Edgington
- Ms. Janice Fulkerson
- Senator Jim Rice (via teleconference)
- Representative Kelley Packer
- Representative John Rusche
- Director Dean Cameron
- Director Dick Armstrong

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Ms. Jody Olson, Your Health Idaho
- Mr. Ethan Owen, Your Health Idaho
- Ms. Dana Packer, Your Health Idaho
- Mr. Trent Cummins, Your Health Idaho
- Ms. Wanda Smith, Your Health Idaho
- Ms. Karla Haun, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Susan Scovel, Your Health Idaho
- Mr. Ryan Beckstead, Your Health Idaho
- Mr. Bob Vanderbilt, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Becky Webb, GetInsured
- Ms. Karen Covey, First Data Corp.
- Ms. Premjeet Shergill, First Data Corp.
- Ms. Tresa Ball, HR Precision
- Ms. McKinsey Lyon, Gallatin Public Affairs
- Ms. Sara Chase, Drake Cooper

- Mr. Greg Kunz, Idaho Department of Health and Welfare
- Ms. Lori Wolf, Idaho Department of Health and Welfare
- Ms. Julie Hammon, Idaho Department of Health and Welfare
- Ms. Tammy Perkins, Office of Governor C.L. "Butch" Otter
- Mr. Peter Sorensen, Blue Cross of Idaho
- Mr. Mike Reynoldson, Blue Cross of Idaho
- Mr. Jim Murray, SelectHealth
- Ms. Marnie Packard, SelectHealth
- Ms. Moriah Nelson, IPCA
- Mr. Shad Priest, Regence BlueShield
- Ms. Carlie Foster, Lobby Idaho
- Ms. Emily Patchin, Risch Pisca

3. CALL TO ORDER

Following proper notice in accordance with Idaho Code §74-204, 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, Thursday, December 17, 2015, at the State Capitol Building, Room WW17. In accordance with Idaho Code §74-203 (1), 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. Agenbroad, Mr. Shores, Ms. Geyer-Sylvia, Mr. Settles, Mr. Veloz, Dr. Livingston, Ms. Henbest, Ms. Sweigart, Mr. Edgington, Ms. Fulkerson, Senator Rice, Representative Packer, Representative Rusche, and Director Cameron were present, resulting in a quorum.

Director Armstrong arrived at 9:00 a.m. Senator Rice joined via teleconference at 9:17 a.m. Ms. Vauk was absent.

5. PUBLIC COMMENT PERIOD

There were no public comments.

6. APPROVAL OF PRIOR MEETING MINUTES

Motion: Mr. Erstad moved to approve the meeting minutes from the September 18, 2015 Board meeting as presented.

Second: Mr. Shores.

The motion carried.

7. REVIEW OF AGENDA

Mr. Shores asked to add an Agent Advisory Council to work with GI, DHW, and YHI to help improve the consumer experience better and to make things better for agents and brokers.

Motion: The Chair moved to add the Agent Advisory Council discussion to the Outreach & Education Committee update section because this concept was brought to the Board's attention after the Agenda for this meeting was published.

Second: Mr. Shores.

The motion carried.

8. EXECUTIVE DIRECTOR UPDATE

Mr. Kelly said the members of the Your Health Idaho's Leadership Team will provide detailed reports on YHI's progress with key elements focusing on open enrollment, the consumer experience, YHI's operational goals, CMS activities and a look at the year ahead.

(a) OE3 Progress Report

YHI is currently at the halfway point of this year's open enrollment. The automatic renewals for 2015 enrollments were completed for over 85,000 consumers. YHI's partnerships with agents and brokers was strengthened by additional training prior to and during open enrollment. The consumer experience improved through shorter wait times and enhanced ease of use online. However, the call volume increased exponentially this past week as the December 15 deadline neared, which led to extended wait times of over an hour and a half. YHI averaged about 4,000 phone calls on Monday and Tuesday which is four times what was seen in previous weeks. The resulting 2016 enrollment totals as of the December 15 deadline, are more than 93,000.

(b) The Consumer Experience

YHI has worked throughout 2015 to improve the consumer experience. YHI saw a 50% decrease in call volumes and a dramatic reduction in hold time of over 90% compared to last year. Online capacity in November was solid, but there was an after-hours outage in December, just prior to a maintenance window. The monitoring tools notified YHI immediately which allowed for quick resolution.

As mentioned earlier, Tuesday's deadline challenged the call centers responsiveness. It's important to note that while the highest call volumes during a two-day period were experienced this week; it takes over 6 weeks to train a call center representative and YHI could not justify the extraordinary expense of quadrupling staff size for a 48-hour window. As a result, longer wait times were experienced by some consumers and YHI will work with DHW to improve the process and reduce wait times.

Dr. Rusche said some exchanges, including the federal exchange, have extended deadlines for January 1st enrollments and he asked if that would be feasible for Idaho. Mr. Kelly said that those people that were in line when call volumes were high, will be provided with an enrollment date of January 1.

YHI and GI used the same formula as last year to prepare capacity for a significant increase during the December 15 deadline. That formula equals 70% of California's capacity, which provides confidence that the demands placed upon YHI's system will be managed.

YHI and its partner, DHW, are identifying and tracking trends and bottlenecks during this open enrollment. This assessment will be used to guide YHI's technology roadmap for 2016.

Ms. Geyer-Sylvia suggested the carriers be included in the assessment. Mr. Kelly said YHI does account for carrier feedback through a variety of methods, but YHI will keep this in mind moving forward.

(c) CMS Update

CMS continues to approve the work and methods of YHI through various audits and site visits. The latest tool they released is the State-based Marketplace Annual Reporting Tool, known as SMART. CMS also issued proposed rules for the 2017 Plan Year which included changes to eligibility and enrollment, 2017 open enrollment period remaining the same as this year, and key provisions regarding market rules, rate review, premium stabilization, payment parameters, and network adequacy standards. In addition, they issued proposed rules regarding annual fees to lease the FFM technology for supported SBMs such as NV, OR, and NM, with the assessment fee for the FFM remaining at 3.5%, and revisions to plan designs.

CMS reiterated that all exchanges must enable Employee Choice through their SHOP solutions and therefore YHI is currently assessing the requirements and timelines associated with SHOP and we will report back to the Board as soon as additional details are available.

There was some discussion about SHOP which included Ms. Geyer-Sylvia proposing that the fee structure for SHOP be separate from the regular individual and family enrollments assessment fee. Mr. Kelly suggested that the fee structure be discussed in Finance Committee.

(d) Operational Goals

YHI continues to measure the outcomes for its strategic goals. The technology goal has been completed and the team achieved 93% of that goal, following the implementation of the technology roadmap. YHI's financial performance remains strong and is on track to achievement between 80% and 100% for the operating expenses goal. Final figures for retention and new enrollment will be known in January or February 2016. Current indicators are trending toward the 80% threshold. Renewals have been successfully completed and at open enrollment mid-point, YHI is keeping pace with the retention and enrollment goals, at about 80%.

(e) YHI: The Year Ahead

Mr. Kelly reminded the Board that the life cycle for YHI is continuous. There are another six weeks of open enrollment activities, followed by review and assessment, followed by planning and preparation, followed by implementation of the next open enrollment. This look ahead involves the short- and long-term view. The remaining weeks of December and January will be very busy operationally and also from a promotional standpoint. Later today you will hear from Ms. Olson about outreach and marketing efforts to promote new enrollments now that renewals are complete.

In January, YHI will begin preparations for the mailing of 1095 tax reports, which will be a new responsibility for the exchange. January 31 will be the end of Open Enrollment 3 and the beginning of the Special Enrollment period. In Q1, YHI will begin budget development for 2017.

In Q2 2016, YHI will be seeking Board approval of the budget, and the 2017 assessment fee. The carrier plan letters will be sent and the handbook and agreements defined. In Q3, YHI will focus on preparation for OE4 (2017) including consumer connector training, revising and updating YHI's online presence, completing redeterminations, and approval of plans and rates for 2017.

The Chair asked that given there was a huge increase in phone calls and since YHI anticipates another increase in call volumes in January, is there something that YHI can work on now to improve performance during those heavy call periods. Mr. Kelly said that he would work with our partners at DHW to review our options for the January 31st deadline.

9. OUTREACH AND EDUCATION UPDATE

(a) Open Enrollment 3 Update

Ms. Olson presented an overview of where outreach and education stands for OE3. One of the things YHI heard from agents and brokers following last year's open enrollment was the need for a more comprehensive system training. As a result, YHI developed a multi-tiered, self-directed training system to initially learn about YHI, the ACA, YHI's operations, privacy and security requirements, branding and marketing, what the system will look like, and how YHI interacts with DHW and the carriers. In addition, statewide training tours were conducted beginning in September and will end in January. In September, the training team visited all the major cities in the state with topics covering the renewal process and changes to the portal. In October, live application training and practice revisited the same cities and agents and brokers were able to practice in the live environment. In November, the training focused on open enrollment updates. The agents and brokers that participated in these sessions had a much deeper toolbox to use and a skill set they could apply to the process. The agents that were not able to attend, have been struggling more and call the call center more often because they don't have the tools they would have received by attending this session. YHI has recognized some additional areas for training in the future and will continue to build the training system. In December the training touched on refinement and updates for agents. One additional training session will occur in January and will focus on tax preparation and 1095's. Those agents that attended the training were very happy with the knowledge they gained.

Ms. Olson said the team developed a campaign to reach people in specific areas and created very encouraging messages that will help them. YHI has pulled back on television advertising during the holidays and replaced it with movie theater advertising during this time. In January, advertising will ramp up again with a wide reach, as will targeted marketing.

Ms. Olson said as a result of requests from last year, YHI has developed co-op advertising, including print and radio, that agents can customize and use in their various markets.

In addition, YHI and agents are gearing up for a Super Sign-up Saturday on January 16, where they will hold public open houses and inviting people into their offices to get their questions answered and get signed up.

Ms. Olson went on to discuss the website analytics and said they are a bit challenging since there is a time difference between this year and last year. The graph shows page views are trailing a little bit behind due to timing and simplification of processes to find the information consumers

are looking for, resulting in more actions in fewer visits. Alternately, the time spent on the site is trending almost identically.

(b) SOW #12

Ms. Olson said Scope of Work 12 is in line with our projected trajectory towards sustainability. YHI has worked very strategically to roll off vendor support and bring those activities in-house in an effort to bring the quarterly budget in line with YHI's sustainability goals. SOW #12 has a budget of \$169,000. There will still be a limited amount of vendor support around project management, the annual report, legislative education and lessons learned/market research. There will also be a limited amount of creative and paid media. Organizational communications has been brought in-house with staff so that line item has been reduced considerably. There will still be some travel and noticing will pick up, which now will become the largest single line item in the O&E budget due to 1095's and other normal notices.

Dr. Livingston asked who fills out the 1095 forms that will be mailed to consumers. And if there is an issue, who manages those issues. Ms. Olson said this form will be populated by the information from GI and then sent to the IRS for identity validation. It will then sent to the consumers who will have an option to call and request an information change, if needed. If changes are requested, a small, highly trained team will make those changes. Mr. Shores asked why the form goes to the IRS and Ms. Olson said it is for verification of SSN and name match. Mr. Erstad said 1095's will be attached to taxes, the exchange is required to do it so the IRS can attach this to their accounts.

Ms. Geyer-Sylvia said YHI should be prepared for issues with the 1095's because this was a big problem coming off the FFM last year. She anticipates YHI will get a lot of calls when they get their forms and then again when people file their taxes.

Ms. Olson said the drop date for 1095's to go out is January 28. Corrections after the drop date will be made and processes will be in place to handle these. This will be an ongoing process and happens throughout the year.

Mr. Erstad asked if there is a place for the APTC on the forms or will YHI just be providing the actual premium information so that the IRS sees that the individual has paid premiums for the year. Ms. Olson said yes, it will include the metal level and the APTC amount. Your Health Idaho does not enforce the regulation, the IRS does.

Mr. Veloz is a member of the ICPA and said there is a line item on the tax return form for this information. He suggested outreach to the ICPA to let them know what they need to do in case of potential issues.

Motion: Mr. Edgington moved that the Board approve SOW #12 in an amount not to exceed \$169,000 as recommended by the Outreach & Education Committee. This Scope of Work falls within the global Outreach & Education budget approved by the Board.

Second: Dr. Livingston.

The motion carried.

(c) Agent Council Discussion

Motion: Mr. Shores moved to have the O&E Committee set up an agent council.

Second: Dr. Livingston.

Mr. Shores clarified the motion saying that the council could work on the training program with the training team, improve the policies with the carriers, to have more hands on training with the agents so that he would not have to bring these issues to the Board each time because they would be worked out in the Agent Council meetings.

Rep. Rusche said that work groups such as this being proposed are always a good idea and suggested the motion be dropped and YHI simply work with the O&E Committee and staff to figure out what that might look like and how often it meets. One of the concerns with a group such as this is that the open free-flow of information is then restricted to the meetings.

Mr. Edgington asked for clarification on this group and if the group decisions would then go to O&E for approval. Or would it be a more formal appointed group. Mr. Shores said the group would have meetings to discuss issues before an O&E Committee meeting so that there would be agent input regarding the issues before it moves forward.

The Chair suggested that this idea get vetted before the O& E Committee meeting and Mr. Shores and YHI staff work through the details and how it might work and where it fits and then bring it back to the Board with a motion.

Mr. Kelly said YHI is happy to engage the agents in the most efficient way possible and said YHI has a number of things in place already and suggests we leverage those things that are in place already without adding governance structure that doesn't allow for the free-flow of information. He added that Mr. Randy Gardner is always out working with agents and brokers on issues and relays that information back to YHI on an hourly or daily basis. He also proposes that YHI figure out the appropriate Committee or vehicle for this to come back through because depending on the scope, it could go through Marketplace in relation to the technology and the consumer experience or Outreach & Education in relation to reaching out to consumers and performing agent training. He assumes this would be in the form of a work group in lieu of a Committee. Mr. Kelly then proposed that Mr. Shores work with himself and Ms. Olson to get a stronger framework of what this work group would look like and then determine which Committees it would interact with and then bring that back as a proposal on how to get this accomplished.

Motion Amendment: Mr. Shores amended the original motion to say that the idea be deferred to the Committee level for discussion.

Rep. Rusche and Ms. Henbest agreed that this should be evaluated internally and then brought to the Committee level and suggested the motion be withdrawn. Dr. Livingston withdrew his second. There were no additional seconds and the motion died.

Mr. Erstad said the important thing to keep in mind is the producers are the ones with their feet on the ground and can bring a lot to the table on the issues they are facing on a day-to-day basis. He believes there has been a good relationship between both the organization and the agent groups, so he doesn't want this issue to die on the vine because he thinks the producers can bring a lot to the table as to the actual issues being encountered.

Director Cameron added that we are all charged to make sure this system is cost effective and long running. The clear path to sustainability is the ability for agents to effectively enroll people and service their clients. So anything that can be done to improve that relationship and the consumer experience will improve YHI's sustainability in the long run.

10. MARKETPLACE UPDATE

(a) Operations Dashboard

Ms. Packer updated the Board on the Operational Dashboard which shows some comparisons from last year to this year's open enrollment so far. She said these numbers reflect consumers that have selected a plan on the Exchange, but have not effectuated. As of December 16, 2015, 93,232 individual enrollments which represents 57,842 households.

She reminded the Board that there is a one day difference in timeframes from last year to this year. The call center metrics show the enhancements that have been put in place including the ability for agents to create tickets in the system and other enhancements. The ticket volume reveals the way the system empowers the call center staff to take action and the lower number of tickets compared to last year reflects this change. As Mr. Kelly mentioned earlier, the call volumes have increased significantly over the past few weeks. This is expected because procrastination is human nature and YHI is looking at ways to mitigate that as well as manage the staffing for this and look at opportunities for improving this. The wait times and call times are also noted and YHI implemented a new feature, the YHI Service Line, where a call can be transferred over to a next level support staff.

Director Cameron asked if YHI is able to define the difference between visits and users and what it means. For example, the chart shows that for 2016 open enrollment, there are 134,538 users and out of those only 93,000 chose a plan. Ms. Packer said that there is currently not a mechanism in place to tie plan selection with the user experience. The user number reflects how many unique individuals have signed into the system, so this number includes call center staff, consumers, agents and brokers, etc.

Mr. Kelly said why it is important is so we can manage the load on the site and make sure there is enough capacity to handle the number of users that are on there. But also so we can measure the activity on a temporal basis. He said Director Cameron is right, it would be helpful to tie the users to an actual enrollment but we simply don't have that capability yet.

Director Cameron asked if there was a way to see how many accounts are incomplete or have not chosen a plan. Mr. Kelly said yes and he will follow up with that data following the meeting. Director Cameron said this information would be useful.

Ms. Geyer-Sylvia asked about the enrollment data and said it's very interesting and asked if YHI has evaluated that data yet. Her read is that we have shifted significantly from those that have received subsidies to those who are not subsidized because these folks will have a lower effectuation rate.

Ms. Packer said YHI is evaluating this currently and are looking at which are renewals and which are new, but she needs to dig deeper to track down these answers. The team is formulating these questions as this data comes in.

Ms. Geyer-Sylvia asked about YHI's procedures for checking the files that go between YHI and the carriers. There was a significant issue with the accuracy of the file that came over in December. This had a significant impact on BCI's customers and she wonders if there is a need for additional QA on the files before they are sent to the carriers. Ms. Packer said she was not aware of an error as Mr. Sorensen pointed it out and has not been able to confirm an error occurred, so she thinks BCI does need to identify those examples so YHI can track down what the issue may be. She added that the team is actively tracking this and hopes to have a resolution soon.

(b) Consumer Experience

Ms. Packer said YHI is actively working on reconciliation with the carriers and YHI was able to auto-renew 76% of the households and individuals using the technology. Of that remaining 24%, those cases included duplicate accounts and potential reinstatements that didn't make it through the process and the team found some new opportunities in the reconciliation process. There were also some opportunities in how reconciliations are being handled in the 834 process which is a mechanism for measuring effectuations.

Ms. Packer added that of those 80,000+ individuals enrolled in 2015, YHI received 542 appeals. Most of these appeals were handled informally and YHI had a total of four that requested a hearing.

Ms. Packer said one of the things YHI has identified through this process are the opportunities for improvement. This allows the team to identify where it can take action. The team reviews every event as feedback, and continues to make strides to improve. Some additional opportunities include managing life changes for past, present and future dates, how they are pushed through the system and how to get the consumer enrolled. The team has found ways to minimize multiple accounts so the system can do the work and is working on how to manage life changes during open enrollment time so that no one falls through the cracks.

Ms. Fulkerson asked if there are any open appeals currently. Ms. Packer said YHI receives appeals continuously but most of them are quickly resolved. DHW appeals are around APTC determination and YHI handles effective dates and termination dates.

Director Cameron said there are issues with retro-terminations and asked where YHI is at with that. Ms. Packer said through our systems, YHI has been able to identify this issue, it has been discussed with carriers, and it was brought to the Policy Steering Committee and is on the agenda for the January meeting. If any policy change results from that, it would go through the Governance Committee.

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

11. IT UPDATE

Mr. Owen said from a high level, the last release 3.0 was very successful. There were two areas where issues were seen immediately including the changes in the linking issue with access codes and some issues in agent portal. With any issue seen on the public facing system, a small team of leadership from YHI, DHW and GI convenes, performs a root-cause analysis, then fixes the issue within a very short amount of time. Last year there were 444 development requirements and 93% of those were completed before open enrollment and validated independently by Accenture. The remaining 7% is down to 1 and has been validated by Accenture. Now that Accenture is rolling off completely, the team needs to be very careful, cautious, and measured in what is done. There will no longer be an independent group catching the bugs and defects before the public sees them, grant funding is running out, and so it is time to be very careful. On January 6 there is a minor release (3.1) around 1095's. Most processes that have been designed with GI for 1095's will be automated.

Next year there will be 3 smaller releases. As a frame of reference, YHI is approximately 4-5 months ahead of where it was last year. For 2016 there are some CMS compliance reasons that are being worked on and will be included in 4.1.

Accenture is rolling off on track next week, saving YHI about \$718,622, or about 10%. GI and DHW's internal testing teams will no longer have an independent end-to-end testing team and end-to-end testing moving forward will be conducted by DHW and GI technical teams with oversight by YHI. YHI no longer has a team of people scoping requirements leaving YHI with a team of two to complete this.

Mr. Kreiling asked that going forward, the team be thoughtful in keeping this sustainable and affordable. He anticipates robust discussions among the Board members going forward to balance that.

(a) MARS-e V2.0 RFP

Mr. Owen said YHI is required to have an Authority to Operate (ATO) in order to function as an exchange. In order to obtain an ATO, YHI must complete an Authority to Connect (ATC) package with the Federal government. One component of the ATC package is an assessment of GetInsured called a Security Assessment Report (SAR). The SAR requires independent, third-party assessment of the control framework required of GetInsured, called MARS-E (Minimum Acceptable Risk Standards for Exchanges). MARS-E is undergoing a change from v1.0 to v2.0, and as such we must have an additional assessment per CMS requirements. This assessment will also be used by YHI leadership to continue to assess GI's security posture and to protect Idahoans' data.

Rep. Packer asked if this is an annual amount or a one-time deal. Mr. Owen said the SAR will be structured to cover 2016 and 2017. The RFP was structured to have two prices within it, one for year one (2016) and one for year 2 (2017). YHI anticipates that moving forward 1/3 of the controls will be tested each year, and that the cost for year 2 will help us gauge the ongoing compliance cost for this particular item.

Motion: Mr. Veloz moved that the Board authorize the Marketplace Committee to 1) conduct an RFP for a MARS-E v2.0 Security Assessment Report (SAR) services, 2) establish a Proposal Evaluation Team (PET) to evaluate the responses to the RFP, and 3) accept the recommendations of the PET; and that upon such acceptance the Executive Director and the Chair of the Marketplace Committee may negotiate and execute the contract with an amount not to exceed \$100,000.

Second: Mr. Kreiling.

The motion carried.

(b) IV&V Extension

Mr. Kelly said YHI's IV&V, or Independent Verification and Validation vendor, First Data, has a current contract that expires on December 31, 2014. IV&V oversight is a requirement for the use of grant funds for specific development activity. First Data provides monthly reports and attestations to CMS related to YHI's technology development efforts. YHI and First Data have focused efforts to close out all CMS IV&V requirements within the current contract period but have three to four remaining items that will fall into the first part of 2016. As such, YHI is requesting an extension to the current contract to February 28, 2016. The additional funding, that is approved in the current FY16 budget, is around \$20,000. The current contract is on a fixed-fee schedule and YHI is proposing a fee structure that will be time and materials so that YHI has maximum control over the costs.

Motion: Rep. Rusche moved that the Board extend the First Data contract, on a Time and Materials basis, through February 28, 2016 in an amount not to exceed \$20,000 which funds are included in the approved FY16 budget.

Second: Ms. Sweigart.

The motion carried.

12. PMO UPDATE

Mr. Kelly said Accenture PMO services largely ceased in the 1st quarter of 2015 as we transitioned to a local PMO resource, Mr. Bob Vanderbilt. Mr. Vanderbilt has managed overall CMS requirements, deliverables, and relationships with our state officer, program schedule, content and overall risks; coordination of technology releases, content, scheduling and risks;

Mr. Vanderbilt's contract expires on December 17th. His duties have been moved to an in-house resource and in terms of the release management and PMO responsibilities across stakeholders will also be internalized with YHI staff and within the overall budget.

13. FINANCE UPDATE

Mr. Cummins said there are three items that require Board action and then he will review the budget for the remainder of FY16.

(a) RFP for Auditing Services

Mr. Cummins reviewed the auditing services RFP and said YHI is required to have an annual audit because the grant funding, YHI's enabling legislation and CMS all require annual audits. YHI has been using Harris & Co for 3 years, which was the original RFP's timeframe. It is recommended that this RFP cover an additional 3 years including 2016, 2017 and 2018. It has also been recommended that a Proposal Evaluation Team (PET) be established consisting of Mr. Agenbroad, Mr. Kelly and himself. The timeline shows the process and gives initial dates.

Motion: Mr. Agenbroad moved that the Board accept the recommendation of the Finance Committee for the Board to authorize the Finance Committee to conduct an RFP for Auditing Services (for FY'16 through FY'18), establish a Proposal Evaluation Team (PET) to evaluate responses to the RFP, accept the recommendations of the PET, and execute the contract in an amount consistent with YHI's sustainability model.

Second: Mr. Edgington.

The motion carried.

(b) Delegation of Authority Amendments

Mr. Cummins said there are three proposed changes to the DOA Policy.

For invoice approvals & signature authority, the current policy requires 3 approvals including the Executive Director, Controller & Board member (Board Chair, Board Vice-Chair, or Board Treasurer) for any amount equal to or over \$500,000. The current policy also states that checks equal to or over \$5,000 require dual signature from Executive Director & Board member (Board Chair, Board Vice-Chair, or Board Treasurer).

A discussion took place during the Finance Committee meeting requesting staff to reach out to YHI's Auditor, Harris & Co., to obtain feedback and a recommendation on the DOA policy. The Auditor commented on the strong internal control environment at YHI and suggested that adjustments to the policy should take into account expected activities over the next 2 years. They also recommended YHI consider adding another person on the staff as a signer and adjusting the limit to an appropriate amount. Staff performed some analysis, and recommends \$15,000 as the single signer limit. The Director of Operations is proposed as an authorized signer and increasing the single signature authority to any amount under \$15,000. The proposed policy change also requires 3 approvals from the Executive Director, Controller & YHI Staff Director responsible for the related vendor on amounts equal to or over \$500,000. Mr. Agenbroad added that this is a natural step in moving from Board control to staff control.

Motion: Mr. Agenbroad moved the Board approve the changes to the Delegation of Authority, an appendix to the Procurement Policy that have been discussed by the Finance Committee and recommended by our Auditor and presented today.

Second: Mr. Settles.

The motion carried.

(c) Financial Results thru September 30, 2015

Mr. Cummins said the 1st quarter financial results through YHI's first quarter of operations. Items to note include employee and related costs which has a favorable variance primarily driven by the budget vs. the actual hiring of those positions. The second item is around O&E and the driver behind the favorable variance here is the delay in the advertising spend which was authorized in the first quarter but being spent in the second quarter. Another item is the call center for the eligibility shared-services provided by our partners at DHW. The budget assumes a flat dollar amount each month, but what is actually seen in non-open enrollment months which will be offset by future open enrollment activities. There is some unfavorability in meetings and travel category which is driven by staff members and a Board member attending the Sustainability Conference in Washington D.C. and YHI will reduce future travel to reduce the budget for the remainder of the year. There is also favorability in the facility costs category that is primarily driven by YHI's telecom vendor and the new lower rate that was negotiated with that vendor.

Mr. Cummins said the next slide is the project income statement for the quarter, and it shows YHI is within budget for the quarter. Overall project income statement is on track with the exception of two categories, the Accenture Services and project DDI expenses that both have unfavorable variance due to timing of those activities vs. budget. YHI is favorable overall on these contracts and it is just a timing issue.

Motion: Mr. Agenbroad moved that the Board approve the 1st quarter financial statements for Fiscal Year 2016 that has been reviewed and recommended to the Board by the Finance Committee and presented today.

Second: Rep. Rusche.

The motion carried.

(d) Forecast and Sustainability Model

Mr. Cummins presented the forecast for 2016. As a reminder, YHI's fiscal year runs through June 2016 so the forecast provides a preview of what YHI can expect over the next six months. As YHI shifts away from grant funding, the forecasting model will become a very important tool in providing guidance for decision making and make sure YHI is headed in the right direction. This forecast was developed from a bottoms-up approach, functional owners provided input, actuals through October 2015 was used as the base amount and the remaining 8 months for FY2016 were forecasted using a combination of contracts, functional owner input and historical data. These forecasted results were then compared against the approved budget for FY16 and the graph shows some areas of changes for FY16.

The waterfall slide starting at the left shows an approved budget for FY16 of roughly \$9.749M. Six major areas were identified for change and include salaries and related costs, outreach and education, professional fees and business insurance, office expenses and travel, DHW eligibility and call center, and finally, IPA's & tribal. The waterfall chart only walks through the expense side of the projections. The other element is the revenues, which are expected to be higher than

originally estimated because the estimated premium increase is going to be a little higher than what was originally included in the budget.

Ms. Geyer-Sylvia said she likes the forecasting and this is a great time to do it because the assessment fees for next year need to be set. She said how YHI forecasts its expenses is going to become much more stable, but the real wild card is forecasting revenue, and therefor would like to recommend the staff hire a contractor to help them develop a model for the revenue forecasting because this is a very complicated process.

Motion: Ms. Geyer-Sylvia moved to give authority to finance staff and Mr. Kelly to engage in a contractor to help them develop a model, in an amount not to exceed \$50,000.

Second: Mr. Veloz.

Mr. Kreiling encourages YHI to also look at the expense side in this process since there are limited dollars for unanticipated expenses going forward.

Ms. Geyer-Sylvia said this is very critical because there are a number of factors that will go into what the revenues might be in the future. Revenues will fluctuate from year-to-year, and instead of guessing what the future will hold, it would be good to have a contractor look at all the possibilities.

Mr. Kelly fully supports the suggestion but asked for clarification where it comes to the wording of the motion. YHI's procurement policy requires any expenditure in excess of \$15,000 needs to go through the RFP process or be noted as an exception to the procurement policy. Given the timing of when this revenue model needs to be in place in relation to the budget process, issuing a full RFP would be a challenge. There are a number of different vendors that YHI could informally seek, but it should be at a cost that is appropriate for the work being done.

Amended Motion: Ms. Geyer-Sylvia moved to authorize the Executive Director go outside the process without issuing an RFP, to engage in a contractor to help develop a model, in an amount not to exceed \$50,000.

Second: Rep Rusche.

The motion carried.

Mr. Cummins said the FY'16 forecast key risks and opportunities that are forecasted in this model include revenues, grants and expenses. On the revenue side, if there was a 1k change either way in enrollment numbers, YHI's revenue would reflect a plus or minus \$81,000. If the premiums changed by \$1 either way, it would results in revenue increase or decrease of \$21,000. For grant funding, a key risk would include a grant funding interruption. However, there would be an opportunity if YHI was able to extend grant funding beyond December of 2016. There are a few risks and opportunities around expenses primarily around headcount in the CSR call center and around DHW cost allocations. There was additional discussion around the forecast model.

Finally, Mr. Cummins said he looked at the long-term sustainability, which is highly dependent on the cash reserves. The new sustainability projection shows that the new model fairly closely mirrors the original model and end up at the same cash balance in December 2018.

Ms. Fulkerson asked how the reserves are calculated. Mr. Cummins said the reserves would be three months of operation expenses plus cap-ex.

14. GOVERNANCE UPDATE

(a) Annual Board Effectiveness Survey

Mr. Kelly said the Governance Committee Charter requires an annual survey to measure the effectiveness of the Board and the overall governance process. The last survey was conducted in the fall of 2014. Given the significant system enhancements and to provide time to evaluate performance during open enrollment, YHI has delayed the Board Survey until January 2016. In order to allow for year-over-year comparisons, all questions remain the same with the exception of one additional question this year which is centered on strategic direction with the Board and the Executive Director.

Mr. Kelly added that assuming Board endorsement today, Ms. Ball will manage the survey process to assure independence and the results of the survey will be shared with the Governance Committee and the Board during the March meetings.

Motion: Rep. Rusche moved that the Board approve that the Board effectiveness survey be conducted as presented today.

Second: Mr. Erstad.

The motion carried.

(b) Annual Board Training Program

Mr. Kelly said YHI's governance documents require Annual Board training. This year, YHI envisions this training to be centered on two primary areas. First will be an overall training session that will be centered on standard areas of governance including public meeting laws, conflicts of interest, enabling legislation and a review of key documents. This will be followed by a strategic planning session with a small group format with topics and groupings provided in advance of the meeting. This meeting will be held in an open meeting format in order for it to comply with open meeting laws and to include that transparency that has guided YHI to date.

Motion: Ms. Fulkerson moved that the Board approve the annual Board training and strategic planning update as presented today.

Second: Rep. Rusche.

The motion carried.

(c) Annual Plan of Operations

Mr. Kelly said YHI's governing documents require an annual review and adoption of a Plan of Operations. There have been no material changes to the existing documents. However, minor changes, previously approved by the Board, include updates to existing policies to reflect maturation of YHI's business processes and organizational structure. Additional changes include

updates to the privacy and security policies to ensure compliance with CMS guidelines, MARS-E, and best practices.

Motion: Ms. Fulkerson moved the Board approve the Annual Plan of Operations as presented today.

Second: Mr. Erstad.

The motion carried.

15. EXECUTIVE SESSION

Motion: The Chair moved that the Committee enter into Executive Session pursuant to Idaho Code Section 74-206 (1) to consider documents that are exempt from disclosure under YHI's public records policy and Idaho's public records act pursuant to Idaho Code Section §74-206 (1)(d) and to consider the evaluation of an employee pursuant to Idaho Code Section §74-206 (1)(b).

Executive Session Roll Call: Mr. Erstad called roll and determined that The Chair, Mr. Agenbroad, Mr. Shores, Ms. Geyer-Sylvia, Mr. Settles, Mr. Veloz, Dr. Livingston, Ms. Henbest, Ms. Sweigart, Mr. Edgington, Ms. Fulkerson, Senator Rice, Representative Packer, Representative Rusche, Director Armstrong and Director Cameron were present, resulting in a quorum.

The Committee entered into Executive Session at 10:58 a.m. and reconvened at 11:11 a.m. No final action or decisions were made while in Executive Session.

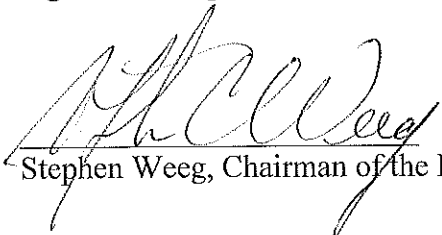
16. NEXT MEETING

The Chair said YHI will be doing the annual report to the Legislature coming up over the next couple of months. The next meeting would be in mid-March and then back into Committee meetings the weeks prior.

16. ADJOURN

There being no further business before the Board, the Chair adjourned the meeting at 11:13 a.m.

Signed and respectfully submitted,



Stephen Weeg, Chairman of the Board