



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

**FINANCE COMMITTEE MINUTES
FRIDAY, JUNE 4, 2021**

1. COMMITTEE MEMBERS PRESENT

- Mr. Kevin Settles, Chair
- Mr. Greg Donaca (via videoconference)
- Ms. Tara Malek (via videoconference)
- Dr. Cynthia Fairfax
- Rep. Sage Dixon (via videoconference)
- Ms. Julie Hammon for Director Jeppesen (via videoconference)

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Ms. Heidi Stockert, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Stacey Porter, Your Health Idaho
- Mr. Marty Alsip, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Alanee Thomas, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Frances Nagashima, Your Health Idaho
- Mr. Matt Fuhrman, Your Health Idaho
- Ms. Tresa Ball, HR Precision

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. Kevin Settles, Chair of the Committee (the Chair), at 8:02 a.m., Friday, June 4, 2021, at the offices of Your Health Idaho, 1501 S Federal Way, Suite 100, Boise, Idaho. In accordance with Idaho Code §41-6104 (8), the meeting was held in an open public forum and was streamed in audio and video format. Members of the public were encouraged to access the audio stream by dialing into a telephone number and view the materials by accessing a meeting link that were included in the notice of meeting posted on the Exchange Board's Web site, social media platforms, and at the meeting location.

4. ROLL CALL

The Chair called roll and determined that Mr. Donaca (via videoconference), Dr. Fairfax, and Ms. Malek (via videoconference), Rep. Dixon (via videoconference), and Julie Hammon for Director Jeppesen (via videoconference) were present, resulting in a quorum. Senator Rice was absent.

5. PRIOR MEETING MINUTES

Motion: Mr. Donaca moved to approve the meeting minutes from the February 26, 2021, Finance Committee meeting as presented today. **Second:** Rep. Dixon. **The motion carried.**

6. REVIEW AGENDA

The Chair reviewed the Agenda and there were no changes.

7. REVIEW ROADMAP

The Chair reviewed the Roadmap and there were no changes.

8. FINANCIAL RESULTS THROUGH MARCH 31, 2021

Ms. Stockert welcomed Dr. Fairfax to the Committee and introduced Mr. Kelly to provide an update on 2021 enrollments.

Mr. Kelly said Your Health Idaho had an open enrollment period in March called the Uninsured Special Enrollment Period (USEP) and another in April as part of the American Rescue Plan Act (ARPA). Your Health Idaho saw a significant increase in enrollments in April and May as a result of these two special enrollment periods. Preliminary numbers for June also show strong retention which bodes well for revenue in 2022.

The Chair reminded the Committee that the fiscal year runs from July 1 through June 30 each year, while the plan year runs on the calendar year. Mr. Kelly said to complicate things even further, the 2021 budget was set prior to seeing the impacts from COVID and the decline in revenue was driven primarily by COVID because the budget was set and approved before that occurred.

The good thing resulting from the USEP and ARPA enrollment periods is that although it will not close the gap between this fiscal year and the budget for this year, it sets us up well for fiscal year 2022.

Mr. Kelly said we had about 8,000 enrollments over those two months. At the end of open enrollment, the average premium was at \$456 per member, per month. Looking at the impacts from ARPA, which included increased subsidies, it shows a \$7 increase in overall premiums, but resulted in a 36 percent decrease in Net Premium. That means customers paid an average of 36 percent less for their monthly premium. These numbers mirror what is happening at the national level and is precisely what the Biden Administration forecasted would happen as a result of the American Rescue Plan. This is good for consumers and will help with retention throughout the year.

The \$7 increase in premiums resulted from the plan mix shift where we saw more people selecting silver and gold plans under ARPA, which drove the average premium up. While the enhanced subsidies resulted in overall lower cost for plans by 36 percent.

Ms. Stockert reviewed the Q3 actuals and year to date vs. budget results for FY21. The average monthly premium per member was \$457 and effectuations for the year were a total of 669,563,

or 8.5 percent unfavorable to budget. Assessment fee revenue totaled \$7,012,352 which is still trending unfavorable to budget at 9.4 percent, primarily due to lower than anticipated enrollments driven by Protected Medicaid and the crossover of plan year with fiscal year. In addition, the budget was set pre-COVID in March 2020.

Ms. Stockert reviewed the enrollments per carrier and added that Regence joined the exchange in PY21. Total Effectuations for the month of March 2021 were 75,058 and we saw a slight change in mix resulting from Regence joining. Select Health and Blue Cross of Idaho continue to hold the highest percentage of enrollments, but those did go down slightly as some consumers moved to Regence.

The Your Health Idaho income statement, excluding the View Pointe building, shows total revenue year to date of \$7,053,700 and was unfavorable by ten percent compared to budget. This was primarily driven by assessment fees coming in lower than anticipated along with lower interest rates than projected. Total operating expenses came in at \$6,544,300 with favorability of fifteen percent compared to budget. This was driven by employee cost saving, DHW Eligibility Services and professional fees. We will continue to see these savings throughout the year. Net Income was \$116,600 and favorable to budget.

Mr. Donaca said he really appreciates the effort put into controlling expenses to close the revenue gap and he said that coming within 10 percent of budget on either side is always a good sign, particularly since the budget was set prior to COVID.

Ms. Stockert said the income statement for the View Pointe building shows total revenue at \$665,600 and total expenses at \$200,500, resulting in net income of \$385,400. The building purchase continues to be a solid investment.

Ms. Stockert shared the consolidated income statement which includes both Your Health Idaho operations and the building. The first 9 months of the year resulted in total revenue of \$7,719,400, total operating expenses of \$6,744,500 resulting in net income of \$502,400 and favorable to budget. This is primarily driven by the building investment and the cost savings for Your Health Idaho through March.

Motion: Dr. Fairfax moved that the Finance Committee, recommend to the Board, the approval of the financial results through March 31, 2021, as presented today. **Second:** Rep. Dixon. **The motion carried.**

9. FINANCIAL FORECASTS

a. FY21 Financial Forecast

Ms. Stockert looked ahead to June 2021 and said we are projecting total income to come in at \$9,429,700. We anticipate seeing unfavorability to budget by 10.5 percent. Total operating expenses are expected to come in at \$8,838,000 and bridging the gap on the revenue shortfall; resulting in net income of \$33,600, which is 10.6 percent favorable to budget.

The View Pointe building forecast continues to look strong through fiscal year end with total income of \$883,900 and total expenses of \$269,500 resulting in net income of \$506,300 and favorable to budget.

Mr. Donaca asked if the parking lot maintenance gets billed back to the tenants or is it considered a building expense. Mr. Kelly said the leases are full-service leases and most expenses for the building are included in the rent, with the exception of the rooftop tenants who only pay their portion of utilities.

Ms. Stockert said the consolidated forecast shows \$10,314,400 in total revenue, \$9,107,600 in operating expenses, resulting in net income of \$540,700 and favorable to budget by thirty percent

b. FY22 Financial Forecast

Ms. Stockert said for the FY22 forecast, we are predicting an addition of about \$99K to our assessment fee revenue because of the two special enrollment periods, ARPA and USEP. \$40K of this comes from the first six months of the fiscal year (July 1 through December 31, 2021) and \$60K from the second half of the fiscal year (January 1 through June 30, 2022).

Chair Settles asked if we know when they will end the federal emergency and protected Medicaid will end. Mr. Kelly said the public health emergency has been extended through the third quarter, or September 30th, and we expect it to be extended through the end of the calendar year. Ms. Hammon added that protected Medicaid will remain through the end of August, but she anticipates that will be extended through the end of the year. Mr. Kelly said we did direct outreach and found people preferred to remain on protected Medicaid simply due to costs.

Mr. Donaca asked if there are any other programs coming that would impact Your Health Idaho. Mr. Kelly said the enhanced subsidies will run through the end of 2022 and they are working to make that permanent via the infrastructure bill. Outside of that, we are not aware of anything that would directly impact consumers. There is some talk at CMS about potential grant funding for state-based exchanges for each exchange to use for ARPA implementation. Until we see the rules around this, we do not know yet if we will pursue it as our costs around that were minimal.

Ms. Stockert shared the sustainability model, which looks out at cash flow for the next five years. With the addition of our cost savings from FY21 favorability, revenue forecast from USEP and ARPA enrollments, and our incremental cash flows from our building investment; we anticipate 5 years from now to have close to \$10M in our cash balance.

10. FY22 BUDGET AND APTC ELIGIBILITY

Mr. Kelly said one of the questions that came up in the February meetings was what are the areas of opportunity around enrollment efficiencies and maximizing our operational capacity. We have talked internally about several ideas, as well as one-on-one telephone discussions with agents and brokers, and conversations with the Department of Health and Welfare. While several initiatives were discussed and contemplated, it came down to a proposal to create a team of Your Health Idaho employees that would work solely on APTC eligibility. Essentially this would shift the work around tax credit determinations from the Department of Health & Welfare to Your Health Idaho. The current scenario would include a mix of direct hires and seasonal employees. They initially would be trained by the Department and would include on-the-job support and training for issues as they occur. These employees would not have access to any other Your Health Idaho systems except for email and would be very siloed in order to mitigate privacy and security risks. In talking with Mr. Reddish, this would not impact Your Health Idaho's MARS-E

scope, but it would impact the Department of Health and Welfare's. Annualized cost estimates would include labor and benefits for full time hires, plus a five percent contingency. If approved, an incremental budget of \$550K would need to be approved. We currently pay DHW for eligibility services through the cost allocation and in talking with Ms. Hammon and Director Jeppesen, we would see a decrease in the cost allocation, but we do not yet know what that amount would be. Once we get that nailed down, we will notify the Board. If this is approved, we will manage this budget as its own department and keep it separate from overall operations.

Chair Settles said Your Health Idaho had tremendous success moving the call center in-house in spite of some controversy at the time around doing so. It makes sense to move this part in-house as well. In reviewing the long-term cash flow, and because we have always been prepared for a shutdown, we have always kept at least six million in the bank to cover expenses should that occur. Because we are well above that in savings, we have the money to do this. The MARS-E framework is something that was also considered, but again, Your Health Idaho goes above and beyond in this area as well, which allows this to happen without concerns there. Mr. Kelly added that we checked to ensure our insurance would not be affected by this. It really comes down to the wording in the MOU with the Department of Health and Welfare on how it affects our insurance. If we are careful with the wording, it should not affect it, but is part of the reason we put in the contingency.

Chair Settles asked if there is a timeline for the cost allocation. Ms. Hammon said it can be a lengthy process, but she is not convinced that the cost allocation document needs to be changed. It may just be the information that feeds into the cost allocation model that needs to be considered and changed. The Department is looking at that now and anticipates cost proposals should be ready within a few weeks. If it is determined that the language needs to be changed, that could take up to a couple of months. Ms. Hammon said this is a good move for Your Health Idaho as it supports what agents have been asking for and streamlines the process similarly to how bringing the call center in-house did. The Department simply does not have the capacity to pull APTC out of the overall program screening process. She said she is fully in support of this and will help to ensure it is successful.

Mr. Kelly added that Director Jeppesen is fully supportive of this move.

Mr. Donaca asked if there is an estimate or range that we expect to see from the changes to the cost allocation. Mr. Kelly said providing an estimate would be premature at this point. The two primary components of the cost allocation include a random moment time study and Your Health Idaho case counts over total DHW case counts. For the random moment time study, where a screen pop occurs and DHW employees record what they are working on, will almost completely go away. For the case counts portion, DHW will only be able to report on APTC case counts that the Department actually work, so that should also adjust. An estimate or percentage would be premature, but we are hopeful to have that information for the Board when it meets on June 18. Mr. Donaca said overall he thinks this is a good idea. The Chair added that when the exchange was created, it was made clear that Your Health Idaho cannot have any assistance whatsoever from the state, which is why the cost allocation was put in place. Mr. Kelly added that Your Health Idaho cannot use any state resources and the definition of resources is very broad because the legislature wanted to ensure we paid our own way for everything. And that is why we need to be thoughtful about understanding that any movement in the cost allocation remain in alignment

with our enabling legislation. One of the components is the noticing and we will still need to pay for the noticing. The cost will never be completely offset.

Motion: Dr. Fairfax moved that the Finance Committee, recommend to the Board, approval of \$550,000 for Your Health Idaho APTC eligibility personnel and related costs, which is not included in the FY22 budget, and authorize the Executive Director to execute any related agreements with DHW and any other party as appropriate, as presented today. **Second:** Ms. Malek. **The motion carried.**

11. OPERATIONAL GOALS

a. FY21 Goals Progress

Mr. Kelly said we are at the end of our financial year which ends on June 30. The goal most relevant to this Committee is the Low Cost Promise, which measures operating expenses compared to budget. We were at about 90 percent of achievement at the end of April and are on track to reach 100 percent achievement of this goal by the end of June. This does not get paid out until the financial audit is done sometime in late August.

b. FY22 Proposed Goals

Mr. Kelly said for the new fiscal year, we have the single strategic goal of providing a flawless customer experience, defined by the number of contacts required to resolve a customer issue. When we get to below five percent of customers that require more than three touches, we consider that to be a flawless customer experience. When this goal was initially set in 2017, we were around eight percent, and we are now under three percent that required three or more touches. That is a seventy percent decline since the goal was put in place. This is a simple goal for the team to rally around and we are not proposing any changes to this goal.

Mr. Kelly said the five operational goals being proposed are in the same five categories we had last year but include some changes to how those achievements are measured both during open enrollment and outside of open enrollment. These goals initially all focused on the open enrollment performance period and we determined that it was just as important to focus on these outside of open enrollment.

Idahoan's Experience will still focus on Net Promoter Score (NPS), First Contact Resolution (FCR), and Turnaround Time (TAT). There will now be two measuring periods, as noted previously (open enrollment and post-open enrollment periods). For First Contact Resolution and Turnaround Time, we are proposing an eleven and six percent increase for open and non-open enrollment periods. Net Promoter Score we are proposing a five percent increase during open enrollment and an eight percent increase for non-open enrollment.

Retention and Enrollment measures auto renewals, the percent of new enrollments, and the targeted total number of enrollments expected for the year (April 2022). We are proposing a seven percent increase in enrollments as compared to budget. We are proposing no compensation be tied to this goal as there has been a lot of policy changes under the new administration.

Risk Management will continue to focus on phishing and social engineering and will now be measured during both open-enrollment and non-open enrollment periods. Since phishing and

social engineering remain our biggest risks in this space, we will continue to focus on these that will be equally measured depending on the time of year. The first area of focus will be around the reporting rate which will require that 94 percent be properly reported to reach the 100 percent achievement level for this part of the goal. The second part is a response, or click, rate which will need to remain below four percent over the entire year to reach the 100 percent achievement rate.

Mr. Kelly said for Low Cost Promise, we tried to find a way to make this relatable for the whole team and also recognizes revenue decline and making sure we are targeting the right numbers. The primary change for this goal is the shift of focus from Operating Expenses to Net Operating Income. It is simply how much revenue is left to spend at the end of the fiscal year. This was born out of the events in fiscal year 2021 where we saw a decline in revenues due to COVID, and Your Health Idaho quickly shifted to managing those expenses to ensure we would hit that Net Operating Income budget. We are proposing for this goal that we see a ten percent improvement in net operating income as compared to budget.

The last item is Employee Engagement, and we are proposing to keep the two components. COMPASS cards participation is proposed to increase by fourteen percent. This is peer to peer recognition of our core values. The second component is the Gallup Survey where a half a percent increase is proposed due to our outstanding results in this most recent survey. While that half percent may seem small, it will be challenging given how well we did this year with our five percent increase to 4.36. Mr. Kelly added that the results from this most recent survey will be shared at the Board meeting in a few weeks.

Motion: Ms. Malek moved that the Finance Committee, recommend to the Board, approval of the FY22 Operational Goals as presented today. **Second:** Rep. Dixon. **The motion carried.**

12. FY21 AUDIT PLAN

Ms. Stockert said Your Health Idaho is engaged with Eide Bailly for a third year. They were on site yesterday and began the fraud interviews, internal control walkthrough, and other items to get the field work going to ensure we are on time for our deliverables in September.

The field work will occur at our offices the week of July 19, and they also will be on site at Department of Health and Welfare for compliance testing for the Programmatic Audit which is scheduled for the week of June 7.

13. INSURANCE REQUIREMENTS

Ms. Stockert updated the Committee on where we are with Insurance coverage. Liability coverage is for in-person events was renewed in April and saw no changes from the prior year. Property Insurance did renew and with coverage binding in June. The property coverage is for the View Pointe location and includes a \$10.5M replacement cost for the building. Other policies set to renew include the E&O insurance which is a \$5M policy that renews in September and the Cyber Liability plus Excess policy which are both \$5M and also will renew in September.

Chair Settles asked about the property insurance and if it went up or down. Ms. Stockert said this year it went up by \$900 based on the crime policy, primarily due to inaccurate headcount in the prior year.

Ms. Stockert said the D&O and Excess policy both renewed on June 1 and there was no change as far as the coverage. The endorsements were all reviewed by Dick Riley at Hawley Troxell. The policy cover \$5M and the Excess is \$1M. We did see a rate increase resulting from COVID and the uncertainties around lawsuits in the overall insurance market. This resulted in us missing our budget by about \$20K annualized.

14. DIOCESE LEASE UPDATE

Ms. Stockert said the Diocese signed a 2-year lease when we purchased the building and there were two one-year options each with three percent increases in the original contract. The Diocese has requested to exercise that the third-year option. They have also requested two additional one-year options (year five and six) with a three percent increase in rent for each year. We are asking the Committee to approve recommending the addendum to their lease to the Board. We do not yet have the addendum but will have that at the Board meeting in a few weeks.

Motion: Dr. Fairfax moved that the Finance Committee, recommend to the Board, approval of the addendum to the Diocese lease agreement, as presented today. **Second:** Ms. Malek. **The motion carried.**

15. BUDGET AND MANAGEMENT PLAN

Ms. Stockert said the Budget and Management plan is an opportunity for the Committee to look at what we are doing internally as a company as the budget was approved at the last meeting. This will help ensure that we continue to stay within the approved parameters for FY22. Our plan is to remain transparent using communication with the budget owners through monthly budget reviews. Before we send out the results to the committee each month, we meet with the budget owners to make sure they remain accountable and remain within their budgets. It also provides us the opportunity to discuss results with each owner and the variance versus budget and if there are any issues that need to be addressed. We also look at the forecast and allows us to see if there is favorability in other areas and what we can do to manage those favorabilities across the organization. Finally, we measure to the Low Cost Promise goal to ensure we are meeting that as an organization.

Ms. Stockert said for the View Pointe results with TOK, they send the financials on a monthly basis, and we meet with them quarterly to review. Additionally, we update actuals based on results and discuss any needed maintenance or tenant requests.

Mr. Donaca said a plus to this process is ensuring we do not come in way under budget or are too aggressive and this process offsets this risk.

16. CONTINUING EDUCATION AND TRAINING

Chair Settles said when the ACA was passed, it was so complex that it was difficult to implement. The Governor put together a task force to figure it out and the Chair said he served on that task force. Although it was a hard-fought battle to get a state exchange approved, it really came down to keeping local control with minimal cost and the least amount of damage to the businesses and people of Idaho. The state legislature did not like it at all, but knew it was the law, so they did it in a way that would have no cost to the state and minimal cost to the citizens.

We took out a \$300K loan, the Governor assigned the Board seats, and the exchange was formed.

Mr. Kelly said in 2013, the things that really set us up for success were the federal grants. There were two grants awarded for establishment activities. With that we built the exchange while using assessment fee revenues to build up our cash reserves. We found that Healthcare.gov did not work well, but at the end of the first month we had 177 enrollments and we ended that first open enrollment with 76,000 enrollments. This is when we realized the power we had in our agents and brokers. We were committed to completely paying our own bills by January 2016 and when we made that decision, we were very mindful of knowing what costs would be five years down the road. Idaho, unlike other states, never had to cut expenses as we moved into that self-sustainability mode. In 2014, we saw open enrollment numbers increase by about 10,000 and we launched our own technology and it worked. In 2015, there was a third grant for establishment activities only, and we did not use all of it. We increased our assessment fee slightly and added a new carrier that year. That same year enrollments soared to 102,000 members.

Mr. Kelly said in 2016 we were at a point where we knew what we were doing and at that point, brought the customer service center in-house. We had a Special Board meeting a week prior to the scheduled Board meeting in order to get the call center up and running in less than 90 days. We took our first call on September 1 and saw our peak enrollment of 105,000. We also saw our team triple from 18 employees to 55 employees. In 2017, we increased our assessment fee to 2.29 percent, enrolled 102,000 members, and offered eight health and dental carriers offering 225 plans. In 2018, we lost a carrier but still enrolled 103,000 members. We worked on our internal processes and implemented the Net Promoter Score and achieved above industry average performance.

In 2019, we saw our first dip in enrollments, but we had a 90 percent satisfaction rate among enrollees. 2020 brought Medicaid Expansion which really drove our numbers down. We also purchased the building as we were being forced out of our previous building due to its sale. Then COVID hit and we went remote with email only and then got phones up remotely two weeks later. We moved back in June and then COVID took a turn for the worse and we went back to remote status. We also extended our open enrollment for the first time ever.

If that wasn't enough, in 2021 Regence joined the Exchange and now we have two additional carriers signing up for Plan Year 22, one health and one dental. Molina and EMI Health will be joining the exchange. Then we all came back to the office in April and right in the middle of two extended open enrollment periods.

17. EXECUTIVE SESSION

Motion: The Chair moved that the Committee enter into Executive Session Pursuant to Idaho Code Section § 74-206(1), to consider the evaluation of an employee, pursuant to Idaho Code Section § 74-206 (1)(b).

Executive Session Roll Call: The Chair took a roll call vote and determined that Mr. Donaca, Dr. Fairfax, Ms. Malek, and Rep Dixon, were present and agreeable, resulting in a quorum. Senator Rice was absent.

The Committee entered into Executive Session at 9:33 a.m. and reconvened at 9:52 a.m. No final actions nor decisions were made while in Executive Session.

18. NEXT MEETING

The next meeting will be held in late August/early September.

19. ADJOURN

There being no further business before the Committee, the Chair adjourned the meeting at 9:54 a.m.

Signed and respectfully submitted,

A handwritten signature in blue ink, appearing to read "K. Settles", is written over a horizontal line.

Kevin Settles, Committee Chair