



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

**FINANCE COMMITTEE MINUTES
THURSDAY, SEPTEMBER 2, 2021**

1. COMMITTEE MEMBERS PRESENT

- Mr. Kevin Settles, Chair
- Mr. Greg Donaca (via videoconference)
- Ms. Tara Malek (via videoconference)
- Senator Rice
- Julie Hammon sitting in for Director Jeppesen (via videoconference)

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Ms. Heidi Stockert, Your Health Idaho
- Ms. Stacey Porter, Your Health Idaho
- Mr. Marty Alsip, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Julie Sparks, Your Health Idaho
- Mr. Kevin Smith, Eide Bailly LLP
- Ms. Ellen Duncan, Eide Bailly LLP

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., Thursday, September 2, 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), Ms. Malek (via videoconference), Senator Rice, and Julie Hammon for Director Jeppesen (via videoconference) were present, resulting in a quorum. Representative Dixon and Dr. Fairfax were absent.

5. PRIOR MEETING MINUTES

Motion: Mr. Donaca moved to approve the meeting minutes from the June 4, 2021, Finance Committee meeting as presented today. **Second:** Ms. Malek. **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. FISCAL YEAR 21 AUDIT RESULTS

Ms. Stockert introduced to the Committee Your Health Idaho's (YHI) new Executive Assistant and Board Liaison Julie Sparks. Next, she introduced Kevin Smith, Audit Partner and Ellen Duncan, CPA, Audit Senior Manager from Eide Bailly LLP to provide the results from the fiscal year audit. This is the third year the audit was performed by Eide Bailly.

Ms. Stockert said the audit is done to evaluate what YHI is doing internally to ensure the internal controls are following Generally Accepted Accounting Principles. In addition, the audit evaluates if financial statements are presented accurately and fairly. The financial statements were included in the materials that were sent out for the Committee to review. The programmatic audit is also a requirement under the standards for the ACA and those statements were also included in the materials distributed to the Committee.

Ms. Stockert then welcomed Kevin Smith to present the audit results.

Mr. Smith said the auditors were very pleased with the audit results this year. He stated that Ms. Stockert and her team were very prepared and helpful, which allowed the auditors to be efficient. There were no corrections or misstatements to report on the financial statements.

Mr. Smith said there were not any management comments or areas of concern regarding internal controls that needed to be brought to the Finance Committee or to the Board. He then read the agenda for his presentation starting with the audit opinion.

Mr. Smith said the audit opinion is based on the information from the auditors' review of processes and procedures. An opinion is issued based on materiality. Several specific transactions are looked at as revenue and expenses are recorded. That way, it is ensured that they are recorded properly and in a timely manner as well as recorded in the proper year and have the proper support for the ones tested.

In reviewing the YHI financial statements for FY21 and FY20, Mr. Smith stated that the first couple pages of the financial statements are the opinion pages and those belong to the auditor. Following the opinion pages is the Management Discussion and Analysis on what occurred during the year and the current explanation of those changes. Mr. Smith also mentioned that doing a yearly report means the Management Discussion and Analysis is based on three years and this round of Management Discussion and Analysis used a combination of 2021 and 2020 data and year over year changes.

Following the Management Discussion and Analysis is the Statement Net Position of Assets and Liabilities. Mr. Smith informed the Committee that they will see changes that occurred prior year to current year.

Mr. Smith said a difference in prior year to this year is YHI's investments going from \$5.2 million to \$0. That cash is all included in the \$10 million in cash this year rather than \$4 to \$5 million in cash and the rest in investments or CDs as in previous years. There was a receivable from Select Health in the prior year that was not present this year and that was due to a timing difference.

Mr. Smith moved onto accounts payable and said there was a very similar situation where there were some invoices that showed as payable in the prior year that were a little timelier in payment this year. Except for those differences this year's balance sheet is very similar to last year's balance sheet.

Revenues and expenses are shown on page ten. Changes in net position in revenues show a decrease of approximately \$2 million this year, similar to the decrease in the prior year. The decline is related to Medicaid expansion and the number of individuals who are enrolled so Medicaid expansion had an effect this year.

Mr. Smith said regarding operating income or losses, there is a loss of about \$185,000. This is from the change in depreciation which is based on the amount of software implementation and development that is done in any given year. The increase of about \$590,000 in non-operating revenues is driven by higher rent revenue which is due to having had a full year of landlord activity.

Mr. Smith stated that there is not a lot of change in the footnote disclosure from the prior year. He also mentioned a new lease pronouncement happening in the coming year and that he is working with management on the implementation of any new leases that could affect YHI.

Mr. Smith paused for questions and then moved onto programmatic procedures.

Eide Bailly did not have any outstanding comments or findings related to the testing they performed during the programmatic procedures. A sample of sixty enrolled participants that went through the process was selected and checked for compliance on the eligibility of those individuals and other procedures related to the requirements. There were no additional comments.

Mr. Smith ended his presentation and paused briefly for questions from the Committee.

Mr. Settles said if there are no further questions then they would move into executive session.

9. EXECUTIVE SESSION

Motion: The Chair moved that the Finance Committee, pursuant to Idaho Code Section 74-206 (1), convene in Executive Session to consider records that are exempt from disclosure as provided by law pursuant by Idaho Code Section 74-206 (1) (d) to consider preliminary negotiations involving matters of trade and commerce, P\pursuant of Idaho Code 74-206 (1) (e).

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

The Committee entered into Executive Session at 9:38 a.m. and reconvened at 10:02 a.m. No final actions nor decisions were made while in Executive Session.

Motion: Financial Audit Senator Rice moved that the Finance Committee recommend to the Board approval of the Audited Financial Statements and Audit Report for the financial year ended June 30, 2021, including additional information contained in the report and as presented today. **Second:** Mr. Donaca. **The motion carried.**

Motion: Programmatic Audit Senator Rice moved that Finance Committee recommend to the Board approval of the Programmatic Audit Report for the financial year ended June 30, 2021, including additional information contained in the report and as presented today.

Second: Ms. Malek. **The motion carried.**

Motion: Senator Rice moved that the Board has previously determined that there is only one vendor reasonably available to provide Maintenance and Change Requests and Operations services currently being provided by VIMO, Inc. (dba GetInsured) and that YHI should continue to contract with GetInsured for those services. Accordingly, and consistent with

YHI's Procurement Policy, move that the Finance Committee recommend that the Board approve the extension of the contract with VIMO, Inc. (dba GetInsured) for a period of eight (8) years, January 1, 2022, through December 31, 2029, in an amount of \$12,499,315 for Maintenance and \$7,611,305 for Change Requests, and that the Executive Director and Chair of the Finance Committee would be authorized to negotiate and execute such extension. The amount of \$715,381.71 for Maintenance and \$435,622.92 for Change Requests is included in the Fiscal Year 2022 budget, and it is anticipated the Board will include amounts in each subsequent years' budgets consistent with the total amounts approved by this motion.

Second: Ms. Malek **The motion carried.**

Motion: Senator Rice moved that the Finance Committee has determined that there is only one vendor reasonably available to provide Advance Premium Tax Credit (APTC) Eligibility Design, Development, and Implementation (DDI), Maintenance and Change Requests, and Operations services which seamlessly integrate with services currently being provided by VIMO, Inc. (dba GetInsured) that YHI should continue to contract with GetInsured for those services and that the Board confirm the same. Accordingly, and consistent with YHI's Procurement Policy, move that the Board confirm as described above that there is only one vendor reasonably available to provide these services and approve the contract with VIMO, Inc. (dba GetInsured) for a period of eight (8) years, January 1, 2022 through December 31, 2029, in an amount that the Board Chair, the Executive Director, and Chair of the Finance Committee deem appropriate and necessary, in their discretion and determine appropriate amounts in to be paid each year. **Second:** Mr. Donaca. **The motion carried.**

10. MODERNIZATION GRANT UPDATE.

Ms. Stockert said that YHI has applied for a grant under the Modernization Grant Program. CMS was allotted \$20 million in grant funding for the state-based exchanges for modernization related to the American Rescue Plan Act (ARPA). YHI has applied for the grant totaling approximately \$1.3 million. Most of these costs are included in the FY22 approved budget.

Ms. Stockert said this grant is for the enhanced subsidies program. Enhanced subsidies have allowed Idahoans to qualify for increased Advance Premium Tax Credits (APTCs) to allow them to afford health insurance whereas they may have been unable to afford it before. Consumers who qualify have lower net premiums and can enroll on the exchange whereas they may not have been able to previously. The program began in April of this year, effective in May, and enrollments have increased since May 2021.

The Modernization Grant is to modernize technology and consumer outreach. YHI will expect to receive the award on September 10, 2021, and the grant period will run through September 9, 2022.

Ms. Stockert said the costs YHI applied for are approved in the FY22 budget already for most of the grant program. Some of it rolled over to FY23, about \$65,600, and YHI expects to have that approved before coming to the Committee for the FY23 budget approvals. YHI would like to request that the Committee authorize spending authority for when the grant is awarded on September 10.

Mr. Settles mentioned that the committee has reviewed this topic very thoroughly.

Mr. Kelly added the \$20 million is allocated to the state-based exchanges based on how much every state-based exchange applies for. It is likely that YHI would receive closer to \$1 million rather than \$1.3 million and that will be known before the Board meeting. YHI verified with their counsel that they had the authority to apply for the grant, but they do not have the authority to spend the grant without a Committee recommendation and Board approval.

Mr. Settles asked the committee for any additional questions.

Motion: Modernization Grant Mr. Donaca moved that pending final award from CMS, the Finance Committee recommend to the Board approval of the grant spending authority as presented today and disbursements of such funds will be made consistent with Your Health Idaho's Procurement Policy. **Second:** Ms. Malek. **The motion carried.**

11. FY21 FINANCIAL REVIEW

Ms. Stockert introduced the June 2021 YHI Income Statement to the Committee. She stated the financial review for FY21 goes through June 2021 and includes both YHI and the View Pointe building. These results were sent to the Committee in July and were also included in the presentation given by Mr. Smith.

Ms. Stockert paused and asked the Committee for additional questions or items they would like to contribute.

Mr. Settles said he did not have any questions as the statements had been thoroughly reviewed.

12. FY22 FINANCIAL FORECAST

Ms. Stockert reviewed the enrollment update for plan year 2021. In August 2021, there were 75,600 Idahoans enrolled in coverage and preliminary numbers for September are that 75,100 Idahoans will be enrolled on the exchange.

Ms. Stockert introduced a bar line graph and explained to the Committee what each point on the graph represented. Ms. Stockert said that this plan year looked comparable to plan year 2019 and that means that consumers are staying on the exchange and retaining their health coverage. This has to do with the impacts of the enhanced subsidies program beginning in

May and is expected to continue through the end of the plan year and into plan year 2022 as the enhanced subsidies continue through December 31, 2022. Toward the end of the plan year in 2019 the enrollments tapered down some and that's what is expected to happen in December of this year.

Mr. Settles said this is potentially the first year in a long time that more people were enrolled than last year.

Ms. Stockert introduced the FY22 YHI Income Statement Financial Forecast and explained to the Committee that the new format is one month of actuals for 2021 and forecast updates for the rest of the fiscal year. This change is in keeping with discussions YHI has had with their budget owners or the department heads of YHI and the changes that are foreseen within the operations through the end of the year.

Looking at the total revenue projected through the end of this year, it is anticipated that YHI will receive \$10,625,100. This is higher than the budget by 10% and is driven by the grant revenue that is anticipated and additional enrollments from ARPA.

The predicted amount for total operational expenses is \$10,100,900 which is 4% under budget and where YHI likes it to be. This is due to a lower-than-expected number of temporary or seasonal staff and might change depending on what happens in the hiring and enrollment space. More direct hires were hired for the eligibility team than seasonal which is seen in the forecast updates where there is lower favorability in the employee and related expenses.

In other forecast changes YHI will receive a credit for DHW beginning October 1st. This is because of the transfer of the Eligibility services in-house at YHI. It is still early in the year so there will potentially be more changes the next time the Committee meets.

Net income is projected at \$179,900, 12% favorable to budget. This favorability is driven by the expected grant income.

Mr. Settles mentioned some confusion and challenges regarding the new format of the FY22 YHI Income Statement Financial Forecast.

Mr. Donaca said that it is helpful to keep the format consistent with red being unfavorable and black being favorable.

Mr. Kelly said that the change in format is meant to capture the starting point, the changes from actuals, the changes to what is being projected to where you end up at the end of the year. He said that perhaps YHI has missed the mark but that it is intended to focus on what is changing, what it means for the future, and how it impacts YHI's performance compared to the budget over the course of the year.

Senator Rice said that it is like looking at the revenues at the state when the filing deadline is moved. It causes months where you would normally have more than you are projecting but you are receiving less than what you did the year before.

Mr. Settles said that he had expected to see the actual sales numbers rather than just the variance.

Ms. Stockert presented the FY22 View Pointe Building Financial Forecast. She said that there is not a lot of change expected compared to budget with a total revenue of \$884,900, which is right on budget for rent revenue. Total operation expenses of \$269,800 is slightly unfavorable to budget which is related to the timing of repair costs. Net income is expected to be \$510,900 which is slightly unfavorable to budget.

Ms. Stockert presented the FY22 Consolidated Financial Forecast and said this includes the operations of YHI and the building. This is looking very good with solid results for revenue of \$11,510,000 which is 10% favorable to budget. The main driver is the assessment fee revenue and the additional anticipated award of the grant income. Total operational expenses are \$10,370,700 which is favorable to budget by 4%. All this ending with net income of \$331,000.

Ms. Stockert presented the FY22 Sustainability Analysis Cash Flow and said since the last Committee meeting, YHI saw a net decrease in cash flow of \$300,000. This is because the incremental spend was added for marketing that was approved in the budget of \$500,000 for each year forward and the increase for the eligibility department of \$550,000 through FY27. The cash flow also includes the credit starting October 1st for DHW since YHI is taking the eligibility service in house. This also assumes receipt of the grant funding award for the Modernization Grant at just over \$1 million with cash flow still anticipated to be above or beyond budget and well above the reserves amount.

13. FINANCE COMMITTEE TRAINING TOPICS

Mr. Settles introduced the December finance training topics and stated that Heidi consistently comes up with good ideas. He mentioned that he and Mr. Donaca have discussed the list and that it looks reasonable. Mr. Settles added that he is talking about the effects of the post-pandemic business environment on his business, and it makes sense to do the same for YHI.

Ms. Malek said that she has reviewed the list and thinks it looks great.

14. ANNUAL COMMITTEE SELF-EVALUATION

Mr. Settles said Committee charters require an annual self-assessment. The Governance Committee has provided the sample questions for the Committee members to ask themselves and he stated that those questions looked good to him. He then asked if there were any comments on the Committee meeting frequency and length.

Mr. Donaca asked Mr. Kelly if sending out both preliminary and final documents was a lot of extra work for his team with little value to the Committee.

Mr. Kelly replied that while he couldn't speak for the Committee members and their valuation of both preliminary and final materials, YHI is required to produce both sets of documents. The preliminary materials are due seven days before the meeting and the final materials are due two days before the meeting. Mr. Kelly stated that there are generally not significant changes between the pre-final and final materials, and he feels like the benefit of providing them seven days in advance is that most of the materials get out ahead of time with ample time for review. He said that it feels as if YHI only has to do the big lift once and that it is no more work for his team to do both preliminary and final materials.

Mr. Settles questioned whether any significant changes between the preliminary and final materials could be highlighted, and Mr. Kelly responded that YHI does their best to highlight any changes made in the email that comes with the final materials.

Regarding the second sample question on the self-assessment, Mr. Settles stated that YHI does a nice job of providing Committee members with agendas and materials related to significant decisions in advance.

Mr. Settles asked what improvements to effectiveness of the Committee occurred over the last year. In answer to the question, Mr. Settles stated that he thinks that Heidi has gotten better, along with being more organized and comfortable. He added that she has added some great staff. Mr. Settles noted that the auditors are always complimentary but that he felt that today they were as complimentary as auditors are allowed to be.

Mr. Donaca remarked that he had a similar comment and that Heidi does a very good job preparing the financials and materials. He said that he thinks that she is grasping a wider knowledge of YHI and the "why" behind the numbers and what are some of the differences and impacts to the business. Mr. Donaca told Heidi that he thinks she has done a great job during the year growing and expanding her knowledge.

Ms. Stockert thanked Mr. Donaca and Mr. Settles.

Ms. Malek said the transition to the virtual environment is a transition that everyone had to make. She said that she thinks that everyone's efforts to make it successful has spoken volumes and been effective and allowed the Committee to do its business and proceed forward in challenging circumstances.

Mr. Settles said that it is nice to be able to use YHI's facility instead of going to Hawley Troxell for Committee and Board meetings.

Mr. Kelly said that based on the Board survey results, which will be introduced at the Board meeting, there will be a shift to more strategic areas for the Board. He thinks this Committee, just by the nature of the Finance Committee, will always have a level of detail to go through,

but he is excited about adding the strategic element to it, where all the Board's expertise can really be leveraged, and he thinks those strategic initiatives will each have a committee element to them as well.

There being no further business before the Committee, the Chair adjourned the meeting.

Signed and respectfully submitted,



Kevin Settles, Committee Chair

APPROVED