Committee Members Present

- Mr. Kevin Settles, Chair
- Mr. Greg Donaca, Vice Chair (via videoconference)
- Dr. Cynthia Fairfax
- Senator Linda Wright Hartgen (via videoconference)
- Ms. Tara Malek (via videoconference)

Others Present

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddich, Your Health Idaho (via videoconference)
- Ms. Kilee Lane, Your Health Idaho
- Ms. Nichol Lapierre, Your Health Idaho (via videoconference)
- Ms. Kelly Fletcher, Your Health Idaho (via videoconference)
- Ms. Julie Sparks, Your Health Idaho
- Mr. Wes Trexler, Idaho Department of Insurance (via videoconference)
- Mr. Shawn Miller, Best Day HR (via videoconference)

1. Call to Order

Following proper notice in accordance with Idaho Code Section 74-204, the Finance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Kevin Settles (Chair) at 9:06 a.m., Thursday, June 1, 2023, at the offices of Your Health Idaho. In accordance with Idaho Code Section 74-203 (1), the meeting was open to the public and streamed in video conference format via GoToMeeting and the Idaho Public Television website. 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 website, social media platforms, and at the meeting location.

2. Roll Call

Chair Settles called roll and determined that Mr. Donaca, Dr. Fairfax, Senator Wright Hartgen, and Tara Malek were present, resulting in a quorum. Director Jeppesen was absent.
At Chair Settles’ request, Senator Wright Hartgen introduced herself and said that she was pleased to be appointed to the Your Health Idaho (YHI) Board of Directors.

3. Prior Meeting Minutes

Chair Settles asked if there were any changes to the minutes from the prior meeting and there were none.

**Motion:** Mr. Donaca moved to approve the meeting minutes from the March 7, 2023, Finance Committee meeting as presented today. **Second:** Dr. Fairfax. The motion carried.

4. Review Agenda

Chair Settles reviewed the agenda, no changes were made.

5. Review Roadmap

Chair Settles reviewed the roadmap, no changes were made.

6. FY23 Q3 Financial Review

Ms. Lane began with an update on enrollment and said that enrollment trends are consistent for 2021 and 2022. Enrollment trends in 2021 saw a lift in May with the Special Enrollment Period (SEP) due to the American Rescue Plan Act (ARPA). The stability in 2022 after the Open Enrollment (OE) hangover is due to Always Present advertising, enhanced subsidies, and real-time eligibility. So far, enrollment in 2023 has been stable, with stability projected through the end of the year. Due to the unwinding of protected Medicaid, a lift in April and May 2023 enrollments was assumed. However, some activity at the Idaho Department of Health and Welfare (DHW) pushed some of their re-evaluations out, which in turn pushed our enrollments out. The shortfall in those months is offset by higher retention of the base, and enrollments continue to increase. We expect unwinding enrollments to continue through September. As of June 1, there were 7,528 effectuated and 9,429 total enrollments for Loss of Medicaid, with 99,958 total enrollments.

Mr. Donaca commented that it is great that YHI has been able to help individuals as they have lost Medicaid coverage and it has been good for YHI’s growth. He commended the YHI team on the communication and collaboration with DHW to complete this work.

Chair Settles asked how far DHW is through the unwinding process.
Mr. Kelly replied that when unwinding started, there were about 150,000 people on protected Medicaid. They broke that up into six groups of roughly 30,000 people per group who either no longer qualify or have not been in contact with DHW during the Public Health Emergency. Group one, whose re-evaluations started on February 1, was moved to group six. Non-respondents from groups two and three were procedurally disenrolled last night. Group four re-evaluation notices were sent on May 1. The other two groups will start the re-evaluation process today and on July 1, respectively, which puts us at about the halfway mark.

Dr. Fairfax asked how many people in that group were expected to become uninsured.

Mr. Kelly replied, saying that it was a difficult question to answer and that we probably will not have a good idea until spring of 2023. About 60% of the people who have been disenrolled are ineligible for Medicaid and of that, about 9,095 have enrolled with us. What we do not know is of those who are ineligible and did not enroll with the exchange, who had employer-sponsored or other coverage that they had at the same time they had protected Medicaid. It will probably take until the beginning of the next plan year or longer to sort through that and see who became uninsured.

Mr. Trexler added that the uninsured rate is surprisingly difficult to measure and while the Department of Insurance (DOI) is able to figure that out, there is a lag of about a year.

Chair Settles asked if DHW has modified their re-evaluation notice.

Mr. Kelly replied that it has not been changed, but this year we have worked with DHW to add what we are calling a “handshake” letter. This letter has both YHI’s and DHW’s logos, along with information on who YHI is and how to contact us. We believe that letter has helped with our conversion rate, which is trending at about 24%, compared to a pre-unwinding rate of about 3%. Along with the handshake letter, we do regular outreach via USPS, email, and SMS.

Ms. Lane reviewed March actuals to budget and said that average premiums are $403 per member, compared to a budget of $409, which is 1.5% unfavorable to budget. Effectuations, which are people who are paying premiums, are under budget by 5.7% at a total of 90,571 enrollments. Assessment fee revenue is unfavorable to budget by $69,000, or 7.1%. For year-to-date (YTD) actuals, we are slightly above budget with $402 average premium per member and effectuations and total assessment fees are slightly under budget by less than 1%.

Ms. Lane said as of March 2023, the majority of enrollments are with Blue Cross of Idaho and SelectHealth, with Delta Dental having the majority of dental enrollments.

7. FY23 Financial Results for Q3

Ms. Lane moved on to a review of financial results for the third quarter and YTD. Assessment fees were unfavorable to budget by $366,000, driven by lower enrollments.
There is favorability of $63,000 in other income from the interest earned on our Certificates of Deposit (CDs). Total income for the quarter is unfavorable to budget by $303,000. Total operating expenses are favorable to budget by $322,000, driven by open positions, timing of paid media and sponsored outreach events, and lower use and timing of seasonals.

For the YTD budget, total income is favorable by $246,000, total operating expenses favorable by $686,000, and net operating income favorability of $932,000.

Mr. Donaca asked if we would end the fiscal year with favorability in the marketing and outreach budget and Ms. Lane said there is a lot of outreach planned for quarter four, so we do not expect to end the year with anything left over.

For View Pointe, we have total income favorability of $21,000 driven by interest earned on the CD and tenant billback revenue. This favorability offsets unfavorability in general operating expenses of $22,000, driven by the main water line repair, window tinting, ceiling light fixture move, and higher utilities.

The consolidated results show $281,000 unfavorable due to assessment fees in the third quarter. Total operating expenses are favorable to budget by $300,000, with a net operating income of $18,000 favorable.

**Motion:** Dr. Fairfax moved that the Finance Committee recommend to the Board the approval of the financial results through March 31, 2023, as presented today. **Second:** Mr. Donaca. **The motion carried.**

### 8. FY23 Forecast

For YHI operations, overall revenue is forecasted above budget as grant income and interest income replace the slight forecasted shortfall in assessment fee revenue, which is expected to miss budget by $31,000. The first half of fiscal year 2023 (FY23) is over budget by $355,000 due to higher-than-expected enrollments, while the second half is forecasted to be under budget by $386,000 due to lower-than-expected enrollments. Operating expenses are projected to be lower than budget by $315,000 due to open positions, lower overtime, and Connectors’ costs, with a net operating income favorable of $599,000.

View Pointe revenue is expected to exceed budget by $68,000 due to interest income and billback revenues. Expenses are expected to miss budget by $58,000 due to repairs and higher costs of utilities. View Pointe capital expenditures are expected to be closer to budget due to projects that are scheduled for the third and fourth quarter of the fiscal year.

YHI Operations for FY23 forecast versus budget shows total income favorability of $284,000 driven by interest earned on the CD and grant revenue planned for in the prior year. Total operating expenses are favorable by $315,000, driven mainly by open
positions and lower overtime. Projected net operating income is projected to be favorable by $599,000.

Chair Settles asked if we were getting any closer to our target headcount.

Mr. Kelly replied that we are currently about eight people short, with more seasonals than full-time employees. We will likely convert some of those seasonals to full-time employees and maintain a slightly higher headcount in customer-facing roles as we work through unwinding. That additional headcount will create some operating expense pressure that will carry into the first quarter of FY24, but there will be less wear and tear on our recruiting team, as the hiring needs for OE will be lower due to that higher headcount. He mentioned that we discussed the attendance and retention of our new hire classes in yesterday’s committee meetings. We are usually able to get a good number of people who accept the offer of employment and say they will be here on the first day of class. Of those people, about 80% show up and about 70% of the people who show up make it through the two weeks of training. This has been consistent over the last three or four months.

Dr. Fairfax asked if we offer permanent or seasonal positions, and Mr. Kelly replied that we do both. Once we have been able to see the performance of the seasonal employees on the floor, we offer permanent positions to those who perform well.

Ms. Lane continued with the View Pointe FY23 forecast versus budget. Total income is favorable by $68,000, driven by interest earned on our CD and tenant billback revenue. Total operating expenses are unfavorable by $58,000, but net operating income is $11,000 favorable.

For the consolidated results, total income is favorable at $352,000, with total operating expenses favorable at $257,000 and a net operating income favorable of $609,000.

Ms. Lane presented the FY23 sustainability analysis, which showed the cash forecast above the budget, due to the interest income from the CD and personnel favorability. The assessment fees are expected to break even. There is a dip each year in October, which is caused by the cost of the OE media, but the cash balance remains above the cash reserve.

Ms. Lane stated in July 2022, the board approved the investment of money that was sitting in a money market account into CDs for a higher return on investment (ROI). In July, $7 million was invested into a three-month CD at 1.05%. Once that matured, interest rates had increased so we split it into a few CDs to stagger the dates of maturity. We invested $4 million at 2.35% for three months and $3 million at 3.10% for six months. At maturity in January 2023, the $4 million was invested for six months at 4.05% and in April the $3 million matured, we invested at 4.85% for nine months. The forecasted interest income for YHI in FY23 is $199,000.

For View Pointe, we invested $1 million in October 2022 for three months at 2.35% and when it matured, we invested it for six months at 4.05%. In March 2023, we added an
additional $200,000 CD for six months at 3.55%. The forecasted interest income for View Pointe is $27,000.

9. **FY23 Goals Update**

Mr. Kelly gave an overview of the status of our active variable pay goals. On the Idahoan’s Experience goal, our current Net Promoter Score (NPS) is 65, which is 100% outcome compared to a goal of 39 for the non-OE period.

The Risk Management goal focuses on our phishing campaigns. Performance on the first campaign was not good but the second one was much better. We are trending in the zero-payout range with response rates at 11%. Proper reporting is currently at zero payout with 92% but trending upward. Mr. Kelly stated that the team believes that there was too much time between campaigns and that people let their guard down, so moving forward we will have phishing campaigns monthly. We will run two more phishing campaigns for this goal period and if the trend continues, we hope to be in the 60% outcome range for this goal.

For the Low-Cost Promise goal, the forecast shows Net Operating Income at $264,000 versus the goal of $155,000, which is 100% outcome.

The last goal measures team member engagement based on the Gallup survey, which has twelve questions and measures overall team member engagement. Each of the questions requests a response from one to five, with five being strongly agree and one being strongly disagree. On our most recent Gallup survey, we scored 4.41, which is a great score but unfortunately missed our goal of 4.47 and is at a 0% outcome.

Chair Settles asked where that score had us rated and Mr. Kelly responded that we were in the 74th percentile with a 72% engagement index.

Mr. Kelly noted that there was discussion at yesterday’s Governance Committee meeting about whether or not we were doing the right thing by not paying this goal, given that 4.41 is still an exceptional score. The committee recognized all that YHI does regarding engagement and recommended that the executive team bring a proposal for partial payment to the June board meeting, and we are probably going to propose an 80% payout.

Dr. Fairfax asked how the target score for that goal had been selected.

Mr. Kelly replied that the goal was set at this time last year, but we did not take the survey until July so we did not know how high the score would be. When we took the survey last year, we had just deployed real-time eligibility, so the score was probably inflated due to the excitement around that. November’s employee Net Promoter Score (eNPS) was also over inflated, based on the scores of our two other eNPS surveys.
10. FY24 Strategic and Variable Pay Goals

Mr. Kelly stated that when he and his team developed the FY24 goals, they kept in mind the six strategic goals that were endorsed by the Board in the March 2023 meeting. All of the variable pay goals we will discuss momentarily ladder to one or more of these strategic initiatives. In a couple of the variable pay goals, we have shifted from overall corporate measurements into individual accountability. As a reminder, a person’s role in the company is considered when weighting their individual variable pay goals so, for instance, a customer-facing role would have more weight on Flawless Customer Experience than Low-Cost Promise and a finance centric role would have more weight on Low-Cost Promise.

Mr. Kelly said Flawless Customer Experience is proposed to be a two-part goal, with the first part being NPS. The fiscal year will be divided into two periods of performance: July through December and January through June. Understanding that the current NPS is extremely high, increases to that score are expected to be moderate. The second part of the goal is Brand Image, which measures how favorably consumers view YHI, based on the results of the annual customer survey.

In addition to NPS and Brand Image, we are proposing that we add an individual accountability performance metric to recognize the top performers in the Customer Support Center (CSC). Using the Quality Assurance (QA) program already in place, Customer Advocates (CAs) and leads will be recognized for exceptional performance. Based on a 20-60-20 bell curve, team members will be recognized with the top 20% receiving $200 and the middle 60% receiving $100. Periods of performance would be July through December and January through June and the budget will be funded from the existing compensation plan, estimated to be $6,000 per year.

Mr. Donaca commented that he thinks implementing the individual accountability element into this goal is a great idea.

The Enrollment and Low-Cost Promise goals are in many ways tied together. If we make our Enrollment goal, Low-Cost Promise is that much easier to achieve, and vice versa. Enrollment is based on our budget, and given the 23% increase for OE24, it is very challenging. 116,000 enrollments as of the end of OE represents the 100% threshold and 110,00 enrollments is the 80% threshold. While we are seeing enrollment growth this year due to Medicaid unwinding, we know that population is likely more transient than our base population, so this goal is still significant.

Chair Settles asked if enrollment numbers are controllable to any extent through outreach and marketing.

Mr. Kelly replied that it is as controllable as any goal can be. Not only do we do paid advertising, but we have increased our outreach and we will have our co-op marketing program that will target the Hispanic population and other underserved communities. Additionally, we are translating the HIX, or enrollment platform, into Spanish.
The Low-Cost Promise goal measures improvement from the approved FY24 budget Net Operating Income. A 3%, or $97,000 improvement for Net Operating Income budget is the 80% threshold and a 5%, or $162,000 improvement is the 100% threshold.

The Risk Management goal will continue to be measured by phishing campaigns, but we are shifting from a team goal to individual accountability. There will be six phishing campaigns and in order to reach 100% achievement, you have to properly report and not respond to all six campaigns. The 80% achievement would be reached by those who miss one. We have found that the same people miss campaigns over and over, so anyone who misses more than one will not receive any payout for that period.

Leadership development is critical to building bench strength and YHI’s long-term success. YHI will continue to provide online learning to all team members via our online training platform, Pryor+. While online training is great for developing many skills, it lacks the inter-personal interactions that in-person meetings provide. We are proposing that YHI develop two different tracks for in-person leadership development and YHI would provide quarterly progress reports to the Governance Committee and Board. The first track is for the senior leadership team, with required attendance at professional development workshops where they take turns leading the discussion.

The second track is for all team members with direct reports to attend leadership development workshops facilitated by Ms. Fletcher or our training specialist. This will reinforce the concepts that the senior leadership team is working on with the rest of the leadership team and build core corporate culture and reinforce how important leadership development is. There is not a variable pay component tied to either of these tracks. Measurement will be the level of engagement and application of concepts throughout the year, and this will be reflected in their annual performance review.

For the Employee Engagement variable pay goal, we are proposing that we shift from using the results of the Gallup Q12 survey to using the eNPS survey results. The eNPS survey delivers both a top line metric and invaluable comments and feedback from team members on strengths and opportunities for YHI. Since quarterly surveys may not capture trends in a timely manner, we plan to shift to a monthly eNPS. Concern around over-surveying is offset by the simplicity of the eNPS, which has just one question and a comment section. This goal will be measured during OE and non-OE periods, just like the other goals. Progress will be measured using the most recent six-month average compared to the prior six-month average, with the high and low score dropped for both periods. A 3% increase in the baseline average would be the 80% threshold and a 6% increase would be the 100% threshold.

Chair Settles asked if we planned to discontinue Gallup and if participation in surveys was mandatory for team members.

Mr. Kelly replied that the data we have from seven years of Gallup surveys is valuable in helping us see trends so we will continue to use it but no longer have it tied to variable pay. He added that we do not require people to participate in the surveys, but we typically see about 80% participation on our eNPS surveys and 98% on Gallup.
The last item related to leadership is succession planning, which has been and continues to be regularly discussed amongst YHI senior leadership. Specific activities and documentation include executive director succession plans that are articulated in Exhibit A of the Executive Committee charter. The process is outlined for both a long- and short-term leave of absence or departure. A specific successor is not identified, as that will be dependent upon the team members present at the time of the absence or departure. A monthly Risk Register meeting is held with senior leadership and includes a discussion around team member departures, two simultaneous departures, and potential risk associated with those departures. Senior leadership’s weekly execution meeting provides insight into all workstreams, current initiatives, and status, which builds cross functional knowledge and bench strength. The executive director maintains a written plan for direct report departures and the respective succession plans. This is reviewed quarterly as part of committee and board meeting preparations.

**Motion:** Dr. Fairfax moved that the Finance Committee recommend to the Board approval of the FY24 Variable Pay Goals as presented today. **Second:** Mr. Donaca. **The motion carried.**

### 11. FY23 Audit Plan

Ms. Lane said the interim audit with Eide Bailly will begin on June 5 and will be conducted remotely. Compliance testing for the programmatic audit will take place on-site June 8. The fieldwork for the year-end audit will take place on-site the week of July 17. We expect to be on track to provide our financials to the Board on September 15 and submit them to the State Controller’s Office by September 29.

The agreement with Eide Bailly was initially approved by the Board for a three-year engagement which began in FY19 and ended FY21. YHI engages with financial auditors for three years at a time with one renewal for a maximum of six years. We would like to extend the engagement through FY24.

Dr. Fairfax asked if this would mean that YHI could not engage with Eide Bailly again.

Ms. Lane replied that the three-year engagement can be extended once, for a total of six years. At that time, they would have to submit another proposal.

Mr. Kelly added while Eide Bailly could submit another proposal, it is unlikely that they would be selected. It is a practice of good governance to turn over auditors to get fresh eyes on things, either by changing the senior partner or engaging a new firm.

Mr. Donaca commented that DOI regulations allow carriers to maintain the same auditor for a period of time but then they have to change senior partners. He added that he and Chair Settles met earlier and discussed the fees and the process on what Eide Bailly is charging, and they were comfortable with YHI’s work and they support the motion for the extension to six years.
Ms. Lane added that from FY22 to FY23, the financial audit increased by $1,600 and the programmatic audit increased by $200.

Chair Settles commented that Eide Bailly has done good work for us, and it is possible that we might just change the senior partner when the time comes.

Motion: Dr. Fairfax moved that the Finance Committee recommend to the Board approval to continue audit services with Eide Bailly through FY24. Second: Mr. Donaca. The motion carried.

12. Insurance Requirements

Ms. Lane reviewed the insurance coverages currently held by YHI and said Hawley Troxell provides legal review of all polices to ensure proper coverage and how the primary and excess policies interact to provide comprehensive coverage. New this year is the commercial auto insurance, which is due to YHI acquiring a vehicle. Ms. Lane reviewed the special event liability coverage and made some revisions, making event coverage broader instead of specifying certain events. The directors’ and officers’ policies were reviewed, and no changes were made. A 12% increase to the premium was assumed but there was no increase this year. Errors and omissions liability had a 12% increase, and a 30% increase was assumed for cyber liability.

Mr. Donaca asked who at Hawley Troxell had reviewed our policies, and Ms. Lane replied that Dick Riley had been the attorney who handled that. Mr. Donaca explained that Mr. Riley was well known in the industry for his expertise and reviews Delta Dental’s policies, as well.

13. Budget and Management Plan

Ms. Lane stated monthly budget reviews at YHI promote transparency and communication. They provide opportunities to prevent unnecessary spending, discuss variance analysis and forecast for the upcoming months. These meetings create cross-functional communication to assist in supporting cost efficiencies across the organization and allow us to utilize favorability in other budgeted areas, if necessary.

Ms. Lane said that she does monthly reviews with TOK, our property manager, and quarterly reviews are held with TOK, the YHI finance team, and the Executive Director.

14. Executive Session

Motion: Chair Settles moved that the Committee, pursuant to Idaho Code Section 74-206(1), convene in Executive Session to consider the evaluation of an employee pursuant to Idaho Code Section §74-206 (1)(b).
Executive Session Roll Call: Chair Settles took a roll call vote and determined Mr. Donaca, Dr. Fairfax, Senator Wright Hartgen, and Ms. Malek were present and agreeable, resulting in a quorum.

The committee entered into executive session at 10:14 a.m. and reconvened at 10:26 a.m. No final actions nor decisions were made while in executive session.

15. Next Meeting

Ms. Sparks will reach out to schedule the next meeting, which will be held in September.

16. Adjourn

There being no further business before the committee, the Chair adjourned the meeting at 10:28 a.m.

Signed and respectfully submitted,

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Kevin Settles, Committee Chair