Your Health IDAHO

Idaho Health Insurance Exchange
DBA Your Health Idaho

Board of Directors Meeting Minutes
Friday, March 17, 2023

Board Members Present

- Mr. Stephen Weeg, Chair
- Mr. Hyatt Erstad, Secretary (via videoconference)
- Mr. Kevin Settles, Treasurer
- Mr. Greg Donaca (via videoconference)
- Dr. Cynthia Fairfax (via telephone)
- Ms. Heidi Hart (via videoconference)
- Ms. Margaret Henbest
- Ms. Carolyn Lodge (via videoconference)
- Ms. Tara Malek (via videoconference)
- Mr. Trent Nate (via videoconference)
- Mr. Peter Sorensen
- Mr. Wes Trexler for Director Cameron
- Ms. Jennifer Palagi for Director Jeppesen (via videoconference)

Others Present

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Kilee Lane, Your Health Idaho
- Mr. Bobby Vernon, Your Health Idaho
- Ms. Nichol Lapierre, Your Health Idaho
- Ms. Kelly Fletcher, Your Health Idaho
- Ms. Julie Sparks, Your Health Idaho
- Mr. Matt Fuhrman, Your Health Idaho
- Ms. Tresa Ball, HR Precision
- Mr. Mike Stoddard, Hawley Troxell
- Mr. Shawn Miller, Best Day HR (via videoconference)
- Ms. Angie Johnson, Department of Health and Welfare (via videoconference)

1. **Call to Order**

   Following proper notice in accordance with Idaho Code Section 74-204, the Board of Directors meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Weeg (Chair) at 8:32 a.m., Friday, March 17, 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 web site. 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

Ms. Henbest called roll and determined that Chair Settles, Mr. Erstad, Mr. Settles, Mr. Donaca, Ms. Hart, Ms. Lodge, Ms. Malek, Mr. Nate, Mr. Sorensen, and Mr. Trexler for Director Cameron were present, resulting in a quorum. Ms. Palagi for Director Jeppesen joined the meeting at 11:09 a.m. Dr. Fairfax joined the meeting at 11:38 a.m. Ms. Fulkerson, Representative Furniss, Senator Wright Hartgen, Senator Ruchti, Mr. Thomas, Ms. Tucker, Director Cameron, and Director Jeppesen were absent.

3. Prior Meeting Minutes

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

Motion: Mr. Sorensen moved to approve the meeting minutes from the December 16, 2022, Board meeting as presented today. **Second:** Mr. Erstad. **The motion carried.**

4. Review Agenda

Chair Weeg reviewed the agenda and noted that some changes were made to the agenda to accommodate several of the board members needing to leave early, resulting in the loss of a quorum in the latter half of the meeting. All agenda items requiring a vote were moved to the beginning of the meeting for this reason.

Motion: Ms. Henbest moved to approve the changes to the agenda as presented. **Second:** Ms. Malek. **The motion carried.**

5. Review Roadmap

Chair Weeg reviewed the roadmap, no changes were made.

6. Board Transitions, Officers, and Committee Appointments

Chair Weeg reported that two new legislative representatives have joined the Your Health Idaho (YHI) board. Senator James Ruchti has been selected to represent the minority party and the majority party will be represented by Senator Linda Wright Hartgen. As they are in the middle of the legislative session, they are unable to attend today's meeting. Senator Ruchti will serve on the Governance Committee while Senator Wright Hartgen will serve on the Finance Committee. Ms. Tara Malek has agreed to serve as the new Board Secretary, replacing Mr. Hyatt Erstad whose term as Board secretary has ended. To facilitate the balancing of the number of members of each committee, Representative Rod Furniss has agreed to move from the Finance Committee to the Marketplace Committee.

Motion: Ms. Henbest moved that the Board approve the appointments of Ms. Malek as the Board Secretary, Representative Furniss to the Marketplace Committee, Senator Wright Hartgen to the Finance Committee, and Senator Ruchti to the Governance Committee. **Second:** Mr. Erstad. **The motion carried.**

7. Executive Summary

Mr. Kelly began his presentation, saying the Omnibus spending bill that was passed by Congress in late December 2022 decoupled Medicaid Continuous Coverage (MCC) from the Public Health Emergency (PHE). The Department of Health and Welfare (DHW) began the unwinding process on February 1 and as of this morning, we have over 2,000 enrollments, with this week seeing our highest enrollment days so far. The PHE is set to end on March 11, 2023, and no direct impacts to YHI are expected.

At the federal level, the 2024 Notice of Benefit and Payment Parameters (NBPP) is being finalized. There are several proposals, details are in the Board deck appendix, and after discussion with the Policy Steering Team (PST), which includes the Department of Insurance (DOI), DHW, and our carrier partners, we have decided to exercise our state flexibility to wait and reevaluate many of those proposals next year.

The debt ceiling is being actively discussed in Washington, D.C. While it is still very fluid, we know that tax credits and other programs are being discussed and we continue to monitor the situation.

In late January and early February, Mr. Kelly presented to the germane Senate and House committees. These conversations were very positive and came on the heels of the legislative committee review of Medicaid Expansion. As such, most of the questions pertained to zero-dollar premiums, deductibles, and co-pays.

Your Health Idaho was recognized as one of Treasure Valley's Top Companies. The related survey provided details and insights on areas of strength and opportunities. In February, we deployed our second employee net promoter score (eNPS) survey, which measures employee engagement with the simple question: would you recommend YHI as a place to work. While scores dropped from 54 in November 2022 to 31 in February 2023, February's score remains in the "very good" range. Team member feedback themes highlight areas of strengths and areas of opportunity.

Mr. Kelly said YHI continues to work to find flexible work strategies that meet the needs of our team members and Idahoans. In February, we relaunched Flexi Fridays, meaning that YHI closes at 1:00 p.m. on Fridays outside of open enrollment (OE). In May, we will layer on a four 10-hour day schedule to provide additional flexibility and we will continue to evaluate and refine these programs in the coming months.

Due to the time constraints on today's meeting, slides on several topics have been included in the appendix, including the technology roadmap, Qualified Health Plan (QHP) timeline, and other slides reviewed by the committees. Mr. Kelly encouraged board members to review these slides.

8. Board Strategic Planning Input

As directed by the board, Chair Weeg and Governance Chair Henbest solicited input and recommendations from other members of the board. Comments from board members recognized the success of YHI to date and the desire to continue to elevate that success. The board shows solid support for the strategic goal of 125,000 enrollees by 2025. Input from the board largely fell into five goal categories: 1) enrollment; 2) enhanced presence, partnerships, and communications; 3) team member development, growth, satisfaction, and retention; 4) succession planning; and 5) fiscal stability. These five major goals provide opportunities to align our tactics and operational goals while continuing to align with our goal of 125,000 enrollments by 2025. The executive team strategic retreat provided a great opportunity to discuss the board input to arrive at a collaborative set of goals and tactics.

Chair Weeg said that the following items have been standard goal themes in past years: enrollment growth, low cost promise and fiscal strength, flawless customer experience, safeguarding Idahoans' information, partnerships, and corporate culture. We are revisiting these themes not only as a board responsibility, but as a reminder that these are the tenets around which we do business.

In September 2021, one of the goals we chose to focus on was real-time eligibility (RTE). That goal was realized in June 2022 and has made a huge difference in how we do business and serve Idahoans. Another goal was to lengthen OE to help us maximize the potential for people to get the coverage they need when they need it. Growing the number of certified agents and brokers, or Connectors, and building relationships with them has also been a focus for us. Having a telephony system that is efficient and easy to use is a big part of being able to provide great customer service, which has been proven by last summer's switch to SharpenCX. A few years ago, we reduced our advertising spend and saw a drop in enrollments, so the goal was made to move toward Always Present advertising, and we have seen the positive impacts from that campaign. Chair Weeg said that we have made great headway with these goals and while we will continue to work and improve on these areas, it is time to set new goals to work toward.

Mr. Kelly said that enrollment goals have always guided YHI. We saw a drop in enrollments in 2020, which was not only the year that the pandemic began, but it was the year that Medicaid expansion was implemented. With the enhanced Advance Premium Tax Credit (APTC), RTE, and Always Present advertising, enrollments have begun to recover. The continued impact of these items, along with the unwinding of MCC and tactical initiatives support our strategic goal of 125,000 enrollments in plan year 2025 (PY25). Our enrollment is projected to grow at a brisk pace before settling in 2026 and beyond.

One of the longer-term initiatives is the EZ enrollment initiative. It was discussed a year ago but not supported, so we would like to bring this back and leverage our relationships with DOI and the tax commission to discuss what this might look like. Small business enrollment options and individual health savings accounts are other areas we would look to in 2024 to support our enrollment growth.

Mr. Kelly continued, saying one of the cornerstones of our success has always been our partners and they will continue to be critical as we move forward. The co-op marketing initiative, which will be discussed in greater detail later this morning, is a new initiative to help our agents and brokers grow their books of business and will likely target underserved communities. Additionally, we will continue to build and develop relationships across the state with community health centers, organizations, and hospital systems, as well as our relationships with DHW and DOI.

Ms. Henbest asked what the strategy was for identifying and targeting the underserved communities in Idaho.

Mr. Kelly replied that there are several ways we can focus on the underserved communities, one of which is census information. We also have a Hispanic survey planned for this year to help us understand our marketing messages and how they may connect differently with the Hispanic community. The proposed co-op marketing initiative will be delivered via a request for application (RFA) and as we evaluate those applications, we can provide more weighting to those who can target our underserved communities.

Mr. Kelly stated that team members are YHI's greatest resource, and we will continue to invest in programs to increase engagement, such as total compensation and stay interviews. We will also interweave our company's COMPASS values and provide growth and professional development opportunities to team members and utilize surveys to continue to measure our progress.

Delivering a flawless customer experience will continue to be our true north. Our quality assurance program, clear and concise internal communications, and continuous training will continue to be foundational elements. Increased automation, measuring what matters through our Net Promoter Score (NPS), first call resolution and monitoring inventory aging will provide feedback on our progress. Most importantly, we will continue to ensure we have sufficient resources to deliver for Idahoans.

Chair Weeg asked what the most important things were to measure in terms of customer service excellence.

Mr. Kelly said NPS is the timeliest data, as those scores are reviewed daily. Mr. Vernon and his team review verbatims provided by the survey to identify opportunities as well as strengths and those verbatims are provided to our team almost daily. On a more long-term basis, our annual customer survey provides feedback in terms of the overall brand image and how people see us.

Mr. Vernon added that our quality assurance program sets extremely high standards for customer service and our NPS will be directly tied to our team members' adherence to those standards.

Ms. Henbest brought up concerns about reaching some of Idaho's underserved communities who might then struggle with the technological aspect of the exchange.

Mr. Kelly said in OE23, we saw a lower percentage of new consumers who engaged with an agent or broker in their enrollment. We know that retention is higher with consumers who interact with agents or brokers, so we will do direct outreach to consumers who do not have an agent or broker and connect them to that no cost resource. That will reinforce the buying decision for those who are already comfortable with the technology. For those who might not be as tech savvy, all of our public statements and press releases include the statement that we have a network of over 900 agents and brokers across the state who are experts in health insurance and are available at no cost. Those Connectors, particularly the enrollment counselors, can connect with the underserved communities and pass the consumers off to an agent for the actual enrollment and plan selection process.

Mr. Kelly continued, saying that safeguarding Idahoans' personally identifiable information (PII) is our top priority. We have a robust set of third party audits, internal programs, and independent assessments to ensure we are doing all we can to protect the PII of Idahoans.

A fiscally conservative business model has been a foundational element of YHI's success since our early days and the exchange has delivered $43 million in savings since inception. Through operational efficiencies, increased enrollment, and providing our team with opportunities via our career web, we will continue to live up to our promise of fiscal conservatism and remain the most efficient exchange in the country while delivering a world-class customer experience.

Chair Weeg asked if we had ever considered marketing partnerships with our carriers in addition to our agents and brokers.

Mr. Kelly replied that it is important that the exchange is an independent, unbiased third party. The concern with marketing partnerships with carriers would be creating bias if we were to engage with some carriers more than others.

Motion: Mr. Settles moved that the Board approve the Strategic Goals and Initiatives as presented today. **Second:** Ms. Henbest. **The motion carried.**

9. Executive Session

Motion: Chair Weeg moved that the Board, 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: Ms. Henbest took a roll call vote and determined Chair Weeg, Mr. Erstad, Mr. Settles, Mr. Donaca, Ms. Hart, Ms. Lodge, Ms. Malek, Mr. Nate, and Mr. Sorensen were present and agreeable, resulting in a quorum.

The Board entered into executive session at 9:19 a.m. and reconvened at 10:33 a.m. No final actions nor decisions were made while in executive session.

Motion: Mr. Sorensen moved that the Board, as recommended by the Ad Hoc Compensation Committee, approve the implementation of a long-term incentive plan and delegate responsibility to the Chair of the Ad Hoc Compensation Committee to finalize the details of the long-term incentive plan, aligned with variable pay methodology. **Second:** Mr. Settles. **The motion carried.**

10. Marketing Co-op Partnership Request for Application

Mr. Kelly stated that providing tools to our agent and broker network that will help them grow their book of business is critical to YHI's strategic goals. To support those efforts, we are proposing a new co-op marketing opportunity, which is expected to launch as a pilot program for OE24. Partners will be selected through an RFA process and YHI would match dollar for dollar up to $3,000 per agent or broker. The applicants must have a physical location where they can meet with consumers in person if requested and we may add criteria to the selection process to ensure a focus on underserved communities. The total cost for this program is not to exceed the amount of $120,000, and an increase of 1,200 enrollments will provide time to cash in less than one year.

Ms. Lodge said that she thinks this is an excellent initiative and that it will present a great opportunity.

Motion: Ms. Lodge moved that the Board, as recommended by the Marketplace Committee, approve release of the Agent/Broker Co-Op Marketing RFA and request that the Board authorize the RFA review team to select the agents/brokers and authorize the

Executive Director to execute the Co-Op Marketing contracts in an amount consistent with the FY24 budget. **Second:** Ms. Henbest. **The motion carried.**

11. Contract Renewal

Mr. Kelly said that YHI's procurement policy requires that after engaging with a vendor for seven years, YHI must either issue a Request for Proposal (RFP) and perform a competitive bid process for these services, or request approval to continue the engagement with the existing vendor. Drake Cooper has provided creative services since 2016 and has therefore engaged with YHI for seven years. Given their exceptional performance, and deep understanding of our brand and target market, we are recommending that we continue this relationship and not issue an RFP for creative services.

Mr. Sorensen asked if we had done a market check to ensure that Drake Cooper's rate was still in an appropriate range.

Mr. Kelly replied that we had a detailed discussion with them about what is included in their fees, and we are comfortable that the scope of services they provide is consistent with the fees.

Mr. Sorensen asked Mr. Kelly to give a general idea of the rate and how it has increased.

Mr. Kelly replied that from 2016 through 2021, there were no fee increases and in 2021, we took a large increase to make up for that. Since then, it has increased 3% - 5%.

Motion: Ms. Lodge moved that the Board, as recommended by the Marketplace Committee, approve to engage with Drake Cooper, in lieu of issuing a Request for Proposal for creative services as permitted by YHI's Procurement Policy for contracts that have been in place for seven years, through April 2030, which funds are included in the proposed FY24 budget and it is anticipated that the Board will include such funds in each subsequent year's budget. **Second:** Mr. Settles. **The motion carried.**

12. MARS-E Audit

Mr. Reddish said that the Minimum Acceptable Risk Standards for Exchanges (MARS-E) is the federal security framework to which YHI must adhere. As part of the implementation of RTE, we were required to complete a new Authority to Connect (ATC) submission. Since the ATC submission was off cycle from our normal three-year cadence, it has reset us back to year one for 2023. YHI is seeking approval to pick up the "Extension Term," defined within the existing signed contract with Accenture for years 2024 and 2025. This would get us back on track for our normal three-year audit cadence.

Motion: Ms. Henbest moved that the Board, as recommended by the Governance Committee, in accordance with the MARS-E Security Assessment Report (SAR) RFP, approve the second two-year optional period with Accenture to provide services as set forth in such RFP and execute the contract with a year one amount not to exceed $98,500 which is consistent with the current year's approved budget, and it is anticipated that the Board will include such funds in each subsequent year's budget. **Second:** Ms. Malek. **The motion carried.**

13. HR and Organizational Updates

Mr. Kelly presented an overview of the proposed budget for Fiscal Year 2024 (FY24), saying it is aligned with our strategic goal of 125,000 enrollments in 2025, while simultaneously focusing on fiscal sustainability. Operational efficiencies, incremental automation, and funding for retaining and motivating highly qualified team members are the primary tools YHI needs to be successful. Compensation actions taken in FY23 helped slow turnover and increase team member satisfaction. Market and economic realities have slowed over the past year but remain challenging when trying to retain and attract a highly qualified workforce. Based on recent discussions with the Department of Labor, there are approximately two job openings for every one job seeker. Additionally, the impacts to our team from MCC unwinding are similar to a second open enrollment.

a. FY24 Compensation and Staffing

Headcount for the proposed budget is consistent with our current budget, with the addition of an operations analyst and two customer advocates. After robust discussion at the Governance Committee meeting, the annual merit and market pool are both recommended at 3%. We are also proposing changes to the variable pay plan, increasing the pool by 1% point for supervisors, managers, and directors. These changes necessitate an update to the compensation policy. Employee benefit costs assume 15% increase in medical premiums and historical increases for other benefits programs. Our benefits programs will be evaluated in October and November to ensure they are competitive.

Chair Weeg asked Mr. Sorensen if a 15% increase in medical premium sounded right, and Mr. Sorensen said that it did.

Mr. Kelly added that this is the assumption in the budget and, if necessary, we can adjust deductibles and other things when we receive our renewal rates. We faced this problem last October but were able to find a solution that found a balance between staying in the budget guidelines and delivering a benefit structure that is competitive for the team.

Motion: Ms. Henbest moved that the Board, as recommended by the Governance Committee, approve the Staffing Plan for FY24 as presented today. **Second:** Mr. Erstad. **The motion carried.**

Motion: Ms. Henbest moved that the Board, as recommended by the Governance Committee, approve the Compensation plan for FY24 which includes Merit of 3%, Market of 3%, and changes to Variable Pay program, as presented today. **Second:** Mr. Erstad. **The motion carried.**

Motion: Ms. Henbest moved that the Board approve changes to the Compensation policy to reflect the changes in the variable pay percentages as approved today. **Second:** Mr. Erstad. **The motion carried.**

14. Financial Update

a. FY23 2Q and Year to Date Results October through December 2022

Ms. Lane presented year to date (YTD) financial results for YHI operations. For the second quarter, ending December for FY23, assessment fees came in at $355,000 favorable driven by higher enrollments in PY22. Other income shows favorability of $59,000, driven by interest earned on the Certificate of Deposit (CD). Favorability in grant income of $135,000 is from the grant which ended in September. Total income favorability YTD is $548,000. For the expense side of YHI operations, open positions and lower overtime drove favorability of $203,000. Unfavorability of $20,000 is due to the single audit and consulting and HR fees. General operating costs show $37,000 in favorability, driven by lower facility and travel costs. Favorability of $135,000 in eligibility and enrollment costs is driven by lower DHW costs and seasonal staff. Total operating expense is favorable of $364,000, with net operating income favorability of $912,000. Capital Expenditures (CapEx) show favorability of $151,000, due to the timing of some technology releases being put into service.

Chair Weeg noted that we used to pay DHW for eligibility determination and asked what we pay them for now.

Mr. Kelly replied that we do not currently pay them for anything. Not knowing when MCC would end or what that would entail, we had a contingency of $10,000 a month and have kept that favorability. Some of that favorability is being used for a paid advertising campaign related to unwinding and we are still in discussions with DHW about any other possible costs related to unwinding.

Ms. Lane moved on with a review of the View Pointe financials. We are fairly close to budget, with just $20,000 in favorability driven by billback revenue and interest earned on the CD. General operating expenses are unfavorable by $41,000 due to a few one-time costs such as the main water line repair, front window tinting, ceiling light fixture move, and higher utilities. Net operating income is unfavorable by $18,000. CapEx favorability is driven by no CapEx in the first half of the year, but our sun sails are expected to be installed in the third quarter of the year.

For the consolidated financials, we have a total income favorability of $574,000 against the total operating expenses of $321,000, with a net operating income of $894,000.

Mr. Sorensen asked if we are increasing depreciation expense in future years for capital improvements or if it is typically expensed during the same year.

Ms. Lane replied that if the expense meets the capitalization thresholds, it is booked as an asset and is depreciated over the asset's useful life.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the financial results through December 31, 2022, as presented today. **Second:** Ms. Henbest. **The motion carried.**

b. FY23 Financial Forecast

Ms. Lane said for YHI operations, overall revenue is forecasted above budget as grant income and interest income replaces the slight forecasted shortfall in assessment fee revenue, which is expected to miss budget by $26,000. The first half of FY23 is over budget by $355,000 due to higher-than-expected enrollments. The second half is forecasted under budget by $381,000 due to lower-than-expected enrollments. Operating expenses are projected to be lower than budget by $222,000 due to open positions in the first half of the fiscal year, lower overtime, and Connectors' costs. Net operating income is favorable by $478,000.

For the View Pointe forecast, revenue is expected to exceed budget by $62,000 due to interest income and billback revenues. Expenses are expected to miss budget by $45,000 due to repairs and higher costs of utilities. CapEx is expected to be closer to budget due to unfinished projects that are scheduled for the third and fourth quarter of the fiscal year.

c. FY24 Budget

Ms. Lane presented budget assumptions for FY24, which are in addition to compensation and personnel items discussed earlier. We have added $120,000 for the agent/broker marketing program which assumes 40 licensed brokers with a match of up to $3,000 per broker. Always Present marketing and outreach continues and is a driver of enrollment stability throughout the year.

Ms. Lane continued with budget assumptions, saying business insurance assumes growth consistent with historical experience. Directors & Officers and Errors & Omissions assume 12% growth, while General Liability assumes 3%. Cyber & Media Liability assumes 30% increase, as FY23 saw a 58% increase. FY23 had a single audit for the modernization grant but FY24 does not have a single audit. The GetInsured contract has an increase of $1.3 million. Our seasonal workforce supports the workload during OE and the strategic goal of 125,000 in FY25.

Mr. Sorensen noted that the increase of $1.3 million for the GetInsured contract seems large and asked what the increase would cover.

Mr. Kelly explained that when we initially negotiated the contract with GetInsured to deploy RTE, we had credits from some capital work in progress, as well as some funds that carried over from the first renewal that offset some costs in the first year. The reason the contract was structured in this way was so we could match contractual increases when our enrollments would increase. Protected Medicaid continued several months longer than anticipated, causing a timing issue between when our revenue grew and when we expected our expenses to grow. We expect that to catch up in the next three or four months.

Mr. Sorensen asked if there was an offset for what we are no longer paying DHW.

Mr. Kelly replied that the last year we paid DHW for eligibility services, the cost was about $1.2 million.

Ms. Lane continued with CapEx for the budget assumptions. FY24 assumes technology enhancements of $550,000, dropping to $500,000 for FY25 and beyond. Other CapEx is assumed at $100,000 for break/fix items and contingency.

For View Pointe, revenue aligns with current leases and assumes lease renewal for existing tenants. Expenses reflect the current contracts and consumer price increases of 3%, with CapEx of $60,000, which has not changed and will be assumed in FY25 and beyond.

Ms. Lane said that for budget assumptions in revenue, enrollment leverages in-year retention plus continued growth due to Always Present advertising and RTE. Medical inflation and competitive market dynamics continue. Based on conversations with the DOI, we are assuming a year over year premium change of 4%, with no new carriers entering. The budget assumes 2.49% for the assessment fee in FY24 and FY25 but assumes a decrease in FY25 to 2.39% and that is shown in the projections out to FY29. Enrollments in January 2024 assume 114,000 and 125,000 in 2025, with slight growth from 2026 through 2029.

Mr. Sorensen asked where we came up with the average QHP premium increase of 4%.

Mr. Kelly said the 4% assumption came from discussions with DOI, the consideration of continued leverage of the 1332 waiver, and conservative premium increases. Beyond 2024, the assumption was lowered to 2% as part of a more conservative approach to revenue. As we have less control over premiums than enrollments, we tend to be a bit more aggressive with enrollment than premium increases.

Ms. Lane presented the YHI operations quarterly income statement. There is a $2.5 million increase over the FY23 forecast for assessment fees, with most of that from an increase in enrollment and a smaller portion from the average premium increase. There is an $87,000 increase over the FY23 forecast for other income which assumes the current rate of return of 3.5% for CDs and the grant income that we saw in FY23 will not be seen in FY24. Overall, a $2.4 million total income increase in the FY24 budget over the FY23 forecast. On the expense side, there is an increase of $803,000 for personnel costs which includes $212,000 for FY23 open positions, $155,000 for FY24 new hires, $266,000 merit/market, and $170,000 for benefits and payroll taxes. Marketing and outreach expenses increase $182,000 which includes $120,000 for the agent/broker marketing co-op and an increase of $62,000 for paid advertising. The increase in eligibility and enrollment includes $1.3 million for the GetInsured contract, $41,000 for seasonal staffing, offset by a decrease of $60,000 in DHW costs. Total operating expenses increase by $2.3 million over the FY23 forecast.Net operating income for FY24 is shown at $110,000 better than the FY23 forecast.

Ms. Lane reported that there are no significant changes for the View Pointe quarterly income statement other than an increase of $17,000 in interest on the CD and the annual lease increases for our existing tenants of $23,000. Operating expenses assume the annual 3% increase to be offset by one-time expenditures in FY23. Net operating income for FY24 is $41,000 better than the FY23 forecast.

For the consolidated quarterly income statement, the total income variance from FY23 forecast to the FY24 budget is $2.5 million. The total operating expense of $2.3 million is an increase over the FY23 forecast with a net operating income increase of $151,000 over FY23.

Ms. Lane reviewed the seven-year consolidated income statement and said that in FY24, total income is $14,123,000 and an incremental increase with assessment fee revenue for FY25, but it is steady in the outer years. The expense side is fairly straightforward, with the biggest increase being the $1.3 million for GetInsured but expenses flatten out in the outer years. Net operating income in FY24 is unfavorable by $79,000, but in the outer years we are favorable.

d. Financial Sustainability and Sensitivity Analysis

Ms. Lane stated that YHI's operating expense cash reserve is $6 million, which would cover six to nine months of operating expenses. The CapEx reserve is typically for one-time expenses for non-consumable assets. Investment in our strategic initiatives drives revenue growth and lower assessment fee in PY25 and beyond. There is a dip each year in October for the OE media, but the cash balance remains above the cash reserve while lowering the assessment fee.

The YHI team evaluated several different scenarios including operational dynamics, enrollment stabilizing, and premium fluctuations. Those scenarios were distilled down to the three with the highest likelihood and impact on the exchange. We also performed a scenario on assessment fee changes in PY24. Each scenario's impacts are captured separately but can be mixed and matched. It is possible that parts of different scenarios could occur simultaneously, but the financial impacts would likely be only partially additive. The Finance Committee reviewed all of the scenarios in their recent meeting.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the assessment fee of 2.49% for Plan Year 2024. **Second:** Mr. Sorensen. **The motion carried.**

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Fiscal Year 2024 YHI operating expense budget at a not-to-exceed amount of $13,908,047 as presented today. **Second:** Mr. Donaca. **The motion carried.**

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Fiscal Year 2024 YHI capital expense budget at a not-to-exceed amount of $650,000 as presented today. **Second:** Ms. Henbest. **The motion carried.**

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Fiscal Year 2024 View Pointe operating expense budget at a not-to-exceed amount of $294,459 as presented today. **Second:** Ms. Henbest. **The motion carried.**

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Fiscal Year 2024 View Pointe capital expense budget at a not-to-exceed amount of $60,000 as presented today. **Second:** Ms. Henbest. **The motion carried.**

e. **Financial Policies**

Ms. Lane stated as part of YHI's ongoing internal review process, three financial policies were reviewed to ensure alignment with operational practices. All three of these policies went through the Finance Committee for review and discussion.

The payroll policy was last updated in March of 2018 and the changes reflect the correct payroll company and accurate operational processes.

The revenue policy was last updated in March of 2020. The changes to this policy reflect the correct assessment fee.

The accounts payable policy was last updated in March of 2018. The changes to this policy reflect accurate operational processes.

Motion: Mr. Settles moved that the Board, as recommended Finance Committee, approve the Financial Policies as presented today. **Second:** Ms. Henbest. **The motion carried.**

15. Medicaid Continuous Coverage

Mr. Kelly said as stated earlier, the Omnibus spending bill that was signed in late December decoupled the continuous coverage requirements from the PHE. This means that people can begin being disenrolled from Medicaid if they are no longer eligible effective April 1. DHW has stated that there are about 450,000 Idahoans currently enrolled in Medicaid of which they believe 300,000 are currently eligible. That means about 150,000 people are currently enrolled in Medicaid who either don't qualify or have not been in contact with DHW. We estimate that about 30,000 are over income and of that 30,000, we think we will enroll about 10,000 over the coming months. As of this morning, we have just over 2,000 enrolled on the exchange due to a loss of Medicaid Qualifying Life Event (QLE).

DHW is sending about 30,000 notices per month, with the first group of notices being sent on February 1. They will continue monthly thereafter with the last group being sent in July. Each of those groups has a 60-day reevaluation period, so taking the February group for example, their eligibility would end on March 31 if they are no longer eligible for Medicaid. YHI information is not included in DHW's reevaluation notices, so a separate letter has been proposed to be sent two or three days after the discontinued notice has been mailed for a "warm handoff" to YHI.

Ms. Johnson said that the way that DHW had anticipated the unwinding to begin, with the strategic and targeted way that they queued up individuals and broke them out across the six groups, has been playing out in the way they had anticipated. She said that the call volume is similar to what they experience during OE and she thinks things are going well.

Ms. Palagi said that the two cohorts have started and there are about 54,000 people in groups one and two combined. She said that they have had people calling in who are curious and interested in what is going on and DHW is pulling them forward and getting started with those people as they call.

Ms. Henbest posed two questions. In the first, she asked why DHW has not included YHI in the initial communication to people who are losing their Medicaid coverage, as it would be upsetting for people to not know what other resources were available for two or three days. In her second question, she asked if DHW was doing any marketing other than the letters to let people know what was coming.

Ms. Palagi replied that sending YHI's information any earlier than currently planned would add to the confusion for their Medicaid customers and the information would not apply to most of them anyway.

Ms. Johnson said that DHW's processes start at the 60-day mark for these customers, which is helpful because at the point that DHW identifies people who may not be eligible, the notices go out. People in the first group may have gotten notices as early as February 2, which gave them all of February and March to either contact DHW to re-assess their eligibility or reach out to YHI.

Ms. Johnson went on to add that DHW put together a detailed communications plan in the last year in anticipation of the unwinding occurring. It includes messaging on social media, a media kit, and stakeholder calls where the unwinding plan was explained, and participants were given the opportunity to ask questions. DHW has also posted FAQs on their external website and hosted a town hall meeting that is available on YouTube. They have issued press releases and bulletins and Director Jeppesen has participated in interviews with news outlets. Ms. Johnson stated that DHW is working specifically with their partners, such as food bank and the tribes, to help spread the word of the unwinding. She said that they have directly reached out to consumers on protected Medicaid and explained what was happening and what they needed to do. To try to eliminate unnecessary calls, they have communicated to people who will not be affected that they will not lose Medicaid coverage and do not need to act.

Ms. Hart asked if either YHI or DHW had a sense of how the uninsured rate of Idahoans will be affected when everything is said and done.

Mr. Kelly replied that we know that many people currently have employer sponsored coverage in addition to Medicaid, but at this time it is not possible to know how many will end up on the exchange, how many will go on employer sponsored coverage, and how many will be uninsured.

Ms. Palagi said DHW is unsure as well. It is a tricky situation to forecast.

Mr. Kelly moved on, saying that along with all the work DHW is doing, YHI also has a process in place. Each night, we receive an account transfer from DHW of individuals who have been assessed APTC eligible. Once received, we send a notice to them that tells them that they have been referred to YHI and directs them to complete their application. Noticing is continued in roughly 15-day increments through the time at which they lose coverage, and then to the end of their Special Enrollment Period (SEP). This communication takes place via email, SMS, or traditional mail. At each step, we recommend that consumers take advantage of no-cost help available to them from local YHI certified agents. To ensure a positive customer experience and minimize gaps in coverage, we have taken several other steps, such as an expedited approval policy for a loss of Medicaid QLE. We have also created some system enhancements that eliminate the need for document verification for their SEP. Additionally, we are bringing on additional team members to help with the increase in customer volume. A social media and digital advertising campaign will begin on April 3 to help reach even more Idahoans who may be affected by the unwinding, and we are putting flyers at point of sale areas, such as clinics and pharmacies.

Similar to OE, YHI is monitoring the progress of the unwinding by tracking daily enrollment volume. Direct outreach to consumers begins when they are determined to be no longer eligible for Medicaid or when their SEP begins. Daily enrollment growth continues to accelerate due to outreach efforts and there are over 2,000 enrollments from loss of Medicaid. Over 10,000 individuals have already been redetermined ineligible for Medicaid as of this morning.

16. Enrollment Update and Customer Experience

a. 2023 Enrollment Update

Mr. Kelly stated that enrollment trends are consistent for 2021 and 2022. In 2021, enrollment trends saw a lift in May with the SEP due to the American Rescue Plan Act (ARPA). There was stability in 2022 after the OE hangover due to Always Present advertising, enhanced subsidies, and RTE. So far in 2023, enrollments are stable, with a lift in April and May assumed due to MCC unwinding. As of this morning, we have about 92,500 enrollments.

The QHP average gross premium shows a measurable decline as of February 2023, with about a 6% decline in 2023 gross premium being driven by the 1332 reinsurance waiver. Consumers with a tax credit experienced a 10% increase in net premium, or the amount they pay. The PHE and benchmark plan price points drive an increase in net premium from 2021 through 2023. As protected Medicaid consumers move to YHI, 2023 premiums will evolve through the remainder of the year.

Chair Weeg asked if that was related to the second lowest cost silver plan.

Mr. Kelly said yes and said that the second lowest cost silver has changed at a disproportionate rate to the gross premium, causing the amount that people pay to go up. In the QHP guidelines issues by DOI a few weeks ago, they have taken some actions that will hopefully help as we move into PY24.

Mr. Trexler said that we have a competitive marketplace. DOI does not set the rates, they only review the rates to ensure the right steps are taken to develop them. They are trying to make sure that plans are unique, which may mean that fewer plans will come before the board for certification. The hope is that this will make the choice for consumers clearer, and the impact of this will be evaluated and changes made, if necessary.

Ms. Henbest noted that from 2021 to 2022, the amount that consumers pay out of pocket doubled, and she asked if that was federally driven.

Mr. Kelly replied that essentially it is a dynamic between how the overall gross premium changes, the second lowest cost silver, plan and metal tier mix, and entrance of new carriers. The net premium is specific to the monthly premium that consumers pay. For example, if a consumer was to purchase a plan for $500 and received a $400 tax credit, the treasury would pay the carrier $400. The consumer would then pay the carrier $100, which is the net premium.

b. Customer Experience

Mr. Vernon reported on inbound volumes to the customer support center, saying that volume increases beginning July 2022 are attributed to the eligibility workstream. Despite the additional workstream and increased enrollment, 2023 inbound volumes are lower due to increased automation. All call center metrics were dramatically improved for OE23 compared to the prior year. NPS exceeded all expectations, with a score of 69 during OE and it continues to remain high post-OE.

Chair Weeg noted that we refer to NPS quite a bit and asked if, in the future, Mr. Vernon could provide a document to the board explaining NPS, with information like how it works and what constitutes a good or bad score.

Mr. Kelly said a brief explanation is that NPS is the percentage of people who rate us nine or ten minus the percentage of people who rate us six or below. Any score over 50 is considered world class or elite customer service.

17. Customer Profile

Mr. Reddish reported that Ms. Husler and her team have done a great job in analyzing who our customers are and how they interact with YHI. Our enrollment demographics are consistent with prior years, with a slight softening in the percentage of consumers between the ages of 55 – 64 with growth in the overall mix in ages 35 – 54. We are still seeing growth in the gold and silver metal tiers, along with the overall percentage of enrollment in dental plans. As of January 1, 2023, 87% of enrollments utilized cost savings, up from 85% the prior quarter. Regarding Connector utilization, 68% of consumers had the assistance of an agent or broker. We did outreach to the 32% of consumers who did not utilize a broker or agent as YHI understands the benefits an agent can have on long term retention.

For OE23, we had 21,894 new enrollments, with new enrollments being defined as people who are now enrolled who were not at the end of 2022. 13,360 people in that group are first time enrollees on the exchange and 8,532 returned from prior years. The primary age of new subscribers was 35 – 44, which shows that our marketing is reaching the target audience.

Consumers who first enrolled on the exchange in 2015 make up 24% of our 2023 enrollments. We have a very strong base of customers who are repeat customers, with 43% of this year's enrollees purchasing with us for five or more years. Consumers who work with a Connector make up 80% of the people who have purchased with us for nine years, compared to 50% of people who have purchased for one year.

18. Marketing and Outreach Update

Ms. Lapierre said our OE23 paid media campaign ran two weeks longer than the 2022 campaign, with a total media spend of just under $387,000. We had an 8% increase in media spend from last year, but it resulted in a 17% increase in impressions, which were just under 30 million. This year, we spent 31% less on our Spanish social media ads, but by allowing Facebook and Instagram to optimize those ads, we saw a 108% increase in impressions. The Always Present campaign went live on March 1 and our MCC unwinding campaign will go live on April 3. Beginning OE24, we will launch a year-round campaign, going dark only in January and sticking with the zero dollars per month message.

Chair Weeg asked what was defined as an impression.

Ms. Lapierre replied that an impression is when someone sees an ad.

19. FY23 Goals Update

YHI's Idahoans' Experience goal is comprised of our NPS measured both during and outside of OE. NPS at the end of OE was 69, compared to a goal of 43, which is 100% outcome. Outside of OE, NPS is 68, which is also trending at a 100% outcome.

Pertaining to our Retention and Enrollment goal, Mr. Kelly reported that OE ended this year with enrollment just short of 94,000, which is 91% for that goal, adjusted for the delay of MCC unwinding. Auto-renewals ended at 99.9% and enrollments are trending above last OE.

Our Risk Management goal is made up of two parts. The first part is related to our phishing campaigns. Period to date response rates are 0.6%, which is 100% outcome. Proper reporting is at 93%, which is 60% outcome. The other part of this goal is brand image, which is measured via the annual customer survey. We measure the differential between those who see us favorably and those who see us unfavorably. We had a +70-point differential, compared to a goal of +59, so that is 100% outcome.

Low Cost Promise is our financial goal, which is trending toward a 100% outcome. This goal is based on performance of net operating income compared to budget. As a reminder, this is adjusted to include only assessment fee revenue and excludes our fixed contracts like GetInsured and DHW.

Employee Engagement is measured on the Gallup Q12 survey that will be deployed in May. We are working toward that goal with eNPS and Top Companies surveys, stay interviews, total compensation, and monthly one-on-one meetings with managers and team members.

20. FY24 Goal Concepts

Mr. Kelly stated board feedback around strategic objectives and supporting tactics provided the roadmap for an updated approach to variable pay goals. Three key tenets rose to the top based on board feedback: customer experience, enrollment growth, and fiscal sustainability. A highly engaged team is also critical to achieving these goals. We propose simplifying the overall variable pay goal structure while introducing individual accountability measures.

Mr. Kelly said that the variable pay concepts are presented today to get feedback from the board and metrics and proposals will be brought to June's meeting for approval.

The Idahoans' Experience goal will be elevated to Flawless Customer Experience. One of the things this goal will be measured by is NPS and we also want to add an individual responsibility component around quality scores for customer facing roles. Brand image would move under this goal and remain an overall company-wide objective.

Enrollment is the second variable pay goal concept and we are proposing that we continue to tie this to variable pay. It would be based on the approved budget from today. The enrollment goal for the end of the upcoming OE is about 116,000 and that metric will be added in June.

For Low-Cost Promise, we like the simplicity of net operating income compared to budget and plan to have this remain as the financial variable pay goal.

The final two goals presented by Mr. Kelly are Risk Management and Employee Engagement. They will remain but shift from variable pay to emphasize individual responsibility and ensure we incentivize the right behaviors.

As part of the Risk Management goal, phishing remains the single largest risk vector for YHI. As such, we plan to keep this goal but adjust it for individual accountability. One of the concepts discussed is that for every phishing campaign that a team member correctly reports, there would be a gift card, and if they were successful with all five campaigns, they would get an additional gift card. We are still working through the size of the payment and how it would fit in with variable pay.

Mr. Kelly said that we would like to have Employee Engagement continue to apply to team members with direct reports. We will continue to focus on Gallup education and understanding, with the next Gallup survey planned for May 2023. eNPS provided tremendous insight into what we are doing well and what are our opportunities. We will continue to provide career web and growth opportunities for our team members, along with total compensation, best practices around monthly 1:1 interviews, and annual stay interviews.

Ms. Henbest asked who performs the annual stay interviews.

Mr. Kelly responded that our HR manager, Ms. Fletcher performs them in order to provide some separation and anonymity between the team member and supervisor.

21. Executive Session

<u>Motion:</u> Chair Weeg moved that the Board, pursuant to Idaho Code Section 74-206(1), convene in Executive Session to consider records that are exempt from disclosure as trade secrets and records exempt from disclosure as confidential legal memos under YHI's public records policy and Idaho's public records act pursuant to Idaho Code Section 74-206(1)(d).

<u>Executive Session Roll Call:</u> Ms. Henbest took a roll call vote and determined Chair Weeg, Mr. Erstad, Mr. Settles, Mr. Donaca, Dr. Fairfax, Ms. Hart, Mr. Nate, and Mr. Sorensen were present and agreeable, resulting in a quorum.

The Board entered into executive session at 12:10 p.m. and reconvened at 12:23 p.m. No final actions nor decisions were made while in executive session.

22. Next Meeting

The next board meeting will be Friday, June 16, 2023.

23. Adjourn

There being no further business before the board, the Chair adjourned the meeting at 12:24 p.m.

Signed and respectfully submitted,

Stephen Weeg, Board Chair