



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

**YOUR HEALTH IDAHO
BOARD MINUTES
FRIDAY, DECEMBER 17, 2021**

Board Members Present

- Mr. Stephen Weeg, Chairman
- Ms. Janice Fulkerson, Vice Chair (via videoconference)
- Mr. Kevin Settles, Treasurer
- Mr. Hyatt Erstad, Secretary (via videoconference)
- Dr. Cynthia Fairfax
- Ms. Margaret Henbest (via videoconference)
- Mr. Jerry Edgington (via videoconference)
- Mr. Greg Donaca (via videoconference)
- Ms. Carolyn Lodge (via videoconference)
- Ms. Heidi Hart (via videoconference)
- Mr. Peter Sorensen
- Ms. Karan Tucker (via videoconference)
- Senator Jim Rice (via videoconference)
- Representative Rod Furniss (via videoconference)
- Senator David Nelson (via videoconference)
- Mr. Wes Trexler for Director Cameron (via videoconference)

Others Present

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Alanee Thomas, Your Health Idaho
- Ms. Frances Nagashima, Your Health Idaho
- Mr. Matt Fuhrman, Your Health Idaho
- Ms. Julie Sparks, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Mr. Brian Kane, State of Idaho Attorney General's Office
- Ms. Tresa Ball, HR Precision (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 8:33 am, Friday, December 17, 2021, 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.

2. Roll Call

Mr. Erstad called roll and determined that Chair Weeg, Ms. Fulkerson, Mr. Settles, Ms. Henbest, Mr. Edgington, Mr. Donaca, Ms. Lodge, Ms. Hart, Mr. Sorensen, Ms. Tucker, Representative Furniss, Senator Nelson, and Mr. Trexler for Director Cameron were present, resulting in a quorum. Mr. Thomas, Ms. Malek, Director Cameron, and Director Jeppesen were absent. Dr. Fairfax arrived at YHI offices at 8:42 am. Senator Rice joined via videoconference at 9:04 am.

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. Settles moved to approve the meeting minutes from the September 17, 2021, Board meeting. **Second:** Mr. Erstad **The motion carried.**

4. Review Agenda

Chair Weeg reviewed the agenda, no changes were made.

5. Review Roadmap

Chair Weeg reviewed the roadmap, no changes were made.

6. Board Transitions

Representative Sage Dixon has stepped down from his position on the Your Health Idaho (YHI) board due to not feeling as if he was currently able to commit the time and energy that was necessary to being a good board member. That left the position representing the majority party in the House of Representatives open and it has been filled by Representative Rod Furniss. Chair Weeg welcomed Representative Furniss to the board and asked him to say a few words.

Representative Furniss said that he appreciated being on the board and that he appreciated Mr. Erstad, who had acted as a mentor to him for many years. Representative Furniss said that he has been in the insurance business since 1986. His business evolved into group and individual health insurance and today, he serves over 100 companies in group health with a lesser focus on individual health insurance. He said that he still does quite a bit of life insurance on the side. Representative Furniss added that he does a lot of self-funded plans and designs premiums benefits for large companies. He looks forward to working with everyone on the board and hopes to be of service.

Dr. Fairfax arrived at Your Health Idaho offices at 8:42 am.

7. Board Training

Mr. Stoddard introduced Mr. Kane from the Idaho Attorney General's office and together they presented the annual board training session. The session covered topics including privacy and security concerns for board members, the nature of the exchange, an independent body corporate and politic, and applicable laws, an open meeting law refresher, public records laws, conflicts of interest, and ethics. They also revisited board duties including media and social media expectations, committee roles and responsibilities, and ways in which board members interact with YHI team members.

Senator Rice joined via videoconference at 9:04 am.

The board took a break at 9:48 am and reconvened at 10:02 am.

8. Executive Summary

Chair Weeg opened by saying that this open enrollment has been exceptionally challenging, and he wanted to commend the staff of YHI for their performance.

Mr. Kelly said before we dive into the details today, he wanted to take a few minutes to acknowledge that we have fallen short in the one area on which we pride ourselves most: the customer experience. As he has shared in the last few board updates, lower than expected seasonal staffing numbers and the increased workload from Advance Premium Tax Credit (APTC) eligibility support, coupled with increased demand for health insurance, has caused significant delays in our processing times. Unfortunately, this has led to an increase in inventory, which in turn, creates longer hold times and a frustrating customer experience.

It has been a bitter pill to swallow for the YHI team as we pride ourselves on our ability to serve our customers. Mr. Kelly said that he can honestly say that the team has done all they can to try and make it right; everything from extended hours, calling in additional resources, and repurposing other team members to help when workstreams allow. Despite our best efforts, we are still behind. Our customers and our team deserve better. He said that he owns this miss and apologized for missing the mark.

Bearing that in mind, we have decided to extend the open enrollment deadline by one week to ensure every Idahoan who wants coverage for 2022 can do so, and not be deterred by long wait times or application delays. We are currently working with our carrier partners to ensure that every application that is submitted by the December 22 deadline will have coverage and any applicable tax credits in place on January 1, even in the unlikely event that application processing extends beyond the first of the year. We recognize this extension is not an easy solution, but we believe it is the right thing to do for our customers.

If there are any silver linings to this open enrollment, one is that we have a better understanding of the APTC eligibility process and we are using those lessons learned to help shape the HIX eligibility functionality.

A second silver lining is that many team members have commented that it has brought the team closer together. Rather than infighting and blaming each other, we look to each other for strength and problem solving.

A quick update on federal and state policy: at the federal level, we are most interested in the Build Back Better bill that has gone back and forth in Congress over the past several months. The current bill includes an extension of the enhanced tax credits through 2025. At this time, it seems likely that if the bill passes, those provisions will remain. As you may be aware the Public Health Emergency (PHE) has been extended and protected Medicaid is expected to continue through June 30, 2022. At this point, we are doing operational planning for how the re-evaluation process will work and it may start as early as April. We will work closely with our partners at the Department of Health and Welfare (DHW) to conduct direct outreach to those consumers we believe are APTC eligible. It is estimated that there are currently around 22,000 individuals on protected Medicaid that may be APTC eligible. At the state level, the Policy Steering Team approved the Special Enrollment Period (SEP) for consumers under 150% of the Federal Poverty Level (FPL). We are currently working with the carriers to understand how this will be implemented. We will share any updates on that process as it is finalized.

Lastly, the order of today's meeting will be a bit different than the format we have followed for the past several years. Before we get into the operational details that we are accustomed to, Mr. Kelly said that he will share an update on our progress toward the strategic goals that were outlined in the last meeting.

9. Strategic Initiatives Update

Even with the demands of open enrollment over the last few months, we have still been able to make steady progress on our strategic initiatives. Our focus continues to be on three key pillars: improve the customer experience, increase operational efficiencies, and lower the uninsured rate in Idaho. We continue to be focused on our goal of 125,000 enrollments for 2025.

Moving now to the slide outlining our progress on the specific initiatives. The dark green items are on track or nearly complete. Specifically, financial planning has begun, and enrollment forecasting has been completed through 2027. With that, we have our first cut of the long-term staffing and operational plans. Real-time eligibility is also on track with weekly meetings with our partners at GetInsured and DHW. Those discussions are going well, and we feel confident that we have yet to identify any major risks to our June 29 go-live date. This week, we met with our partners at Drake Cooper to review the always on media strategy. We are encouraged by the discussions and expect to finalize that plan in the first weeks of January. Because of healthcare.gov and other states' open enrollment extending into January, we felt it was important to not advertise in January and February to avoid confusion.

We have also made progress in establishing relationships with hospital systems and community health centers as part of our goal of building awareness across the state. With that, we are also re-evaluating roles at YHI and expect to hire a community relations manager to oversee this body of work.

Mr. Sorensen asked what was driving the always on media strategy.

Mr. Kelly replied that in past years, YHI typically only advertises leading up to and during open enrollment. At a very global level, always on means that you will see us the other nine months out of the year. The channels that will be leveraged for that are still being determined but it will include broadcast, digital, and programmatic, as well as paid search. Basically, it will be the same channels that we use now but with different channels being heavier or lighter during different times of year. The exact details of that plan are still being worked out, but the main idea is that you will see us almost 12 months out of the year instead of only during open enrollment. We also are still determining which markets we are in. For example, north Idaho is traditionally challenging for broadcast TV because of Spokane and neighboring markets, but streaming services may be very effective in that area.

Ms. Lodge said that from a strategic perspective, some of the research that was done by GS Strategies identified that among those who are brand aware of YHI, the perception is very high but there is still room to grow in terms of brand perception and awareness among all Idahoans. She said that she thinks that the always on strategy supports the underlying goal of general awareness. Because of the high rate of new people in the market, there is continual opportunity there. When the exchange started, there was a much larger spend that was focused on branding the exchange but that stopped in 2014 or 2015 and has gone to more of a promotional-only schedule. She said that getting back to more of a branding approach will be a good thing.

Mr. Kelly continued, saying with the challenges faced during open enrollment, we have work to do to repair some of our relationships in our connector network. We plan to do a roadshow of sorts in late spring or early summer where we will have demos of the new system so that they can see how effective the new eligibility system will be and help repair the relationships damaged by some of the challenges that we faced this open enrollment.

Finally, discussions continue regarding open enrollment dates for next year. Mr. Kelly said that he will keep the board updated as those discussions mature in the coming months. We are acutely aware of the importance of finalizing that decision as soon as possible given the impacts to our partners and respective technologies.

10. Operational Update

Ms. Fulkerson said that the Marketplace Committee had a great meeting earlier this month. She said that they heard from the team about the current backlog and how the support team is addressing the customers' needs. Despite the challenges, the committee is

encouraged and continues to be encouraged by the year over year increase in enrollment and the ongoing efforts of YHI's team to work through the inventory. She said that the committee wanted to give a shout out to the team and staff for the extra hours and overtime that have been put into helping Idahoans and said that she wants to make sure that the team knows that they are supported and appreciated. Ms. Fulkerson said that the committee reviewed the paid advertising campaign and the performance of the ongoing outreach activity. As noted, the committee is very pleased with all the activities that are going on and they felt that the paid advertising campaigns are quite good. She continued that the team had shared the technology roadmap and the plan for the implementation of the new eligibility platform. With the new eligibility system being put into place, some of the other planned enhancements will take a temporary back seat but the committee agreed that prioritizing the eligibility piece was the right choice. The committee and team also discussed the future of enhanced tax credits and the impact on the Build Back Better plan. There was also some discussion about the end of the PHE and Mr. Kelly continues to keep the committee updated on protected Medicaid and how YHI will continue to seek out those who may be eligible for a tax credit. Overall, the committee is pleased with the activity and supportive of all the actions going forward. Ms. Fulkerson expressed her thanks to everyone on the Board and the Marketplace Committee for supporting the team this year through some of the challenges.

Ms. Henbest stated that the Governance Committee met on December 2 for their year-end housekeeping meeting. They reviewed the employee handbook, employee benefits, the annual plan of operations, and IT project and vendor services. In terms of the handbook, the committee reviewed suggestions that the holiday schedule be revised and there were some language updates that reflect the recent Diversity, Equity, and Inclusion (DEI) training that YHI received this year. The committee voted to recommend the updates to the handbook. In terms of employee benefits, the committee heard a summary of employee benefits packages for 2022. There was quite a bit of discussion about the increase in medical premiums and the measures that YHI is taking to minimize the financial impact to team members. The committee was appreciative that there was good dialog with the team members about what was important to them as they researched benefits options. In this case, maintaining the provider network was very important to employees, which was respected in the negotiations and decision making. The committee spent some time reviewing the annual plan of operations and all the policy revisions over the past year. The plan of operations is the blueprint for how we do business and how we are kept accountable for all our decision making and policy enactments. There has not been a change to that plan of operations over time, which tells us that it is the proper road map for us to follow to keep our work efficient and accountable. That plan was recommended for approval today. Finally, the committee reviewed the Request for Proposals (RFP) for IT project and vendor services and there is a reduced scope in that RFP that is aligned with the maturation of the organization and the strength of the internal IT team. We are recommending that the RFP be approved today.

Mr. Settles stated that the finance committee met and reviewed the first quarter, and we are lagging a bit behind in revenue. However, we exceed our budget for net income primarily because of labor. That is always watched closely to ensure that it does not affect the customer experience. At this point, the excess is due to staffing challenges, not

YHI striving to meet their low cost promise, which was discussed at length. The committee appreciates the overtime that the YHI team is putting in. We expect that, going forward, it will be easier to employ people and we are looking forward to that. All the financial policies were reviewed and after a couple of minor changes, we feel comfortable with where we are. The committee discussed how we can come out of the pandemic better than we were when we entered it and the expectation is that YHI will always continue to be better. There was discussion about staff retention, flexibility, and the impact of inflation on being able to hire and retain staff.

a. Enrollment Update and Customer Experience

i. 2021 Enrollment Update

Mr. Kelly gave an update on where YHI ended the current year in terms of enrollment. He said that the graph shown on the right side of the slide depicts the last three years of open enrollment with the green bars at the bottom representing the current year. In December we ended with 73,400 Idahoans enrolled. The biggest takeaway is that this is the first year since 2016 that we have seen enrollment growth from January to December. That is driven by two primary things. First, the American Rescue Plan Act (ARPA) and the enhanced subsidies. Second, we have very high retention in our customer base right now, which you will also see impacting our 2022 open enrollment numbers. We are excited about what this means for the future and a highly retained customer base.

Mr. Kelly presented a second slide showing enrollments. On the right is shown the percentage of enrollment by carrier, with the individual enrollees being shown on the left. You can see that our medical enrollments are dominated by Blue Cross of Idaho and Select Health and our dental enrollments continue to grow, being dominated by Delta Dental.

ii. 2022 Open Enrollment Update

We started the year with incredibly strong auto renewals. 99.9% of eligible customers were auto renewed before the start of open enrollment. There were 132 enrollees who were manually enrolled. Enrollment has continued to grow, as you can see illustrated by the blue line that is this year's open enrollment. 2020 and 2021 are the other two lines on either side. As of this morning, we have 80,696 enrollments, which is about 2,400 higher than last year. It is important to remember that last year, when we extended open enrollment, we did that after the December 15 deadline, so the surge that you see in the lowest line was what we would normally see on December 15. One of the reasons that we wanted to extend open enrollment was to spread that work out over a longer period of time and avoid the surge on December 15. So far, it looks like we have accomplished that goal with that extension.

One of the most exciting statistics is that we have 8,800 new enrollments, meaning they did not have an enrollment status in December 2021. That is an

impressive number that tells us our marketing is working and the message of \$0 health insurance is resonating in the marketplace. Our effectuation rate is 85% as of this morning, which is 13% points higher than the same time last year. That bodes well as we move into revenue recognition in January and it also speaks to that highly retained base, because as long as retained customers do not change carriers, they remain effectuated.

Mr. Sorensen said that he had seen a document from CMS that said that due to the APTC extension, 7,700 Idahoans should be able to receive a plan at no cost. He asked if 7,700 was wrong or if there was an explanation as to why the actual number was closer to 8,800.

Mr. Kelly replied that we have not yet been able to look into the demographics associated with that 8,800. However, there was an article this week about the number of people who have exited the job market who are age 55 and older. There were about 3.6 million more Americans that left the labor force compared to November of 2019. 90% are age 55 years or older. Another stat that indicates that the older demographic may be behind this is that 70% of the 5 million people who have left the job market during the pandemic are age 55 and older. We went and looked at a very quick view of our enrollments. Typically, we see about 24% of our enrollments are age 55-64. The statistic for our 8,800 new enrollments is about 27%. It is still smaller than the trend of those leaving the job market tells you but we are seeing, at least on the margins, more older people coming into the exchange.

iii. CSC Metrics

Mr. Kelly moved to the next slide and stated that the graph shows inbound call volume for our enrollment telephone number as well as our eligibility number. This also includes emails. In October, YHI took over the APTC workstream and introduced a specific eligibility toll free number while also maintaining our current enrollment number. As you can see by the lighter grey bars, the eligibility volume was manageable in October and grew quickly in November. December volume continues to exceed our capacity. Because of this surge in volume, we are seeing spillover from the eligibility line into our enrollment line. We deployed additional communication channels including chat and secure support forms. These did prove to be effective, and we plan to continue to leverage them in the future.

In addition to technology and other support channels, we also increased hours for our team members including a significant amount of overtime and we repurposed existing team members whenever possible. Saturday work hours were implemented in mid-October and then Sundays following Thanksgiving. Current hours are 6:00 am to 8:00 pm Monday through Friday and Saturday and Sunday from 8:00 am to 5:00 pm. Mr. Kelly said that YHI has literally done all we can to handle these increased demands.

YHI's customer experience and net promoter score has always been a source of pride. However, with the increased demand, coupled with staffing challenges, it has created a perfect storm for YHI. As such, we have fallen short for our customers. Despite those challenges, customer feedback is positive once they reach a YHI team member. As noted in the customer comments on this slide, wait times are clearly unacceptable but our team delivers when they connect with Idahoans.

iv. Consumer Connectors

Connectors, which include agents, brokers, and enrollment counselors, continue to be a cornerstone of our success. Almost 800 connectors were certified this year which is an increase from the prior two years and certainly a sign of our future success. In response to feedback from our connectors, we implemented new tools to assist them as they work with their clients. For many years, we have been asked to deploy an agent-specific 800 number. While we do not have the staffing to be able to do that, we did incorporate a PIN code that allows them to skip the queue and get help as quickly as possible. We have also allowed them to handle multiple cases on the same call and these changes have helped us to better support our connectors and we plan to continue them into the future. Additionally, we have two dedicated team members solely focused on serving our connector community. While this open enrollment has been full of challenges, these new tools will certainly deliver in the coming years.

b. Marketing and Outreach Update

i. Events and Outreach

This open enrollment has seen a slow return to in-person events, but we are still nowhere near pre-pandemic activities. On the plus side, the team has been able to continue with virtual engagement opportunities. The past several months have seen a mix of both with virtual classes and co-hosted events, along with in-person discussion panels and networking events.

YHI recently joined the Idaho Hispanic Chamber of Commerce and had the opportunity to host a virtual coffee networking event at the start of open enrollment. As a statewide organization, the Hispanic Chamber is an excellent way for YHI to engage with and learn from community leaders around the state. Other ways we hope to expand our reach are through social media and social media influencers. YHI has again engaged with Dr. Kaleb Redden, a local physician with a strong social media following. Dr. Redden offers a unique perspective as a physician and can expand on the benefits of having coverage in a way that is relatable and relevant. This year, we have also engaged with local influencer Boise Bucket List to promote open enrollment and the benefits of getting covered. As a lifestyle account and blogger, Boise Bucket List has a large local following that aligns with our target audience demographics.

ii. Open Enrollment Advertising

Many months ago, we conducted a two-part messaging survey to help inform on how best to reach potential customers, and what messages would be most effective to spur them to action. What we discovered was simple – Idahoans know they need health insurance; they just do not think they can afford it. From there we landed on the central theme that the campaign would be built around: quality coverage that you can afford.

In addition to simplifying the message, we also shifted our targeting strategy. Rather than focus on small, specific target audiences, we cast a wider net in hopes of raising brand awareness among the uninsured or misinsured groups. As you can see, the media budget was split 80/20 between brand awareness and consideration – or getting people to the site to take action.

Through December 12, we have gathered more than 14.4 million impressions, which is a weekly average of about 2 million impressions and is on par with last year. Programmatic, or digital display, continues to drive the most impressions while paid search continues to see the best performance on a cost per click basis. This is in line with previous years' trends.

Website conversions are tracking above last year's average. As a reminder, conversion means someone comes to the site and takes action. The top conversion actions are consistently *Log In* and *View Plans*.

iii. Website Analytics

Looking now at our website activity through December 12. You will notice that total users on the website is trending slightly higher than the previous year (the dip at the end is day of week variance) while total pageviews are down. Our hypothesis is that more people are visiting the site and finding what they need faster, resulting in less total page views.

c. Technology, Privacy and Security

i. Technology Roadmap

With the focus on the new eligibility system, the level of enhancements has slowed but we do have two more releases prior to the launch of real-time eligibility.

In January, we will deploy the SEP Shop While You Wait functionality which allows consumers to select a plan while their SEP documents are being validated. Once validated, the enrollment will complete. This will remove the necessity of the consumer having to log back in to select a plan, increasing efficiency and improving the customer experience. We will also deploy the Compromised Credential Check in January to continue to ensure Idahoans' information is safe

and secure. This check will ensure that credentials have not been compromised in a breach on another site.

In March, we will have the ability to self-service notice changes directly in the HIX and send directly to consumers' secure inboxes. This will improve the customer experience and reduce costs for YHI. We will also have new tools to manage multiple households more efficaciously.

Mr. Sorensen added that he felt that removing the wait will increase the number of enrollments significantly. Whatever the current burn rate is of people who do not complete enrollment after they have applied will be eliminated as they can complete the transaction in one shot.

Ms. Hart said that in her organization they were spending a lot of time doing hazard vulnerability assessments because of a software vulnerability that is currently threatening a lot of healthcare software platforms. She asked if that was something that YHI needed to be concerned about.

Mr. Kelly replied that we would cover that later in the meeting.

ii. IT Project and Vendor Services

Moving now to our RFP for IT Project and Vendor Services. FlexTechs has provided IT support and project services for YHI for the past seven years. In the early days of the exchange, FlexTechs provided both staff augmentation as well as project and vendor services which allows optimal pricing for hardware, software, and maintenance contracts.

At the seven-year mark, YHI's procurement policy requires YHI to either issue an RFP or make an exception to the procurement policy to continue the engagement with the current vendor. Given the market dynamics, YHI is recommending that we issue an RFP to ensure YHI continues to receive the best pricing for our current needs. While there are many vendors in this space, we do expect that FlexTechs will submit a proposal as well as other vendors in the Treasure Valley.

Mr. Settles asked if FlexTechs understands that we are legally required to do this.

Mr. Kelly responded by saying yes, Mr. Reddish has been transparent about our procurement policy requirements, and they understand that it is year seven. They continue to be interested in working with us and we expect them to bid on that proposal.

Motion: Ms. Henbest moved that the Board, as recommended by the Governance Committee, authorize the Governance Committee to 1) conduct a Request for Proposal (RFP) for IT Project and Support Services, 2) establish a Proposal Evaluation Team (PET) to evaluate the responses to the RFP, and 3) accept the recommendations of the PET; and that upon such acceptance the

Executive Director and the Chair of the Governance Committee may negotiate and execute the contract with an amount consistent with the approved budget for the current year and it is anticipated that the Board will include such funds in each subsequent year's budget. **Second:** Mr. Erstad **The motion carried.**

d. HR and Organization Updates

i. Employee Benefits

Moving now to an update on our employee benefits. In advance of our employee open enrollment, YHI deployed a survey to our team members to help us understand which benefits team members valued most. From that survey, we learned that cost and provider network were the most important to our team members.

Working with our brokers, we compared quotes from all major medical carriers to ensure we understood our options and costs. Unfortunately, our medical benefit costs increased substantially. After much discussion, we decided to remain with Blue Cross of Idaho for medical and we worked hard to mitigate increases to our team members. We continue to offer \$0 premium plans for employee-only coverage, and we mitigated significant increases for family coverage by leveraging YTD budget favorability.

To give you an idea of what those increases were, the largest increase that an individual will see is \$22 per paycheck.

Other benefit costs were either flat or saw relatively small increases and we maintained all incumbent carriers including Delta Dental and Willamette. However, our Flexible Spending Account and Dependent Care Account administration was transitioned to a new vendor to increase ease of use and flexibility.

Chair Weeg asked if the significant increase that we saw was unique to YHI or if it was the market across the board.

Mr. Sorensen remarked that it was reflective of what was happening specifically in this size of market, the small group market. He added that it was mainly due to inflation and utilization.

Mr. Settles asked what the percentage increase had been.

Mr. Kelly replied that the percentage increase was 35% and said that YHI had planned for about a 15% increase, and they were able to make up the rest in budget favorability.

Mr. Settles asked if YHI had tried to adjust the deductibles or if they had kept the same policy.

Mr. Kelly responded that YHI had looked at a lot of different options, including lower and higher deductibles. After looking at the premium differences, relative to what the cost increases would be, we kept a low deductible and a moderate deductible. That is what we had in 2021 and, based on the survey results, we felt it would be best to continue with that. The cost differentials on the high deductible were not significant.

Mr. Settles asked if YHI offered two deductibles and if they were buy down or buy up.

Mr. Kelly replied that the employee-only portion was a \$0 premium for both deductible plans. The buy up is a different cost for the dependent policies. He said that it is important to remember that 2020 to 2021 saw a significant decline in medical benefit costs for YHI. If you were to draw a line from the 2020 cost levels to 2022, it would be linear, with an exceptionally lower cost in 2021.

Mr. Erstad asked if YHI was being treated as a mid-size group since the increase of covered lives.

Mr. Kelly said that was correct.

Mr. Erstad added for the board's edification that the mid-size category, which is 50-100 lives, is the one category which can do some underwriting, which is not that common. He said that the fact that YHI had an increase of that magnitude would indicate that there was considerable utilization in the group. Mr. Erstad stated that it was good for the board to know that we had discovered that there was not a big variance by doing a market study. He added that his business has clients who have had similar increases this year. A lot of it is due to there not being a lot of utilization prior to Covid and, with the pandemic easing, elective procedures are starting to come back, increasing overall utilization. Mr. Erstad said that APA is a very competitive vendor and he thinks moving the cafeteria plan administration to them will work well for us.

ii. Employee Handbook Update

Each year, the employee handbook is reviewed by Mr. Kelly, Ms. Thomas, and Ms. Ball. The management team also provides feedback and then there is a final legal review. We have these multiple layers of review to ensure that we are aligned with the needs of our team as well as the legal requirements. Keeping in mind the DEI training we received, we made some grammatical adjustments and changed *his/her* to *their* and *he/she* to *they*.

When we came back to the office from the remote work environment, we instituted a more casual dress code, which has been very well received. We updated the handbook to reflect that change as well.

Over the course of the pandemic, we have found that people have had large vacations planned that got canceled or changed, which in turn created pressure on their PTO accrual balance. To help manage this, we are allowing more frequent cash out opportunities. Employees will need to maintain 60 hours of PTO post cash out, but we are allowing two cash outs per year instead of the previous one. Because time off and mental health are important, we encourage people to use their PTO before the cash out is done.

As Ms. Henbest noted, we have had some changes to our holidays. Prior to these changes, we had a floating holiday which was taken either the day after Thanksgiving or on Idaho Human Rights Day. We are proposing that they both become permanent paid holidays for YHI. Black Friday is a great holiday for the team as it is right in the middle of open enrollment and it gives them a four day weekend before the final push toward the deadline.

Mr. Sorensen asked how many paid holidays YHI has.

Mr. Kelly replied that YHI observes the nine standard holidays. Adding the two new ones would give YHI 11 holidays per year.

Mr. Kelly went on to say that another change to the handbook was some clarification around FMLA and personal leave and we updated the infectious disease policy to have more generic language rather than Covid specific.

Motion: Ms. Henbest moved that the Board, as recommended by the Governance Committee, approve the updates to the Employee Handbook as presented today. **Second:** Mr. Settles **The motion carried.**

iii. Annual Plan of Operations

Mr. Kelly stated that the plan of operations is reviewed every year. It is comprised of two primary categories of documents and policies. First, there the more static documents such as the Health Insurance Exchange act that created YHI, our bylaws, committee charters, the board conflict of interest, and our public records policy. Then there are documents that are more operational or dynamic in nature, meaning they change on a more frequent basis. This includes things like our annual budget, our committee road maps, and our decision tracker. The decision tracker records every decision that has been made in a committee or board meeting since the inception of the exchange. When we put these two categories of documents together, the decisions from the committees and the board are the glue that holds the two categories of documents together and create our plan of operations.

To support the overall policy review, each of the committees review their germane policies. For example, the finance committee reviews the Procurement policy, the Delegation of Authority policy, and the Landlord Financial policy, as well as other key financial policies. The governance committee reviews

everything from employee practices to privacy and security, as well as board member conflict of interest and other related policies. In addition to that, each committee reviews their committee charter during the annual effectiveness survey.

In addition to the committee reviews, we also have more operational reviews, which are completed by YHI's executive team. We want to make sure that our day-to-day operational decisions, policies, and practices align. As the business evolves, we want to ensure it evolves in line with existing policies or that we present changes to those policies. The employee handbook updates that we went through this morning are a good example of that. We also have our general counsel review all our policies and practices, not just to ensure compliance from an operational standpoint, but also to make sure that we are in alignment with all the regulations at the state and federal level. A good example of this would be that a couple of years ago we added "Action Item" to anything on the meeting agendas that may require a vote in either a committee or board meeting.

Additionally, we have external auditors: a financial auditor who does the financial and programmatic audit and a privacy and security auditor. The external auditors are independent third parties who come in and determine if YHI is adhering to the policies as expected by the board. In these cases, YHI team members exit the audit review so committee and board members are able to speak directly with the auditors.

Mr. Kelly said on slide 42 is a picture of what he just described. On the left side are the governing processes which are the more static documents, with the health insurance exchange act being the most important document on that side as it is what created us. On the far right are the dynamic documents, the things that change more frequently. For example, our budget, which we will be reviewing in February and March. In the middle are board resolutions and all the decisions that have been made over time.

Key areas that we covered this year in terms of policy revisions include changes to the compensation plan, which was centered on variable pay and executive compensation. We also reviewed our employee handbook updates and our financial policy updates as well. We reviewed five policies this year in the most recent financial committee meeting and most of those changes were centered on finalizing the changes on our transition from First Interstate Bank to Idaho First Bank. We also have changes to our privacy and security policies each year to ensure alignment with our federal regulations, as well as any YHI organizational changes.

Finally, we have a new internal privacy and security risk management policy that was developed following the September board meeting.

Chair Weeg asked if the policy changes had already been reviewed and approved by the board at some point during the course of the year.

Mr. Kelly said that that was correct, apart from the financial policies that will hopefully be approved later this morning.

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

iv. **Operational Goals Update**

Idahoans' Experience

We are a little behind on this goal, given the staffing challenges and the increased workload in the support center. We continue to measure and manage according to these three metrics every week, but we are behind and not currently within the payout ranges for these goals. We do have a second shot at this goal with non-open enrollment metrics, so we are continuing to reinforce the importance of First Contact Resolution, Turn Around Time, and Net Promoter Score, but we are simply out of the payout ranges for this current measurement period.

Retention and Enrollment

Auto renewals were extremely successful this year. They are the building blocks of our enrollment for 2022 but it is too early to tell where we will end up as of April of next year, although the 80,000 enrollments are certainly encouraging.

Risk Management

This is centered around our phishing campaigns and continuing to educate and inform our team around cyber threats. We have had a couple of phishing campaigns in this current period of performance. Unfortunately, our performance was below where we would like it to be and below the goal payout thresholds. These results are not unexpected, people are busy and working quickly and we saw a higher than expected click rate and a lower than expected reporting rate. When that happens, the team is assigned extra training that is intended to be educational rather than punitive. We will continue to work on phishing campaigns and proper education.

Low-Cost Promise

We are about 40% of the way to our objective through the end of October, having generated an additional \$75,000 of net operating income compared to budget.

Employee Engagement

COMPASS card participation, which is peer-to-peer recognition of YHI's cultural values, is above where we were last year at 71%. We typically see lower

participation during open enrollment because people are focused on serving Idahoans. The Employee Engagement Task Force recommendations are being finalized and will be deployed in January.

11. Financial Update

a. FY222 Financial Results through September 30, 2021

Shifting now to the financial results for the first quarter of FY22. Slide 49 shows the consolidated results for YHI which combines our operations with our building financials. Overall net income for the quarter was \$226,000 which was \$329,000 favorable to budget.

Looking at the drivers of net income, total revenue for the quarter was \$2.6 million and unfavorable to budget by \$58,000. This unfavorability was driven by lower than anticipated average premiums which is slightly offset by favorability in our rent income.

Total operating expenses were \$2.1 million which is \$405,000 favorable to budget. This favorability is driven primarily by open positions, fewer seasonal hires, as well as timing of our advertising and marketing spend.

There are more detailed financial results in the appendix and it was reviewed in detail in the finance committee meeting.

Additionally, capital expenditures were unfavorable to budget by \$61,000 which is primarily due to the timing of technology releases.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the financial results through September 30, 2021, as presented today. **Second:** Dr. Fairfax **The motion carried.**

b. FY22 Financial Forecast and Sustainability Analysis

Moving now to our financial forecast for the remainder of this financial year. Overall, we are projecting to exceed budget net income by \$1.2 million which is driven primarily by our modernization grant income. In addition to the grant income, we are expecting assessment fee revenue to be slightly favorable to budget. Operating expenses are projected to be \$285,000 favorable to budget. This is driven by savings from fewer seasonal hires and lower than expected DHW eligibility services. This favorability is slightly offset by unfavorability in employee and employee related expenses as we fill open positions and the related higher cost, plus compensation actions taken to retain current team members.

While the forecast is looking positive for net income, we believe that the second half of FY22 will drive significant pressure on our cost structure, primarily due to

employee related costs. Mr. Kelly said that is a common challenge that many businesses are facing as the labor market continues to be tight and the corresponding costs of hiring new people are continuing to accelerate rapidly.

Mr. Sorensen asked if YHI feels like they have the budget and flexibility to hire and retain the staff needed to meet the demand on the exchange.

Mr. Kelly said that what we are seeing in the pay ranges in our lower compensated roles is that we are closer to where we need to be. We have been very fortunate to be able to take care of the people that are here. Most of those roles are currently filled. The main staffing challenge was that the hiring pool was too small to get both get seasonal people and direct hires. Most of the seasonal people we hired have been converted to direct hires and we have a handful of open positions in those consumer facing roles. Time will tell in the other openings across the board. The roles we are currently sourcing are pushing the boundaries that we can pay and remain within our budget. The significant pressure on our cost structure for the second half of the year is primarily due to labor and filling those roles. We have reached out to the Department of Labor to get salary surveys; Mr. Kelly has had numerous conversations with Ms. Ball and other business owners and leaders. The challenge is that the market is moving faster than any data supports, so we are learning about salary requirements and labor cost demands through having to fill these positions. That will be our most meaningful data as we move into our budget process for FY22. We are going to need a significant amount of money in our FY23 budget to not only take care of our team for merit-based increases but more importantly for market. We think that that is in a low double-digit percentage to remain competitive and ensure that we keep good people here that are really the cornerstone of why we have been successful so far.

Mr. Sorensen said that the narrative is spot on with what every employer is feeling in our market and even in a lot of national markets. He said that he wants to make sure that as board members, they are doing everything that they can to support the stability of YHI's staff and make sure that they have the tools in place to retain where we can and hire talent where we can.

Mr. Settles commented that in all the years that he has been on the finance committee, he cannot recall a time that YHI actually spent the budget on labor. That may be primarily because we do not hit the head count, which was discussed extensively in the finance committee meeting. We have enough cash on hand that we generally have time to correct any missteps through other means. That is a luxury that other businesses do not have. We are a couple of million dollars above what we set as our minimum years ago.

Mr. Kelly said that all the comments support what we are seeing. He said that we are currently sourcing for a finance person and a couple of technical roles, which are more costly. He said that he believes we have the right knowledge to effectively retain the team but it will create pressure on the operating expense budget. As such, he feels that the Low-Cost Promise and Customer Experience goals are at risk, which then translates into compensation challenges. We all know that variable pay is

variable and no one should count on it. However, missing goals that have a financial component to them does impact the team financially. Fortunately, the compensation policy gives us enough flexibility to consider other opportunities. But if we consider those other opportunities, do we then put Low-Cost Promise even further at risk? Not to mention the commitment to the board and to the organization to manage to the approved budget. When we meet in March to approve next year's budget, we may need to have a hard conversation about whether we are able to meet this year's budget and whether we should have some board action to relieve that pressure.

Chair Weeg referred to Mr. Kelly's earlier mention of the estimated 22,000 on protected Medicaid who will lose coverage at the end of the PHE. He said if the PHE ends June 30 and some of them come on the exchange, increasing our enrollment, it would take some of the pressure off. Otherwise, we have to think about what is most important between keeping the right staff and meeting the Low-Cost Promise. Chair Weeg stated that he would rather take a hit on Low-Cost Promise than losing key staff and having poor customer service.

Mr. Settles asked if Mr. Kelly was secretly hoping that the PHE continued until our new APTC program was in place.

Mr. Kelly replied that if the PHE is lifted as we launch the new system, we will have some work to do to make sure that we maximize the customer experience. We know that it is much more efficacious to keep the team that we have and we are doing everything that we can to make that happen. The reality is that when we set the budget in March of 2021, we had no idea that the labor market would do what it has done at the exponential rate that it has done it. It is historically unprecedented in terms of labor. We are trying to manage to the budget and doing the best we can, but we may be coming back to ask for relief on some of those things in March.

Moving now to a view on our cash projection through 2027. This cash forecast includes current results and run-rate expenses carried through 2027. We also have assumed moderate enrollment and premium growth of 5% and 7%, respectively. Our strategic goals, which are not reflected in this graph, will drive significantly higher enrollments and drive increase cash balances as result. No change to our assessment fee of 2.29% is assumed.

c. Financial Policies Review

During the finance committee meeting, five policies were reviewed. Three of those policies needed to have the name of the banking institution updated from First Interstate Bank to Idaho First Bank to reflect the change in banks that was made earlier. Other than those minor items, no other changes were made to the policies. Noted on the slide is the last time the policy was updated.

Motion: Mr. Settles moved that the Board approve the financial policies as presented today. **Second:** Dr. Fairfax **The motion carried.**

12. Executive Session

Motion: The Chair moved that the Board, pursuant to Idaho Code Section 74-206 (1)(d), convene in Executive Session to consider records that are exempt from disclosure.

Executive Session Roll Call: Chair Weeg called roll and determined that Ms. Fulkerson, Mr. Settles, Mr. Erstad, Dr. Fairfax, Ms. Henbest, Ms. Lodge, Ms. Hart, Mr. Sorensen, Ms. Tucker, Senator Rice, Representative Furniss, and Senator Nelson were present and agreeable, resulting in a quorum.

The Board entered into Executive Session at 11:21 am and reconvened at 11:40 am. No final actions nor decisions were made while in Executive Session.

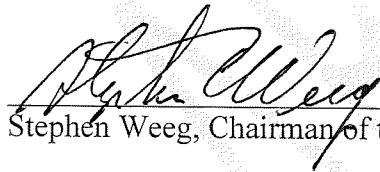
13. NEXT MEETING

The next meeting will be the third Friday in March, 2022.

14. ADJOURN

There being no further business before the Board, the Chair adjourned the meeting at 11:42 am.

Signed and respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen Weeg", is written over a horizontal line.

Stephen Weeg, Chairman of the Board