

**Idaho Health Insurance Exchange
DBA Your Health Idaho**

**Finance Committee Meeting Minutes
Thursday, February 22, 2024**

Committee Members Present

- Mr. Kevin Settles, Chair
- Mr. Greg Donaca, Vice Chair (via videoconference)
- Dr. Cynthia Fairfax
- Ms. Jennifer Palagi for the Department of Health and Welfare (via videoconference)

Others Present

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Kilee Lane, Your Health Idaho
- Ms. Julie Sparks, Your Health Idaho

1. Call to Order

Following proper notice in accordance with Idaho Code Section 74-204, the Finance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Kevin Settles (Chair) at 1:04 p.m., Thursday, February 22, 2024, at the offices of Your Health Idaho. In accordance with Idaho Code Section 74-203 (1), the meeting was open to the public and streamed in video conference format via GoToMeeting and the Idaho Public Television website. Members of the public were encouraged to access the audio stream by dialing into a telephone number and view the materials by accessing a meeting link that were included in the notice of meeting posted on the Exchange Board's website, social media platforms, and at the meeting location.

2. Roll Call

Chair Settles called roll and determined that Dr. Fairfax, Mr. Donaca, and Ms. Palagi representing the Department of Health and Welfare were present, resulting in a quorum. Senator Hartgen and Ms. Malek were absent.

3. Prior Meeting Minutes

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

Motion: Dr. Fairfax moved to approve the meeting minutes from the November 29, 2023, Finance Committee meeting as presented today. **Second:** Mr. Donaca. **The motion carried.**

4. Review Agenda

Chair Settles reviewed the agenda and noted that an action item regarding assessment fee policies had been added within the appropriate Open Meeting law timeframe.

Motion: Dr. Fairfax moved to approve the changes to the agenda. **Second:** Mr. Donaca. **The motion carried.**

5. Review Roadmap

Chair Settles reviewed the roadmap, no changes were made.

6. FY24 Results for 2Q

Ms. Lane began with a brief overview of financial and enrollment highlights. There was some discussion about the impact on average monthly premiums due to adjustments from reinstatements as a result of the new carrier invoicing criteria implemented in December.

For Your Health Idaho (YHI) Operations year to date through the end of the second quarter, total income favorability of \$400,000 was driven by higher enrollments and interest earned on the Certificates of Deposit(CDs). Total operating expense favorability of \$250,000 was driven mainly by open positions. Ms. Lane and Mr. Reddish provided clarity regarding the identity management favorability. Mr. Reddish explained the support provided by the previous vendor, WSO2, was inadequate so YHI chose not to renew with them, and we are looking at different vendors. Overall Net Operating Income was \$650,000 favorable to budget.

View Pointe results year to date through the end of the second quarter, show total income favorability of \$26,000, which was driven by interest earned on the CDs, rent billbacks, and common area maintenance adjustments. This is offset by total operating expense unfavorability of \$23,000, driven by higher utilities, repairs, and maintenance.

The year to date through the end of the second quarter consolidated results show total income favorability of \$426,000 and total operating expense favorability of \$227,000, for a net operating income favorability of \$653,000.

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

7. FY24 Forecast

Ms. Lane presented an overview of the Fiscal Year 2024 (FY24) forecast. For YHI operations, assessment fee revenue is forecasted to be above budget due to higher-than-expected enrollments, with this favorability offset by lower-than-expected average premiums. Net operating income is projected to be favorable to budget by \$309,000.

For the View Pointe forecast, favorability in revenue is offset by unfavorability in expenses.

Chair Settles, Mr. Kelly, and Ms. Lane briefly discussed the possibility of tenants requesting rent relief due to the repair and maintenance issues the tower has been experiencing. Mr. Kelly responded that there has been no formal request for rent relief, and we continue to keep the tenants apprised of the long-term investment we are making in the building.

Ms. Lane gave a brief update on enrollments for Plan Year 2024 (PY24), discussing the expected dip in enrollments after a strong finish to Open Enrollment (OE) and an effectuation rate of 98%, which signals strong retention for PY24. Lower-than-expected average premiums are offset by high enrollments, which puts revenue on budget for the first half of PY24.

For YHI operations FY24 forecast versus budget, total income favorability of \$188,000 is driven mainly by higher interest earned on CDs. Total operating expense favorability of \$121,000 is mainly driven by seasonal staff and the identity management expense not occurring as expected. CapEx favorability of \$211,000 is due to fewer CapEx projects being planned.

For View Pointe forecast versus budget, total income favorability is offset by unfavorability in higher utilities, maintenance, and repairs. CapEx shows \$150,000 in unfavorability, due to some of the fire panel and HVAC repairs (approved by the Executive Committee) being completed in FY24.

The consolidated forecast versus budget shows total income favorability of \$219,000, operating expense favorability of \$84,000, and net operating income favorability of \$302,000.

8. FY25 Budget

Ms. Lane gave an overview of the budget process and key items to consider for FY25. For YHI operations in PY24, enrollment was higher than expected and average premiums

were lower than expected. The Agent/Broker Co-op Marketing Program will be discontinued due to low participation. Current staffing levels are expected to be sufficient to support enrollment growth, with compensation increases of 3% merit and 2% market, consistent with current practices and historical norms. Employee benefits assumed a 15% growth in cost for medical, and historical increases for other benefit programs. Other expense increases reflect historical norms or a typical 3% CPI increase. The GetInsured contract will see an increase of \$165,000 for FY25, along with increases in other software licenses and subscriptions. YHI CapEx assumes technology enhancements of \$300,000 for FY25 and beyond. Other CapEx assumes \$100,000 for break/fix items and contingency.

On the revenue side, assessment fees were modeled as both a percentage of premium and a per member, per month (PMPM) model. The committee discussed the advantages and challenges of each model. Moving to the PMPM model assessment fee revenue would be an increase of \$383,000 compared to percentage of premium. Ms. Lane noted that moving to a PMPM model would require revisions to the assessment fee policies.

Overall, FY25 budget for YHI shows total revenue of \$14,211,000 and total expenses of \$14,646,000 for a net operating income that is unfavorable by \$435,000, which is favorable to FY24 year over year by \$19,000.

For View Pointe, revenue aligns with current leases and assumes lease renewal for existing tenants and expenses reflect current contracts and CPI increases of 3%. CapEx of \$60,000 is for break/fix items and contingency. Other CapEx planned for HVAC repairs in the amount of \$750,000.

The consolidated FY25 budget to FY24 forecast statement shows a total income increase of \$848,000 due to higher enrollments and moving to a PMPM model. Total operating expenses show an increase of \$857,000 driven mainly by personnel expenses.

a. Financial Sustainability

Ms. Lane presented the sustainability cash flow projection through 2029. There was discussion regarding the compounding effect the percentage of premium model had on the projected cash flow versus the stabilizing effect of a PMPM model.

b. Sensitivity Analysis

Ms. Lane presented three different scenarios that were performed to evaluate operational dynamics, enrollment and premium fluctuations, and moving to a PMPM model.

Motion: Dr. Fairfax moved that the Finance Committee recommend to the Board Your Health Idaho adopt a Per Member Per Month (PMPM) calculation for Assessment Fees and such rate for Qualified Health Plans (QHPs) is \$11.75 and Qualified Dental Plans (QDPs) is \$0.75 for Plan Year 2025. **Second:** Mr. Donaca. **The motion carried.**

Motion: Dr. Fairfax moved that the Finance Committee recommend to the Board approval of the Fiscal Year 2025 YHI operating expense budget at a not-to-exceed amount of \$14,645,743 as presented today. **Second:** Mr. Donaca. **The motion carried.**

Motion: Dr. Fairfax moved that the Finance Committee recommend to the Board approval of the Fiscal Year 2025 YHI capital expense budget at a not-to-exceed amount of \$400,000 as presented today. **Second:** Mr. Donaca. **The motion carried.**

Motion: Dr. Fairfax moved that the Finance Committee recommend to the Board approval of the Fiscal Year 2025 View Pointe operating expense budget at a not-to-exceed amount of \$328,359 as presented today. **Second:** Mr. Donaca. **The motion carried.**

Motion: Dr. Fairfax moved that the Finance Committee recommend to the Board approval of the Fiscal Year 2025 View Pointe capital expense budget at a not-to-exceed amount of \$60,000 as presented today. **Second:** Mr. Donaca. **The motion carried.**

Motion: Dr. Fairfax moved that the Finance Committee recommend to the Board approval of the Assessment Fee policies presented today. **Second:** Mr. Donaca. **The motion carried.**

9. FY25 Audit Firm Discussion

Eide Bailly was approved by the board to continue audit services through FY24. The committee discussed if YHI should continue services with Eide Bailly and change the audit partner or if a Request for Purchase (RFP) should be issued to choose a new audit firm.

Motion: Dr. Fairfax moved that the Finance Committee recommend to the Board that YHI continue audit services with Eide Bailly, with the change of audit partner, through Fiscal Year 2025. **Second:** Mr. Donaca. **The motion carried.**

10. FY24 Goals Update

Mr. Kelly presented an update on the current status of YHI's variable pay goals. Net Promoter Score (NPS) is 81, which is 110% payout. Brand image was achieved at 100%. The enrollment goal was met and paid out at 110%, with 122,011 enrollments at the end of OE. The low-cost promise goal is forecast to be paid at 80%. Moving risk management to individual accountability has resulted in some of the best results since starting this goal, with proper reporting at 96% and a 2.8% response rate. The corporate leadership and culture goal was paid out at 100% for the first six months of FY24, with the second half tracking slightly lower.

11. Revisit Strategic Initiatives

Mr. Kelly stated that since the enrollment goal was nearly met a year early, the executive team decided to revisit YHI's strategic initiatives. They focused on Big Hairy Audacious Goals, or BHAGS, to motivate the team and provide long-term targets. Tactical slides have been included in the committee decks with the intent to discuss and collaborate at the March Board meeting.

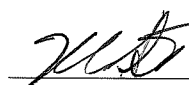
12. Next Meeting

The next committee meeting will be held at the end of May or beginning of June. Ms. Sparks will reach out for scheduling.

13. Adjourn

There being no further business before the committee, the Chair adjourned the meeting at 2:35 p.m.

Signed and respectfully submitted,



Kevin Settles, Committee Chair