



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

**Finance Committee Minutes
Monday, November 28, 2022**

Committee Members Present

- Mr. Kevin Settles, Chair
- Mr. Greg Donaca, Vice Chair (via videoconference)
- Dr. Cynthia Fairfax (via videoconference)
- Ms. Tara Malek (via videoconference)
- Representative Rod Furniss (via videoconference)

Others Present

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Kilee Lane, Your Health Idaho
- Ms. Nichol Lapierre, Your Health Idaho
- Ms. Kelly Fletcher, 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 Mr. Settles (Chair) at 2:03 p.m., Monday, November 28, 2022, 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

Chair Settles called roll and determined Mr. Donaca, Ms. Malek, Representative Furniss were present, resulting in a quorum. Dr. Fairfax joined via videoconference at 2:07 p.m. Director Jeppesen was absent.

3. Prior Meeting Minutes

Chair Settles stated that upon reviewing the minutes from the prior meeting, he found one edit to be made on the bottom of page 3.

Ms. Sparks will make that correction.

Motion: Mr. Donaca moved to approve the meeting minutes from the June 3, 2022, Finance Committee meeting as presented today, including the correction. **Second:** Ms. Malek. **The motion carried.**

4. Review Agenda

Chair Settles reviewed the agenda, no changes were made.

5. Review Roadmap

Chair Settles reviewed the roadmap, no changes were made.

6. FY23 Q1 Financial Review

Ms. Lane began the financial review with an update on enrollment for 2022. As of the first of November, 77,129 Idahoans are enrolled in coverage. Carrier adjustments have normalized after significant activity in the first quarter of the calendar year. The Always Present advertising campaign, enhanced subsidies, and Real-Time Eligibility (RTE) contributed to the stability in enrollments from February to October and this stability is expected to continue through December.

Mr. Donaca asked if it was this time last year that there were difficulties in getting enrollments processed.

Mr. Kelly explained that the challenges experienced at this time last year were not regarding Plan Year 2021, they were due to taking on tax credit and eligibility work from the Department of Health and Welfare (DHW) for Open Enrollment (OE) 2022.

Ms. Lane continued with reporting on progress for OE 2023, saying our recent operational and system enhancements have enabled more enrollments sooner. Daily enrollments are outpacing last year's daily enrollments, as is the rate of daily enrollment growth. Enrollments with a tax credit are higher than overall enrollments, demonstrating the power of RTE. Out of the total enrollments, 85% have a tax credit, which is slightly higher than Plan Year 2022. Over 5,000 enrollments in 2023 do not have an enrollment status in November 2022 and are therefore considered new enrollments.

Chair Settles commented that seemed like a high number of new enrollments.

Mr. Kelly replied that it is about half of what we had for new enrollments last year by the end of OE, so it is trending a bit higher this year. We think it is largely driven by ease of use with RTE.

Mr. Donaca asked if the results of Always Present advertising have been what was expected.

Mr. Kelly said we are seeing greater brand recognition which is shown by our Plan Year 2022 enrollments having higher in-year retention and our OE 2023 enrollments are ahead of where we were last year. He added that we have switched to our OE advertising campaign now which is a single message of living in the moment.

Looking at OE 2023 enrollment by week, we show consistent and steady growth, with weekly enrollments outpacing 2022. There was 25% growth from week three to week four and growth from week four to five was driven by Qualified Health Plan (QHP) enrollments. Cumulative enrollment is 11% higher than the same time last OE.

Reviewing financial and enrollment highlights of the current Plan Year 2022, effectuations by carrier show the majority of enrollments are with SelectHealth and Blue Cross, with 37% and 34%, respectively.

Ms. Lane continued, saying higher enrollments have contributed to about 6% budget favorability in both average monthly premium and effectuated member months. Assessment fee revenue is 12% favorable to budget for the same reason. This is expected to continue in the second quarter.

For the Your Health Idaho (YHI) September 2022 income statement, total income favorability is \$306,000. This is driven by higher enrollments, favorability from the interest earned on the Certificate of Deposit (CD), and recognition of grant revenue planned for in the prior year. Operating expense income is \$465,000, driven by open positions, lower overtime, and timing of temporary staff. Timing of paid media and sponsored outreach events contributed as well. Net operating income comes in at \$771,000 favorable to budget. Capital Expenditures (CapEx) are \$94,000 favorable to budget due to time of when CapEx goes into place which is planned for second or third quarter of the year.

On the View Pointe income statement, total income is \$9,000 favorable to budget driven by utility billbacks to tenants. Total operating expenses are \$24,000 unfavorable to budget, which is driven by main water line repair, window tinting, a ceiling light fixture move, and higher utilities which are offset by the billback. The Net Operating Income is \$15,000 unfavorable to budget. The CapEx favorability of \$15,000 is driven by timing of project and is expected to be incurred in the second quarter.

For the September 2022 consolidated income statement, total income is \$316,000 favorable to budget and total operating expenses is \$441,000 favorable to budget with a

net operating income of \$757,000 favorable to budget. The cash balance is \$476,000 favorable to budget.

Motion: Mr. Donaca moved that the Finance Committee recommend to the Board the approval of the financial results through September 30, 2022, as presented today.

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

7. FY23 Financial Forecast

Ms. Lane presented some forecast highlights for Plan Year 2023 (PY23) YHI operations and said higher enrollments and average premium in PY22 drive favorability in the first half of Fiscal Year 2023 (FY23). The FY23 budget assumed the Public Health Emergency (PHE) would end in 2022 but it is now assumed to end on April 11, 2023. The PHE not ending in January may limit enrollment growth for the third quarter FY23 and be as much as 10% lower than the approved budget, which would put pressure on overall assessment fee revenue for FY23. The new assumed end date in April could drive enrollment growth in April and May. Operating expenses are expected to be slightly over budget as we retain some favorability from the first half of FY23 in case of headcount needs related to the end of the PHE. The overall View Pointe forecast is aligned with the budget except for higher-than-budget utility costs, which are recovered through billback to tenants, resulting in a net zero impact for FY23.

Chair Settles asked if the PHE would end on April 11 or if it was still a tentative date with action needed to put it into effect.

Mr. Kelly replied that the Department of Health and Human Services has committed to providing 60 days noticed prior to the end of the PHE. As of today, that notice has not been received, so we have inferred that the PHE will be extended to April 11, 2023. We assume we will be notified by February 11 for an April 11 end date. At that point, the Medicaid agencies would restart their eligibility work, we would start noticing customers and putting our plans into motion.

For the FY23 forecast for YHI operations, Ms. Lane stated there is assumed favorability driven by interest earned on the CD of about \$15,000 per month, in addition to favorability due to recognition of grant revenue planned for in the prior year. Total income favorability is projected at \$267,000. Total operating expenses show unfavorability of \$101,000, driven mainly by insurance renewals, along with the single audit for the grant and an increase in consulting and human resources fees related to recruiting, the new identity management and multi-factor authentication systems were not in the approved budget which were needed for the new eligibility system.

The forecast for View Pointe shows an income favorability of \$18,000 driven by about \$2,000 a month in interest from the CD investment, plus about \$39,000 in favorability driven by billback revenue. Operating expenses are projected to be \$48,000 unfavorable, due mainly to main water line repair, window tinting, a ceiling light fixture move, and higher utilities. Net operating income is projected to come in at \$9,000 favorable.

Chair Settles asked if the CD terms were three months.

Ms. Lane responded the term for the View Pointe CD is three months with maturity on January 7 and then we will look at the interest rate. For YHI, we have it split between a six-month and a three-month maturity.

For the consolidated FY23 financial forecast, total income is \$324,000 favorable to budget with the total operating expenses of \$148,000 unfavorable to budget. The net operating income is \$175,000 favorable to budget.

Ms. Lane reviewed the cash flow sustainability analysis showing the budget, the forecast, and the forecast if the PHE is extended through the 2023 year.

8. Financial Policies Review

Ms. Lane stated we have performed an annual review on five financial policies and are recommending changes to four.

The Procurement Policy was last updated December 2019. The recommended change is to increase the Executive Director approval threshold, prior to triggering a competitive bid process, from \$15,000 to \$25,000. This is due to inflation and rising costs of projects, services, and technology needs.

Chair Settles asked Ms. Lane for examples of things whose costs had risen enough to prompt this change.

Ms. Lane replied some of the items are a server, some storage cabinets, the restroom renovation, and things other things needed to support our growth.

Mr. Donaca said it is a reasonable amount and he agrees with the increase.

Mr. Kelly added the original threshold goes back to 2013 when the Procurement Policy was initially established. If we have an item that exceeds \$25,000 but is within the budget, we are required to go through a competitive bid process. The only thing this changes is the threshold at which we have to get a competitive bid. The server that we purchased was \$17,000. We were able to buy it through one of our vendors but if we had to go straight to the market, it would have been in excess of the \$15,000 threshold. We also have some HVAC work that was \$24,000. The passage of nine years and normal price increases are primarily the drivers behind this request.

Ms. Lane continued with the Delegation of Authority, which was last updated in December 2020. We are requesting some changes for authorized signers on bank accounts and to reflect the change to the approval threshold in the Procurement Policy.

The Travel and Other Expense Reimbursement Policy was last updated in December 2019, and we are recommending no changes.

The Fraud, Waste and Abuse Policy was last updated February 2020. We are recommending changes to reflect the current process of the vendor setup, for capital purchases to be consistent with the Procurement Policy, to update the approval flows, three-way match, invoicing processing, and check processing to reflect operational process. We are also recommending changes for the carriers to reflect the current process for consumer data reconciliation and for agents, brokers, and enrollment counselors to reflect the correct score for the certification test, from 85% to 90%.

Chair Settles asked if the standard for the certification test had previously been changed.

Mr. Kelly replied the standard was set a couple of years ago, but the Fraud, Waste, and Abuse policy needs to be updated to reflect the current test requirements.

Chair Settles commented that the policy says that an accountant will put in new vendors and asked if the accountant in question would be an outside person.

Ms. Lane replied that it would be an in-house accountant at YHI.

Mr. Donaca asked if there was any expected impact from increasing the certification score from 85% to 90%.

Ms. Lane replied that the score has been 90% for a couple of years and there has not been any issue. We are updating the policy to reflect the correct score.

The Landlord Financial Policy is the final policy that was reviewed, and we are recommending changes to reflect updated bank account information and add certificate of deposits, and signers. We are also recommending the Delegation of Authority be updated to reflect the change in the Procurement Policy to the Executive Director approval threshold. This policy was last updated February 2020.

Motion: Mr. Donaca moved that the Finance Committee recommend to the Board approval of the Financial Policies as presented today. **Second:** Ms. Malek. **The motion carried.**

9. Operational Goals Update

Mr. Kelly presented a summary of YHI's operational goals for the current fiscal year, saying most of our goals either have not started or are in process and it is a little too early to tell where we will end.

We are about a month and a half into Idahoans' Experience. The single measurement for this goal is Net Promoter Score (NPS) and we are pleased to report that as of this

morning, NPS is at 71, compared to a goal progress of 43. We are trending at 100% outcome for that goal.

It is too early to tell where we will end regarding Retention and Enrollment. Our enrollment goal for December 15 is 96,000 and as of this morning, we are at 80,200 so we have some work to do. We have typically enrolled anywhere between 8,000 and 12,000 people in the last two weeks of OE. We are hopeful that with improved systems and our current momentum, we will be able to hit 96,000.

The first two parts of the Risk Management goal are response and proper reporting on our phishing campaigns. Period-to-date response rate is 1.5%, which is 100% outcome. Proper reporting is a bit behind where we would like it to be at 92%, which is 0% payout. However, we have only completed one campaign, so there is ample opportunity to get the scores up. The third part of Risk Management is new this year, and that is measuring customer sentiment. The customer survey will be deployed in early January and the final part of Risk Management will be measured at that time.

The Low Cost Promise goal is measured by comparing net operating income versus budget. While we feel good about where we are today, there are a number of unknowns, particularly in revenue with OE still going on. Depending on when the PHE ends, we may have some increased operational expenses as well. It is too early to know for sure, but this is a goal we tend to do well on, so we remain optimistic.

The Employee Engagement goal is centered on the Gallup survey, which will not be deployed until May 2023. However, we have continued to keep Gallup top of mind with our monthly All Hands meetings and manager meetings. Additionally, we have deployed our first employee NPS (eNPS). We did a survey in early November and had about a 77% response rate and our eNPS was a 54. Anything above 30 is considered very good. We plan to continue that survey quarterly so we can see the trends over time.

Mr. Donaca asked how we will determine which customers to survey, with regard to the Risk Management goal.

Mr. Kelly replied this is a survey that we have done every year since 2013. It is a randomly generated survey that is sent to about 80,000 people, both purchasers and non-purchasers. Once we get to a response rate of between 1,500 and 1,800, we stop the survey and compile the results. GS Strategies has done this survey for us for years, so we have a lot of historical data.

10. Committee Charter Update

Chair Settles presented the committee charter review and said comprehensive reviews were performed for all committee charters. Revisions to this committee's charter include verbiage changes to clarify practices as they relate to Open Meeting laws and the simplification of financial policy review to include an annual review for all policies. The requirement for at least one committee member to have GAAP knowledge was removed,

with the new requirement being more in line with expertise in reading a financial statement. The term limits were revised as well.

Mr. Kelly stated the intent with the term limit revisions was to promote continuity with the committee over time. The committee chair serves one four-year term, with one additional consecutive term, and committee members serve up to two consecutive three-year terms. The idea is that the committee chair and members will be rotated at different times, which provides continuity for the committee. The new term limits will apply to all committees, with the exception of the Executive Committee. The number of required annual meetings for the Finance Committee was reduced from four to three.

Dr. Fairfax asked if there was an order to how committee members would rotate through the different committees.

Mr. Kelly responded that once someone has served on any of the committees (except Executive) for six years, they would then be moved to one of the other committees. The idea is to have new committee members at least every six years. Regarding the current committee assignments and tenures, we should not see anyone cycle off until 2024, although we plan to do a bit of reassigning in order to rebalance the committees. Marketplace currently has more members than Governance and that has created some challenges around quorums.

Chair Settles stated that he understands the concept behind the term limits, but he has concerns about having people who are a good fit for a particular committee and are willing to be part of that committee having to move committees simply due to term limits. He asked if the board chair would be the person who decided which committee a person would move to.

Mr. Kelly said yes, the board chair will decide which committee a member is assigned to and added that while that is the way the proposed changes are currently written, the committees are free to make any edits to the charter. Additionally, exceptions could be made if there was good reason, and the committee and board approved.

Chair Settles said that he was fine with the way it is written and asked when his term expires.

Mr. Kelly replied that Chair Settles was made Board Treasurer December 16, 2016, at which point he also became Chair of the Finance Committee. The Governance Committee's charter proposes two four-year terms for board officers, which would make Chair Settles term out as Treasurer and therefore Chair of the Finance Committee in December of 2024.

Chair Settles commented that the YHI board is unique in that the governor can reappoint members any number of times. He stated that the original board went a long time with no changes in membership but there have been several changes in board membership in the last few years. He added that the proposed term limits seem reasonable and if they end up creating problems, we can change them again.

Mr. Donaca asked when his term would expire.

Mr. Kelly replied that Mr. Donaca was appointed to the board in October 2018 and assigned to the Finance Committee in 2019, so a six-year term would expire September 2025.

Chair Settles asked if there would be exceptions for chairs and vice chairs.

Mr. Kelly said in the charter, only committee chairs are differentiated from members, so the vice chair would have the same term as a committee member.

Chair Settles asked if he timed out as chair, would Mr. Donaca then be eligible to be appointed as chair.

Mr. Kelly said yes, assuming that Mr. Donaca was appointed as Board Treasurer.

Motion: Mr. Donaca moved that the Finance Committee recommend to the Board changes to the Finance Committee Charter as presented today. **Second:** Ms. Malek. **The motion carried.**

11. Finance Committee Training

Ms. Lane said there were three parts to today's committee training regarding the PHE. First, defining the PHE. Second, discussing what we are doing operationally to prepare, and third, discussing the risks.

World Health Organization (WHO) declared the outbreak a public health emergency of international concern in January 2020 and a pandemic in March 2020. Health and Human Services (HHS) declared a Public Health Emergency in March 2020. As part of the PHE, Medicaid continuous coverage requirements were established, which meant that once eligible for Medicaid, you could not be dropped from Medicaid regardless of your eligibility. There are approximately 131,000 Idahoans on protected Medicaid of which 25,000 are estimated to be Advance Premium Tax Credit (APTC) eligible. States were to be notified on November 11th for the 60-day notice. No notice has been received and it is assumed the PHE will not end on January 11, 2023. With a February 10, 2023, deadline to notify states, the next potential end date will be April 11, 2023.

YHI is working with DHW to group the potentially APTC eligible population together for eligibility processing, which will enable more seamless tracking and communications. This will also help mitigate potential gaps in coverage. YHI will track those processed outside of the potentially APTC eligible group as well. Agents, brokers, and enrollment counselors will also be part of the process to maximize enrollments and minimize gaps in coverage. There is potential for a special enrollment period (SEP) as the PHE ends and relaxed documentation requirements for loss of Medicaid coverage are being considered.

We may possibly retain seasonal staff to cover an increase in inbound consumer inquiries.

Chair Settles said that he read an article about a lawsuit to try and eliminate some of the mandates under the American Care Act (ACA). He asked what the impact would be if that happened.

Mr. Kelly responded it would be difficult to know what the impact would be without knowing which mandates are being lifted. Typically, when there has been court activity around the ACA, there is a run out period so the plan year can be finished, and the new proposals take place at the beginning of the following plan year. When the legislation is known, the carriers would work with the Department of Insurance (DOI). If there was a significant change in mandate, it could be reflected in premiums. If premiums went down, that would have a positive impact on enrollment with a slight offset of whoever was impacted by the mandate. There are a lot of moving parts, but it would be centered on which mandates were rescinded. The last time a mandate was modified was when the fee for not having insurance went to zero. The mandate was still the law, meaning you were still required to have health insurance, but it was a zero-dollar penalty and we saw no impact from that.

Ms. Lane continued with the risk portion of the training. One of the risks of the PHE going beyond April 2023 is additional downward pressure on Assessment Fee revenue. Another risk is increased operational costs due to retention of seasonal team members. We are also concerned about wear and tear on team members and morale impacts.

12. Next Meeting

Ms. Sparks will be reaching out to schedule the next committee meeting, which will be in March of next year.

13. Adjourn

There being no further business before the committee, the Chair adjourned the meeting at 3:02 p.m.

Signed and respectfully submitted,



Kevin Settles, Committee Chair