IDAHO HEALTH INSURANCE EXCHANGE
DBA YOUR HEALTH IDAHO

FINANCE COMMITTEE MINUTES
THURSDAY, DECEMBER 2, 2021

COMMITTEE MEMBERS PRESENT

- Mr. Kevin Settles, Chair
- Mr. Greg Donaca, Vice Chair (via videoconference)
- Dr. Cynthia Fairfax
- Ms. Tara Malek (via videoconference)
- Senator Jim Rice (via videoconference)
- Representative Rod Furniss (via videoconference)
- Ms. Julie Hammon sitting in for Director Dave Jeppesen (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 (via videoconference)
- Ms. Stacey Porter, Your Health Idaho (via videoconference)
- Mr. Marty Alsip, Your Health Idaho (via video conference)
- 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 9:00 am, Thursday, December 2, 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. 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 Ms. Malek, Senator Rice, Representative Furniss, and Ms. Hammon (for Director Jeppesen) were present, resulting in a quorum. Mr. Donaca joined via videoconference at 9:05 am. Dr. Fairfax arrived at YHI offices at 9:09 am.

3. PRIOR MEETING MINUTES

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

Motion: Ms. Malek moved to approve the meeting minutes from the September 2, 2021, finance committee meeting as presented today. **Second:** Senator Rice. **The motion carried.**

4. REVIEW AGENDA

Chair Settles reviewed the agenda and no changes were made.

Chair Settles introduced the newest committee and board member, Representative Rod Furniss and asked Representative Furniss to say a few things about himself. Representative Furniss said that he lives in Rigby, Idaho and is in his second term in the state legislature. He has been married for 40 years and has five children and ten-and-a-half grandchildren. He graduated from Ricks College and ISU with a BS in financial planning and insurance.

5. REVIEW ROADMAP

Chair Settles reviewed the roadmap and no changes were made.

Chair Settles stated that Heidi Stockert's last day at Your Health Idaho (YHI) was yesterday and that he was sorry to see Ms. Stockert go. Mr. Kelly will be stepping in as director of finance until the position can be filled.

6. FY22 FINANCIAL RESULTS THROUGH SEPTEMBER 30, 2021

Mr. Kelly began the discussion with a review of the plan year 2021 enrollments. For 2021, enrollments continue to be above where we were in both 2020 and 2019 in terms of the stability of our enrollment during the course of the plan year. We believe that it is in part due to people understanding the value of health insurance and how it has become a critical part of their toolbox for the pandemic. The enhanced subsidies that were part of the American Rescue Plan Act (ARPA) have also increased affordability for Idahoans.

On slide three, we have a different picture of our enrollments by carrier. On the right, we see the percentage mix of enrollments by carrier with enrollments being dominated by Blue Cross of Idaho with 36% and Select Health with 34%. The graph on the left is simply a bar chart of the same data but indicated in lives covered. What we have seen this year is that enrollment has been very steady during ARPA with some people moving from Bronze to Silver and also some moving from Silver to Gold. Again, we believe that that helped people ensure that they had the right coverage throughout the year which in turn helped YHI maintain overall enrollment levels as we progressed through the end of the year.

Referencing the pie chart, Mr. Donaca asked if the new carriers that joined the exchange this year had been able to attract new membership or if the data showed different allocation of the same membership.

Mr. Kelly replied that what we have seen in our enrollments so far (through the first almost 30 days of open enrollment) is that we are above where we were last year. As of this morning, we were at about 75,000 enrollments. We are seeing growth in both the new dental carrier, EMI, as well as enrollment in Molina, which is the new health insurance carrier. We are also seeing that Blue Cross and Select Health are relatively stable. What that tells us is that we're seeing growth, not simply people moving from carrier to carrier.

Representative Furniss asked why Regence wasn't a major player as well as Blue Cross of Idaho.

Mr. Kelly responded that Regence just re-entered the exchange in 2021. They were originally on the exchange from 2014 through 2018 as BridgeSpan. They exited the exchange entirely and then re-entered in 2021 and that is part of why they are continuing to lag behind the other two dominant carriers on the exchange.

Chair Settles said that from his perspective, it was like Regence put their toe in the water and then pulled out. He said that it looks like they're putting their toe back in the water again and that they haven't been nearly as aggressive as the other two carriers have been.

Mr. Kelly added that their enrollment is up during this open enrollment but not remarkably so. He said that he believes that their enrollment is in the 8,700 range as of this morning.

Moving on to financial and enrollment highlights, Mr. Kelly referenced the next slide, saying that it was intended to give a view of the assessment fee revenue for the month of September, also for the first quarter and the main drivers of the variance to budget. Average premiums, year to date, are about three percent unfavorable to budget but our effectuated member months are favorable. In the table you can see that for the month of September we had assessment fee revenue of about $752,000 which is about $55,000 unfavorable to the budget, the bulk of that being driven by the lower-than-anticipated average premiums. When we look at the quarter, we see similar dynamics but the offset for favorability from effectuated member months is slightly higher. Year to date, we are $65,000 unfavorable for assessment fee revenue, again primarily driven by lower-than-anticipated average premiums and slightly offset by member months for the quarter.

Moving on to slide five, which is our financial performance for both the month of September as well as the quarter. This is for YHI operations only and it excludes the View Pointe building where we serve as the landlord. Assessment fee revenues, which were covered on the previous slide, came in at $2.3 million which is unfavorable to budget by about $66,000. We also saw slight unfavorability in other revenue and that is primarily driven by interest income being lower than anticipated, which is offset by our digital advertising on the front end of our website. Looking at operating expenses, we are favorable for the quarter by about $400,000. The bulk of that is driven by employee and related costs. That is almost entirely driven by open positions as YHI has been impacted by the same hiring struggles that are affecting Idaho as well as the rest of the nation. We are also seeing some favorability for the quarter in outreach, marketing, and education. It's important to note that that is simply a timing variance as our actual expenses are coming later in the quarter than originally budgeted. Our support center temporary services are favorable by $70,000. That is related to lower-than-anticipated seasonal head count which is also impacted by the hiring challenges. Other favorability throughout the line items is fairly minor with some timing on IT subscriptions and support as well as facility costs. The $18,000 in favorability in professional services is driven by lower-than-anticipated legal, as well as lower-than-anticipated HR consulting fees. You'll note that the Department of Health and Welfare (DHW) eligibility shared services is unfavorable by about $50,000. That is due to the development cost we incurred as DHW changed how the cost allocation worked, where their ability to specifically classify the Advance Premium Tax Credit (APTC) work that YHI is doing. That allows us to have a lower-than-anticipated cost allocation and we saw that happen in the month of October. We had been running about $125,000 to $130,000 a month with DHW and in the month of October, we were at about $86,000. We are seeing, financially, the benefits of that work transferring to YHI.

Mr. Donaca asked if the HR consulting cost was actual consulting and coaching of the YHI team or if it was it related to recruiting fees and YHI not being able to recruit as many people as originally thought, therefore, lowering the expenses.

Mr. Kelly stated that it is specifically related to the work that YHI does with HR Precision, which is Ms. Ball, and it is around general HR support as well as leadership development. She worked with YHI's team on EQ workshops, both with Mr. Kelly's direct team as well as other managers. General consulting has been lower than planned.

Moving on to YHI's view as a landlord on the View Pointe income statement. Overall, it continues to perform well. All tenants remain in place and the rent revenue is exactly on budget as anticipated. We see some favorability in the utility revenue, which is essentially the bill back that we do for tenants who pay their portion of utility costs. That is primarily driven by the rooftop tenants that we currently have as well as our internet provider tenant that has a different electrical consumption than YHI. When you look at the expenses, the primary costs are facility-related, with $13,000 unfavorable to budget. That's related to roof maintenance and continued work on our HVAC system. We also had higher-than-anticipated electrical costs. As you may recall, it was rather warm into this financial quarter so we did see higher-than-anticipated costs there. Overall performance on a net income basis is slightly under budget at $125,000. That is primarily due to those facility costs around the roof repairs and the HVAC maintenance.

Chair Settles asked if HVAC work was a long-term solution or if that was just the way the expenses would be going forward.

Mr. Kelly replied that he thinks that, generally speaking, the bones are good in terms of the HVAC system, but we are still catching up from years of irregular maintenance from the prior owner.

Mr. Reddish added that the air conditioning unit for the server room went out in that same quarter as well, so that was a big portion of the cost. It had been identified during the assessment and was a part of the credit we received at close, but it went out sooner than we were hoping.

Mr. Kelly moved on to the next slide, which he said was a consolidated view of the operating income statement plus the building. You can see that the total revenue is $58,000 unfavorable for the quarter and that is driven by assessment fee revenue. Overall operational expenses for both YHI and the building were favorable to budget by about $400,000. Combine that with depreciation and amortization and we are currently ahead of our net income budget by about $330,000. You will note that in the capital expenditures we are currently favorable. In the HIX software development, which is our enrollment platform, we do have some unfavorability, but that is simply related to the timing of our system releases relative to when the budget was planned. There is no concern there in terms of overall spend, simply a timing issue on the software development.

Motion: Dr. Fairfax moved that the finance committee recommend to the board the approval of the financial results through September 30, 2021, as presented today.
Second: Senator Rice **The motion carried.**

7. FINANCIAL FORECAST AND SUSTAINABILITY ANALYSIS

Mr. Kelly shifted to the financial forecast for the remainder of the fiscal year and started by offering a reminder that the fiscal year runs through June 30, 2022. One of the most important things to YHI's revenue is the enrollment forecast. What we are seeing on slide twelve is the different enrollment profiles we have had from plan year 2020, as well as 2021 and 2022. The solid dark line is what we had budgeted for 2022 and the dotted line above is what we are forecasting for this current year. This means that in January, we are expecting to be at about 79,000 enrollments. When we project out our daily enrollments, what we are seeing today, using the same seasonal trends for the rest of open enrollment, we are projecting to be just north of 80,000 enrollments. To date for this year's open enrollment, we are about 2,000 ahead of where we were at this same point last year. How the daily fluctuations play out for the next three weeks is really where we'll see whether we can maintain that gap or whether we will see that diminish as we move toward the deadline. We watch enrollment indicators every single day to ensure that all processing is happening with the carriers as well as we continue to see enrollment growth every day.

Mr. Kelly moved on to the income statement for YHI's financial forecast. The assessment fees are reliant upon the enrollment forecast that was shown on the previous slide. You can see that assessment fees for the financial year into June 30 are projected to be slightly favorable and that is driven by those higher enrollments that were shown on the previous slide. Other revenue will be slightly unfavorable and that is driven primarily by interest income offset by web advertising on the front end of our website. We also anticipate having $1 million in grant income. We are still finalizing some follow up questions with CMS before we can draw funds but that grant has been approved.

For the full year, our employee costs are projected to be slightly unfavorable and we think that will be primarily driven by onboarding of eligibility head count prior to the launch of our new eligibility system at the end of June. We need to bring those people on early to train them on the new system and have them ready to go so that when we go live at the end of June, we all know how to use the system.

Going down through the income statement, we will continue to see significant favorability in our temporary services. That is driven by today's hiring shortages. DHW eligibility shared services are expected to be favorable by about $200,000 and that is a result of YHI taking on that body of work. Going through the rest of the profit and loss, we expect favorability in meetings and travel. We are not traveling like we would have normally given the continued impacts of the pandemic. Our facility costs are unfavorable primarily due to higher-than-anticipated telephone use related to the eligibility work that we are doing with DHW.

What this means when we look at total operating expenses is that we are projecting to be $300,000 favorable which, when coupled with the grant income, will drive net income favorability versus budget of a little over $1.2 million. We are in pretty good shape overall, although we've had a number of costs go the wrong way this year with the increased staffing costs. We are doing some retention bonuses to make sure that we don't lose any of our team members during open enrollment and we have also incurred several expenses around employee engagement, making sure that people are well taken care of during open enrollment and ensuring that we keep everybody here well beyond open enrollment.

Chair Settles inquired if the retention bonuses were proactive or reactive.

Mr. Kelly responded that they were proactive. He stated that YHI did a cost of living increase in October which was very well received. In fact, much of the feedback from the team has been that pay is no longer at the top of the list of concerns. It is still on the list but not at the top as it has been for years. When we looked at the body of work that we are facing, the challenges in the APTC work stream and knowing that this open enrollment was going to be more challenging than any one we have seen, we felt that implementing the retention bonus was the right thing to do. It is scheduled to be paid on December 23, just in time for the holidays and it has been very well received across the team.

Dr. Fairfax asked if the cost of living increase had been a salary percentage or a lump sum. Mr. Kelly replied that YHI looked at a total dollar budget for the cost of living increases and then it was allocated by pay range. Different pay ranges had different cost of living increases than others. The bulk of the money was focused on the lower compensated roles. YHI also had to adjust other roles or it would create what is called compression, where you have the lower compensated getting too close to the next level so you have to move everyone a little bit or you create compression and internal pay equity problems.

Chair Settles stated that he was curious what the cost of living increase was.

Mr. Kelly said that YHI's overall annual payroll is about $3 million and the cost of living increase, annualized, was just under $100,000, so about three percent. He added that, depending on the role, the employee could have had a much greater percentage or much lower, but that three percent was the overall pool and then it was allocated based on the different grade levels in the company.

Dr. Fairfax asked how that compared to the national average.

Mr. Kelly replied that the cost of living increase for social security in 2022 is 5.9%. He added that thinking forward to the budget discussion in February and March, that will be an important conversation. While merit is always performance based, what we will need in the market component of that compensation pool is likely to be more challenging to figure out. In speaking with both YHI's HR manager, Ms. Thomas, and Ms. Ball, the market is outpacing the data in terms of the increases. The solid data that you would use from a compensation survey perspective does not represent the market dynamics, both in terms of who and how much. Whether we do a full compensation survey in January, or look at specific roles, will be dependent upon whether that data has caught up or not. Mr. Kelly said that as YHI recruits for some of the open positions, we will get a sense of what the market is bearing for those roles. There is a lot of work to do in the compensation space for the budget coming up this year.

Chair Settles stated that in his business this year, they have gone through three rounds of reviews and raises for entry level and lower hourly employees.

Mr. Kelly responded that there is no doubt that there is going to be a lot of pressure in the operating expense space for the next budget cycle and it will primarily be in the compensation line item.

Chair Settles said that it is driven not by the cost of living but by the ease of moving.

Mr. Donaca said that he believes that one of the difficulties is that there is a lag between recognizing expenses and being able to increase compensation and revenue. He said that since YHI's revenue is driven from a percentage of premiums, you can't just increase that in January or February when your expenses go up like manufacturers or retailers can. He stated that it is definitely a challenging market.

Mr. Kelly moved on to slide 14 which is the forecast for the building. He said that there are similar trends to the first quarter; we will see some unfavorability on a full year basis and this is related to common area maintenance reconciliation that was done in October which resulted in a credit back to one of the tenants in the tower. That is the primary driver of other revenue unfavorability. Other unfavorabilities in the facility costs are primarily driven by the first quarter performance around the HVAC maintenance and roof maintenance. Overall, the building continues to perform well, generating almost $500,000 of net income for the year. YHI is continuing to see returns on the building on a net income basis of greater than 10% annually. It was a very good investment that we made.

As a note on the generator, that last line item for capital expenditures, we had a little bit of extra cost related to that. We had a temporary generator for a time as the permanent generator was delayed due to supply chain challenges. The permanent generator is finally installed and is in service as of the month of October. Not having a generator back-up has been a long-standing risk for YHI, it is good to see that taken off our risk register for the first time in eight years.

Chair Settles asked if the generator is fired up every Monday morning.

Mr. Reddish replied that yes, the generator is fired up once a month. He elaborated on the unfavorability of the associated costs of getting the temporary generator in and then getting the temporary one out and the new one in. He said that the vendor that was leveraged to provide the generator volunteered to give YHI a temporary generator in view of the supply chain shortages. The original delivery time frame was estimated to be in January or February so YHI was excited to have the temporary generator.

Mr. Kelly moved on to the consolidated view of both YHI operations as well as the building. Overall revenue will be favorable, which is primarily driven by the grant income and some favorability in the assessment fees. Operating expenses, again, show favorability with about $300,000 being projected. Net operating income, which is tied to our Low-Cost Promise goal, is expected to be exceeded by almost $1.4 million. The bulk of the net operating income favorability is the grant income and we will adjust for that in our goal calculations since we should not get credit for that favorability. Overall, we are in very good shape, projecting net income to be $1.2 million favorable to budget.

Mr. Kelly said that as Mr. Donaca mentioned, there is some pressure on our cost structure and, in turn, some of our cash flow projections. Slide 16 looks at our long-term cash flows. You'll see the upper line is what we had projected with the approved budget. With the additional cost structure and moderate enrollment growth, meaning that we have not assumed our strategic goals in this cash flow analysis, our long-term cash reserve is lower but still well above our $6 million target. As we get our new eligibility system and see how our enrollments grow, we do expect to see stronger performance in our cash flow. We feel that this is a conservative view and is not overly aggressive in our ability to grow enrollments with our new eligibility system.

Chair Settles asked if there had been a discussion regarding whether or not a $6 million floor was still the right number. He said that that number was based on unwinding operations and that it is a different operation today with different uncertainties.

Mr. Kelly replied and said that it has been discussed in terms of whether it should be higher and he thinks the answer is no. The reality of a catastrophic event like the unwinding of the exchange is that it would not be a cliff; the revenues wouldn't simply stop. There would be a managed disenrollment process where enrollments would go down over time. There would be some ongoing revenue so we would not have to draw completely from our cash reserves. We also would see our expenses go down as that disenrollment process went forward. We feel, in that scenario, that this is an appropriate reserve, which is approximately six months of operating cash.

Mr. Kelly said the other thing to think about is large policy changes. We were able to get big policy changes like the American Rescue Plan Act into our systems with relatively moderate costs. They were not multi-million dollar costs but they are hundreds of thousands of dollars of costs. That is a good indicator of large policy changes not needing multi-million dollar enhancements. Mr. Kelly stated that YHI feels comfortable with $6 million and having $2.5 to $3 million on top of that reserve certainly positions us well. One thing we have talked about is if our enrollments do grow, as we are striving for with our strategic plan, what would it look like in terms of those assessment fees. He said that he thinks that is something that should be revisited, just to start the conversation, during the budget process in February.

Chair Settles commented that YHI could triple the payroll and still be solvent; the only thing that YHI couldn't afford is GetInsured.

Mr. Kelly agreed and said that everyone knows that losing people is more expensive than compensation increases and that it is particularly expensive to lose people now with the tight job market. GetInsured's costs are locked in through the end of 2029 with the new contract that has been signed so YHI feels very comfortable that those costs will not change over that time. Those are our biggest costs, except for marketing and advertising, which is critical in order to hit the enrollment targets.

Chair Settles inquired if GetInsured was strong, stable, and healthy.

Mr. Kelly stated that they are. They recently acquired a Medicare-focused organization, but the learnings from that will certainly spill into their exchange work. They have five states now: Nevada, Idaho, Pennsylvania, New Jersey, and Minnesota, in addition to parts of Washington. They are also bidding on other states that are moving to a state-based exchange, so they continue to grow and perform well.

Dr. Fairfax asked if a state doesn't use GetInsured, who do they use.

Mr. Kelly answered that GetInsured is the dominant player in the exchange space. There are smaller vendors such as Hcentive, which is the exchange in New Mexico that went live this year. There are some larger companies such as Deloitte and Accenture that underpin some of the other exchanges like Washington and California. GetInsured is still well financed from a venture capital perspective, and they have been successful landing new business and growing. There are options if we need them, but we feel comfortable with how GetInsured is positioned.

Mr. Donaca added to the discussion regarding the minimum cash amount that YHI has for six to nine months of operations. He stated that he is very comfortable with that amount and said that it is similar to what Delta Dental has. Mr. Donaca said that Delta Dental has six months of operating expenses and then they layer on top of that float for all of the claims that need to be paid, so the total amount is much higher than the six-month operating expense but the thought is the same. He said that he feels that it is a conservative approach and the revenue would taper off rather than shut off overnight.

8. OPERATIONAL GOALS UPDATE

Mr. Kelly said that typically, we focus on the goal that is germane to the committee in the committee meetings. Since all goals have a financial impact with compensation, we will review them all and start with the more general goals for this committee.

Mr. Kelly said that he feels like he can summarize goals and say that either it is too early to tell, or we are behind. Idahoans' Experience is an area that we are struggling. As mentioned earlier, we do not have enough people in customer-facing roles, so we have an inventory backlog, our net promoter scores are suffering and it's taking us longer to work through things. We will get through inventory but we are just simply behind. He said that he thinks the net promoter score is best summed up with, "It takes a really long time to get a hold of someone but once we do, we get great service and they get us through the process."

We covered Retention and Enrollment earlier this morning in terms of where we are with open enrollment and we did have one of our best performances for auto renewals with over 99.9%.

Risk Management is around phishing and our cyber risks. We have had two campaigns, and both had underwhelming performance so education and training continues. Mr. Kelly said that these goals are hard so we are not entirely surprised that we are a little under where we wanted to be and we are continuing to educate and do those campaigns.

Chair Settles asked if that was due to new employees.

Mr. Reddish replied that historically, the seasonal employees are pretty good because it is so fresh in their minds coming out of training. He said that we have had more tenured employees that have fallen victim to it this year that have not historically and he said that he thinks that it is because they are busy. They are really distracted this year. As we send a phishing campaign, we usually time it during a busy period during the day to simulate what real activity is; they are multi-tasking and they get caught. He said that he thinks it has more to do with the staffing shortages and people carrying more weight this year and being a bit more preoccupied with things.

Mr. Kelly said that the last goal is Employee Engagement. He said that YHI has COMPASS cards where company values are reinforced through peer-to-peer recognition. We are at about 70% participation which, given the amount of work that everyone has, is good and it is above where we were at this point last year. It is a little bit below where we want to be for the full year but it is not an unusual seasonal trend for year to date. He said that YHI is continuing to work through the Employee Engagement Task Force recommendations, which will be implemented in January.

Mr. Kelly moved to slide 19, which is the Low-Cost Promise goal. He said that this is this committee's primary goal, and it is focused on net operating income, or revenue less operating expenses. We adjust for fixed contracts and the grant income. With those adjustments, we are currently 41% toward our goal which is exactly where we were at this point last year. We are on track but we have a lot of careful management from an operating expense standpoint as we go through the rest of the year with compensation challenges. There are several open positions that we are going to have to fill and those things, while individually are not exceptional expenses, when you add them all up, you can very quickly get upside down in your profit and loss. We must be very careful about how we manage that. Not just for the decisions for this year but how do they impact things for the future.

9. FINANCIAL POLICIES REVIEW

Mr. Kelly said that as a part of the road map and annual review, Ms. Stockert and her team reviewed five of our financial policies. They looked at whether YHI is adhering to the policies, if the operational practices align with them, and if either the operational practices or the policies themselves need to be changed.

Mr. Kelly said that the procurement policy was reviewed and part of that is the delegation of authority, which outlines who has permission to do what from a financial and contractual standpoint. The other policies reviewed were the travel policy, the fraud, waste and abuse policy, and the landlord financial policy. You can see on the slide when they were last reviewed, the earliest of which was 2019 and the most recent was last year. After review, we are not recommending any changes to these policies for the upcoming year.

Chair Settles commented that the policies themselves were fine, but the banks' names needed to be updated on the documents that he had read that morning.

Mr. Kelly said that we would review the policies and make any necessary changes between now and the board meeting.

10. FINANCE COMMITTEE TRAINING

Chair Settles referenced a document that Ms. Stockert had provided (Preparing Your Business for a Post-Pandemic World) and said in this world, we have gone from worrying about the pandemic to worrying about inflation. He said that it made sense to him to review what we have learned, what has made us stronger and what's made us better.

Mr. Kelly referred to the next slide and said that we had teed up five primary questions to frame the discussion. He said that he thinks that they are great questions, not only for YHI but for each of the individual businesses that the committee members manage.

The first question is around market position: "What position can we attain during and after the pandemic?" He said that YHI is somewhat limited to market position just by definition. What we are thinking about is how do we develop those long-term relationships with, in particular, hospital systems, so that we can tap into that uninsured market that is part of our strategic initiatives. Understanding how to build those broader business relationships to help support growth for the overall market has been the most meaningful shift that we have seen.

Chair Settles asked about what type of relationships we are seeking with health care providers.

Mr. Kelly replied that ideally, they would give us a list of their uninsured. We know that is not possible but having that relationship so that, for example, we get our information into their billing statements and Your Health Idaho becomes another tool in the "care to coverage" toolbox. We did get traction in terms of relationship building for this open enrollment that we think will bear fruit come next open enrollment. We have contacts in hospital systems that we have not had in previous years in southeast Idaho and we are working on those in north Idaho as well.

The next question is, "What is our plan for bouncing back?" Moving to real-time eligibility is a game-changer for us. It takes us out of the current situation which has likely turned people away, to a system where they want to come in and work with us to receive a tax credit and find health insurance. For those of you who have applied for a credit card or a mortgage, everything is online with instant answers and that is what our new eligibility system will do. June 29 is our go-live and it is on track. This will be our biggest tool for bouncing back from the pandemic. Mr. Kelly said that he thinks that the other piece is around people: how do we make sure that we have the right resources to deliver? He answered by saying 1) Rethinking how we engage in terms of retention; 2) Being uber-responsive to open positions and applicants; and 3) Working to develop relationships in the community and even the Department of Labor so that when they have people coming in looking for work, the first thing to come to mind is, "You should go check out Your Health Idaho." We are working on those relationships which will also take time, but we think that those are key tools for us to bounce back from this.

Chair Settles asked if YHI had been able to leverage excitement about the future into staff retention at this time.

Mr. Kelly said yes, we have. GetInsured was here a couple of weeks ago and we had our supervisors and leads from the support center floor come into this room and sit down and watch a demo. They could sit down and see it work and that lifted their spirits and made it real. While the light at the tunnel is still a little dim, it was much brighter after that discussion. It is real when you can see it with your own eyes. We often hear our team say, "It's really tough right now but boy, that new system is going to be great."

The next question that we are asking is, "Will our culture change and how do we respond?" Mr. Kelly said that one of the biggest things that has been learned is that, in times of crisis, communicate early and often and then communicate early and often again and own the challenges. He said that that has been something that he thinks YHI has done a better job of in terms of being very transparent about the staffing situation. Yes, it is bad. Yes, we are doing everything that we can. We are just being transparent and forthright with the team. We are doing the same thing when it comes to the work streams that we took over for the tax credit.

Mr. Donaca said that, relating to company culture, earlier it had been mentioned that compensation was important but perhaps not at the top of the list like it used to be to attract and retain talent. He asked Mr. Kelly if YHI had changed their approach on how they positioned YHI for new talent. Mr. Donaca gave the example that at Delta Dental they have been stressing the safety of the building, the safety of the HVAC, and the safety of the employees. Secondary to the safety is that they help people.

Mr. Kelly said that there have been several people who have joined YHI in the last six months. There have been people who knew a lot about YHI, loved the culture and wanted to be here. On the other side, there were people who had no idea what YHI was but once they learned, they were very excited about coming in and helping Idahoans.

Chair Settles asked if there had been any issues with attendance or if the flexibility had allowed people with a sniffle to stay home or if it had taken away that excuse.

Mr. Kelly responded that with YHI's privacy and security framework, it is still a challenge to have the complete flexibility for remote work. He said that we have been more flexible when needed to protect the broader team. If business needs support a person working remote, we do grant remote access to people who are having symptoms or otherwise not feeling well. In terms of 100% work-remote-whenever-you-want, that really doesn't work with our business model. We have tried to recognize the reality of today and allowed for some more flexibility.

Mr. Kelly said that he would like to address the next two questions at the same time, which are, "What new projects do we need to launch, run, and coordinate?" and "How prepared are we to execute our plans and projects?" Mr. Kelly said that YHI's biggest project is the real-time eligibility move that is planned for June. He said that he believes that we have the right people here to move this project forward. Looking into February, March, and April when we will onboard some of those new positions, depending on the market and the hiring of those new positions, that could create challenges. If that doesn't happen when we need it, we risk burnout of our existing team members. That is something that we are very aware of. For example, when we have open positions, we try to think about the most efficient way to fill those positions and minimize risk. Mr. Reddish has two open positions on his team. One was originally slated to be filled in December and the other in February. We are sourcing for both of those today. First, because it's more efficient to source for two of the same role at the same time and second, onboarding at the same time will help to take some pressure off of the existing team. Mr. Kelly said that he believes that hiring people will continue to be YHI's biggest challenge. In terms of the things out of YHI's control like federal approvals and technology, he thinks that we are on track and those are watched weekly. One of the IT contacts at CMS worked with GetInsured in other states and they worked with us in 2018, so on our kickoff call with them, she knew exactly who we were and remembered working with Mr. Reddish. The combination of relationships and tight management means we are in good shape to go live at the end of June.

Chair Settles said that we had talked about pay rates and how they had been affected by lack of employees and inflation. Has YHI talked about inflationary pressures on the rest of the business? Those who aren't prepared for inflation or haven't had experience with it can put their company in a position that is not healthy down the road.

Mr. Kelly said that he felt like that was a very timely question and conversation as we start to set growth rates and the operating expense budget. The bulk of our profit and loss is in people, then GetInsured and DHW, and after that it is marketing and advertising. To date, those work streams outside of people at YHI have not been largely impacted. As we negotiate always-on advertising strategy and see those costs, he said that he thinks we will have a better sense of inflationary impacts to those costs. YHI is, of course, seeing inflation in office supplies and things like that but they are a relatively small portion of the operating structure. It is something that YHI will have to keep an eye on

Dr. Fairfax said that in her mind, preparing for inflation means raising our prices before the prices rise. She said that she knows that there is the low-cost promise but asked if we could raise prices before prices rise and have a little buffer.

Mr. Kelly replied that she was correct, the other lever for YHI to pull is the pricing. The challenge with YHI is that the assessment fee is set in the spring for the following calendar year. In March, we will set the assessment fee for January of 2023 and we will not have a chance to change that again until 12 months after that. That will be an important discussion, when the budget process happens in March, to make sure that 1) our current assessment fee is appropriate, that we maintain our promise to Idahoans to being substantially lower than the federal exchange; and 2) taking into account potential premium changes. As health insurance premiums go up, so does our revenue, without changing our assessment fee. We did not see premiums increase for plan year 2022, they actually went down, so we will have to get a sense of what that might be in January of 2023. We will run several different sensitivities through the budget process: if we do a five percent increase on our assessment fee, what does that mean? In other words, going from 2.29% to 2.39%, what would that do to our cash flows, and conversely, what are the impacts if we lower our assessment fee to 2.19%? What do we believe about our long-term enrollments? All those things will play into that discussion because YHI does not have the flexibility that, say, Mr. Settles does, where he can change his prices in near real time. We simply have a much longer lead time, so we must be very thoughtful about that during the budget process.

11. NEXT MEETING

Chair Settles said that the next meeting is the board meeting and then Ms. Sparks would be reaching out to set the next meeting sometime early next year.

Mr. Kelly clarified that there would probably be two meetings, as usual, for the budget process, one in mid- to late February and one in March.

12. ADJOURN

There being no further business before the committee, the Chair requested a motion to adjourn the meeting. Dr. Fairfax moved. Representative Furniss seconded. The meeting was adjourned at 10:10 am.

Signed and respectfully submitted,

Kevin Settles, Committee Chair