Idaho Health Insurance Exchange
DBA Your Health Idaho

Board of Directors Meeting Minutes
Friday, March 18, 2022

Board Members Present

- Mr. Stephen Weeg, Chairman
- Ms. Janice Fulkerson, Vice Chair
- Mr. Kevin Settles, Treasurer
- Mr. Hyatt Erstad, Secretary (via videoconference)
- Ms. Carolyn Lodge (via videoconference)
- Dr. Cynthia Fairfax
- Senator David Nelson (via videoconference)
- Mr. Greg Donaca
- Ms. Heidi Hart (via videoconference)
- Ms. Karan Tucker (via videoconference)
- Ms. Margaret Henbest (via videoconference)
- Mr. Peter Sorensen
- Ms. Tara Malek (via videoconference)
- Mr. Trent Nate
- Director Dean Cameron
- Mr. Shane Leach for Director 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
- Ms. Frances Nagashima, Your Health Idaho
- Ms. Julie Sparks, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Tresa Ball, HR Precision
- Mr. Wes Trexler, Department of Insurance
- Ms. Shannon Hohl, Department of Insurance
- Mr. Justin Vaughn, GS Strategies (via videoconference)

1. Call to Order

Following proper notice in accordance with Idaho Code Section 74-204, the Board of Directors meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Weeg (Chair) at 8:32 am, Friday, March 18, 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.

2. Roll Call

Mr. Erstad called roll and determined that Chair Weeg, Ms. Fulkerson, Mr. Settles, Dr. Fairfax, Ms. Henbest, Mr. Donaca, Ms. Lodge, Ms. Hart, Ms. Tucker, Ms. Malek, Senator Nelson, Director Cameron, and Mr. Leach for Director Jeppesen were present, resulting in a quorum. Mr. Thomas, Senator Rice, and Representative Furniss were absent. Mr. Nate arrived at YHI offices at 8:34 am. Mr. Sorensen arrived at YHI offices at 8:38 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 December 17, 2021, board meeting. **Second:** Ms. Fulkerson. **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. New Board Members and Transitions

Mr. Jerry Edgington has retired from SelectHealth and with that, has vacated his seat on the Your Health Idaho (YHI) board. Chair Weeg expressed his thanks to Mr. Edgington for his years of service on the board.

Mr. Trent Nate has filled the vacancy left by Mr. Edgington. Mr. Nate had his confirmation hearing this morning and Chair Weeg asked Mr. Nate to introduce himself.

Mr. Nate stated that at his hearing, he was asked why he wanted to be on YHI's board. He replied that there were three reasons. First, he is passionate about the industry. Second, he has been in the health insurance business for about 20 years. He started as an agent and has also worked as a consultant, and he feels that his experience is relevant to the board. Third, he would like to continue to grow and strengthen SelectHealth's role and relationship with YHI. Mr. Nate said that he is excited to join the board and work to serve Idahoans.

Chair Weeg said that when Representative Dixon stepped down from the board last fall, Representative Furniss took his place. The changes in board membership have necessitated some new assignments to committees and new committee officers.

Ms. Fulkerson, the previous vice chair of the Marketplace Committee, has agreed to take Mr. Edgington's place as chair of the Marketplace Committee. Mr. Thomas has accepted the position of vice chair.

Mr. Nate has agreed to serve on the Marketplace Committee and Representative Furniss has agreed to serve on the Finance Committee.

Motion: Mr. Settles moved that the Board confirm the appointments of Representative Furniss to the Finance Committee, Mr. Nate to the Marketplace Committee, Ms. Fulkerson as Chair of the Marketplace Committee and Mr. Thomas as Vice Chair of the Marketplace Committee. **Second:** Mr. Sorensen. **The motion carried.**

Chair Weeg said that several things came together during open enrollment that created a lot of difficulties and we had a very challenging open enrollment period this year. We had challenges with hiring and staffing unlike challenges that we have had any other year. There were challenges with budgets and thinking that we had enough to hire the necessary people. The decision was made to transition the Advance Premium Tax Credit (APTC) eligibility process to YHI from the Department of Health and Welfare (DHW). It was the right decision, but it has been more complicated than anticipated. We had more interest from consumers about purchasing plans, resulting in frustrating backlogs. We have always prided ourselves on customer service in the past and it was hard on the staff to be unable to provide the level of service that they wanted to provide. Chair Weeg stated that the team did an amazing job and worked many hours to get through the backlogs. He thanked the entire YHI team for doing a great job in a difficult environment. He thanked the carriers for their flexibility in working with us and the agents and brokers who often caught the brunt of consumers' frustration. He thanked our partners at DHW and the Department of Insurance (DOI). Chair Weeg said that we want to make sure that in 2022 we can get back to the excellent customer service that we are accustomed to providing.

Chair Weeg stated that we have hired a new Director of Finance, which Mr. Kelly will discuss in further detail later. We have had difficulties with recruiting across the board and have had to look at salaries to make sure that we are offering enough to attract and retain quality people. We want to ensure that we have staff of sufficient quantity and quality to be ready for the go live with real-time eligibility on July 1 as well as the next open enrollment. There is the potential that the Public Health Emergency (PHE) will be lifted. If so, there could be thousands of people coming onto the exchange.

A 1332 waiver has been proposed that would lower premiums and potentially help more people to get health insurance. The flip side of this is that a reduction in premiums would reduce our revenue and we have to maintain our financial stability. We will need to do a lot of work to increase enrollment and one of those things is the introduction of Always Present advertising this year.

Chair Weeg said that even though the exchange has lasted nine years, we are aware that it could be legislated out of existence at any time. We need to make sure that the people in Idaho who wanted the exchange to exist have that desire validated and continue to have it validated. We have helped a lot of people to get health insurance and we need to continue doing that. Our goal is to have a successful rollover to real-time eligibility, increase enrollment, serve customers well, work with carriers, agents, and brokers and provide excellence to the people of Idaho.

7. Executive Summary

Mr. Kelly said that the YHI team has taken a hard look at lessons learned from open enrollment 2022 to identify the specific barriers that led to a less than perfect enrollment season. With every lesson learned, the conversation always came back to two things: staffing and technology. Work was already underway before open enrollment even began to address eligibility technology and the last few months have reinforced that need. The important work that YHI does and the investment in our team and culture help retain talented people, however, there is always more work to be done. Today's meeting will address these issues through both a fiscal and operational lens.

Mr. Kelly stated that there has been no formal announcement of any extension of the PHE. It is important to note that protected Medicaid falls under the federal PHE and will not be impacted by the Idaho emergency disaster declaration which will expire April 15.

Earlier this week, it was announced that there may be something in the works to address the "family glitch." The term "family glitch" refers to an Affordable Care Act (ACA) rule that bases tax credit eligibility on whether employer sponsored coverage is deemed affordable. The affordability is only calculated for the individual, not what it would cost to cover the entire family, which can be exorbitantly high. There is a proposed rule currently at the Office of Management and Budget (OMB) to address the "family glitch," but no formal direction has come from that as of today. We will continue to work with our federal partners to understand the effects the rule may have and will share more details if it is finalized.

8. Strategic Initiatives

Mr. Kelly said that YHI continues to focus on our strategic initiatives, which are built on three fundamental pillars: improve the customer experience, increase operational efficiencies, and lower the uninsured rate in Idaho through increased enrollment on the exchange. Our budget is built around executing these strategic initiatives and focusing on seven key areas. Progress has been made in all seven areas of focus. Enrollment projections through 2025 have been completed, as well as headcount and budget (pending approval today), which includes analysis for technology needs, seating, recruiting, etc. Always Present advertising kicked off last week and monthly analysis will continue for the life of the campaign.

Real-time eligibility is on track and expected to deploy in late June. Early outreach efforts are underway with community health clinics and hospital systems. Discussions are underway regarding potential changes to open enrollment dates.

Ms. Fulkerson said that the Marketplace Committee covered a lot of material at the March 3 meeting. She echoed Chair Weeg's thanks to the YHI team's efforts and hard work to get through open enrollment. The committee reviewed enrollment customer profile summaries and found the stats encouraging, specifically the percentage of new customers and statewide enrollment growth. The committee reviewed the current customer support metrics and discussed the challenges that Chair Weeg mentioned earlier. Despite the frustration with hold times and slower responses, the consumer feedback that was received was that when they were able to speak with someone it was a great experience. The committee discussed the upcoming technology roadmap and the implementation of the eligibility platform. A short video was reviewed that showed what the application process will look like. A Request for Proposal (RFP) for new Customer Support Center (CSC) technology was reviewed. The new technology will help us to meet the future needs of our consumers. The committee feels that updated technology is important to be able to meet the goals and strategic initiatives that Mr. Kelly discussed and to that end, the committee voted to recommend that the board approve the RFP today.

Ms. Henbest stated that the main topics of focus of the March 1 Governance Committee meeting were employee engagement, the fiscal year 2023 compensation and staffing plans, and an update on fiscal year 2022 operational goals. The committee also got a sneak peek at the fiscal year 2023 draft goals. The committee heard a summary of ongoing employee engagement activities including compensation conversations and stay interviews. The committee was supportive of both these initiatives and shares the concern that many employers have regarding hiring and retention of employees given the shifting employment landscape. There was much discussion regarding staffing and pay increases that are happening across the nation. It was necessary to tap into committee members' experiences because the data is not keeping up with the market. The Governance Committee is hopeful that the suggested staffing plan will effectively address the issues that arose during open enrollment and were supportive of the increased amount of customer facing support roles that were proposed. Similarly, the committee felt that the recommendations around merit and market compensation for the coming year are necessary and appropriate, given the trends that are being seen in employment across Idaho. The committee recommended board approval of both the staffing and compensation plans today. Progress on current fiscal year 2022 goals was reviewed and some were not achieved during the first performance period. It has been a tough year and the committee had to weigh the challenges that confronted the team and prevented them from meeting those goals. The committee voted to recommend an alternative payout to recognize the hard work that the staff did over open enrollment given the challenges that they faced.

Mr. Settles expressed his thanks to the YHI team, particularly Mr. Kelly for filling in as Director of Finance while we looked for a replacement. He continued that the Finance Committee met twice this spring, as they have every year. The first meeting dealt with setting the budget and the second meeting addressed the assessment fee. We will likely revisit this practice and try to have only one meeting next spring. For fiscal year 2022, we continue to trend behind on revenue, which is due to a drop in average premiums without a corresponding increase in deductibles. Income was in excess of budget, due to savings on labor. We expect to see about $10.4 million in revenue next year, which is about $1.1 million above 2022. Costs are expected to go up primarily due to labor. We have budgeted $11.8 million for expenses in 2023 and capital expenditures are expected to be low at $593,000 this year due to the transition to eligibility. The View Pointe budget is fairly stable.

9. Operational Update

a. 2022 Enrollment Update and Customer Experience

Mr. Kelly said that during open enrollment, carriers demonstrated a lot of flexibility for consumers with billing and back dating coverage as YHI worked through the backlog of applications. This caused some fluctuation in enrollments from January to February. The expectation is these actions will cause enrollments to drop later in 2022 than we usually see but we are optimistic that retention will be similar to 2021 due to the enhanced subsidies provided through the American Rescue Plan Act (ARPA). As of this morning, we are at 82,500 enrollments, which is remarkably stable from where we were at the beginning of March.

Enrollments by carrier show that about 70% of our enrollments are with two carriers: SelectHealth and Blue Cross of Idaho. This is similar to previous years with SelectHealth gaining slightly more market share this year. Our new medical carrier, Molina, gained just over 2,000 enrollments and EMI Health, our new dental carrier, picked up over 1,400 new enrollments. Dental enrollment continues to grow and now makes up about 14% of our enrollments, a two-percentage point increase compared to 2021.

When looking at the customer profile, enrollment trends are consistent with prior years, however, enhanced subsidies and continued impacts of the pandemic likely influenced minor shifts. An increase in enrollments age 55-64 may reflect individuals leaving the job market, retiring early, and losing employer sponsored coverage. This age group also had higher utilization of enhanced tax credits, as did ages 45-54. New consumers showed a slightly higher percent of enrollments ages 26-34 than overall enrollments. Dental enrollment growth and a slight shift from Bronze to Silver and Gold plans likely indicates "buying up" as a result of enhanced subsidies.

We saw significant increases in our call volume starting in October and continuing through February. Staffing challenges, combined with increased demand for health insurance and tax credit eligibility work created a perfect storm that led to longer than expected wait times, lower callback rates, and longer response times. Many of the tools that we put into place to increase efficiency, such as multi-case calls and Connector PIN, were largely inefficient due to limited support.

Historically, appeal volume has increased following open enrollment and this year is no exception. However, the transition of eligibility work to YHI from DHW allowed us to address those appeals quickly.

Net Promoter Score (NPS) has always been a source of pride for YHI. Unfortunately, the perfect storm of challenges wreaked havoc on our NPS. For the first time in YHI history, NPS was negative, meaning we have a higher percentage of detractors than promoters. While the scores were lower than we would like, comments from consumers reflected a positive experience once they were able to speak with someone:

Once I was able to talk with a staff member, they were polite and professional, but it was a pain to get a hold of someone.

We are seeing improvement on the March NPS. It gets better each day, but it will take months for us to fully recover from the low scores received during open enrollment.

b. Marketing and Outreach Update

The 2022 paid media campaign strategy was a culmination of messaging surveys conducted in 2021 and shifts in consumer behavior due to the pandemic. Simplified messaging that highlights the affordability of coverage and works for all audiences was key. Once messaging was established, the media spend was split with 80% going to increased visibility and brand awareness and 20% driving traffic to our website and on-site conversions. Our *Health, Yeah!* campaign highlighted affordability with $0 messaging. The overall campaign performance was strong with key performance indicators either exceeding or on par with last year's campaign performance.

Earlier this month, we officially launched our Always Present media campaign, which aligns with our strategic goal of growing enrollments. The purpose of Always Present advertising is to raise brand awareness and recognition among Idahoans. The campaign will run March through September and continue to utilize $0 messaging and *Health, Yeah!* Slight tweaks to the existing ads will highlight life changes and Special Enrollment Periods. Media spend will continue to follow an 80/20 split for attraction and consideration.

Mr. Sorensen asked if Always Present advertising would consist of bursts of ads with silence in between or if there was a steady media presence.

Ms. McMartin responded that Always Present advertising is similar to our open enrollment advertising in that we are utilizing traditional broadcast television, streaming services, digital, and social media. For example, we will do a solid three-week heavy rotation on television, then take a short break during the summer months. During that time, advertising will be heavier on digital and social media channels. The advertising is consistent but not all platforms are on at all times.

c. Technology, Privacy, and Security

One of our biggest strategic initiatives is our move to real-time eligibility. Thanks to the hard work of the YHI team, our state and federal partners, and our partners at GetInsured, we are on track for a June 29 go live. By June 23, all open APTC applications will be transferred from DHW to YHI. Between June 23 and June 29, consumers wishing to apply will be asked to wait until our new system is available. This will reduce the risk of anyone being dropped during the migration process. On June 29, we will deploy real-time eligibility and on the morning of June 30, we will officially start supporting new applications and finalizing existing applications using real-time eligibility. We recognize that there is a sub-group of individuals who will need additional support through this transition, and we are developing plans to ensure each group has a smooth customer experience.

Chair Weeg commented that there would be people who apply with YHI and are determined to be eligible for Medicaid and people who apply with DHW who are not eligible for Medicaid but are eligible for a tax credit. He asked if there was a process for YHI and DHW to send these people to the appropriate organization.

Mr. Reddish replied that currently the process with DHW is a one-way account transfer where DHW sends YHI any APTC applications they might receive. In the new model, applications will be able to be sent both ways through a referral process.

i. Request for Proposal Customer Service Center Technology

While the CSC has many of the tools needed to support Idahoans, these tools do not communicate directly with one another, requiring more time to handle each call. YHI is seeking approval to post a Request for Proposal (RFP) to replace the current technology used within the CSC. This technology may include but is not limited to voice capabilities, integrated chat capabilities, screen capture, integrated ticketing, and call recording. We expect to go live with this portion on August 1.

Ms. Henbest said that we have suffered a setback in terms of how YHI is recognized regarding efficiency and customer service, and we are going to be making a lot of changes in the next year with the integration of APTC eligibility and changes to CSC technology, among other things. She asked how we would be monitoring those changes from a consumer-facing standpoint and if it would be worth it to have marketing address the improvements that we are making to enable us to better serve Idahoans.

Mr. Kelly replied that we do quality assurance on all the support team members so that they get feedback on their call performance. Our quality assurance program will be the real-time measure of how the team is internalizing and adapting to the changes. With respect to the question regarding letting consumers know about the updates we are making; we will likely rely on earned media more than our paid media channels as that is a more efficient use of our dollar.

Ms. Fulkerson added the Marketplace Committee discussed that communication with brokers and agents will be key in getting the news of changes and updates to YHI's systems and methods to the consumer.

Mr. Sorensen asked if APTC redetermination would run through the new technology and how long the information on applications is valid.

Mr. Reddish responded that yes, YHI would be taking over the APTC redetermination process from DHW and it will be integrated within the new system. He added that the information on a consumer's application would be good for a year as long as there were no changes in income, dependents, etc.

Ms. Nagashima added that the policy steering committee has been working to update all APTC eligibility policies relating to data mapping and eligibility review.

Chair Weeg commented that he wanted the newer board members to know what a big undertaking it was for YHI to take over the eligibility process from DHW. He said that it was the right thing to do but that there was a lot involved in the process.

Motion: Ms. Fulkerson moved that the Board, as recommended by the Marketplace Committee, authorize the Marketplace Committee to 1) conduct an RFP for CSC technology, 2) establish a Proposal Evaluation Team (PET) to evaluate the responses to the RFP, and 3) delegate to the PET the ability to award the contract; and that upon such award the Executive Director and the Chair of the Marketplace 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; and further move that the Marketplace Committee recommend to the Board that Matrix Networks, the PM required to be hired by the winner bidder pursuant to the terms of the RFP as a call center implementation and optimization consultant, shall be deemed a sole source provider should additional services be needed by YHI, and that the Executive Director will be delegated the discretion to hire Matrix Networks to provide such additional services as needed, consistent with the approved budget for this year or any subsequent year. **Second:** Mr. Settles. **The motion carried.**

Mr. Sorensen asked if where the motion says, "consistent with the approved budget" if that means the same thing as "not to exceed."

Mr. Kelly replied that early in the exchange, YHI would list out the not to exceed amount and it removed some our competitive advantage with vendors. We consulted with our legal counsel, who advised using "consistent with the approved budget."

Mr. Donaca asked for clarification about the PM, or project manager, and how it would affect staffing in the future.

Mr. Kelly responded that we have engaged with a call center project management firm that will help us develop the technology RFP, evaluate vendors, then deploy and optimize the solution. The RFP states that the vendor must pay the project manager directly, so YHI does not have a fiscal responsibility to the PM vendor. We anticipate the potential for some consulting services after that is deployed so the second part of the motion was included to give us the flexibility if it is needed.

d. HR and Organization Updates

Mr. Kelly said that YHI has deployed total compensation letters to team members, which include not only the amount that goes into their bank account but other benefits they receive as a YHI team member. Feedback on these letters has been positive and has helped people to understand the totality of benefits that YHI provides.

We have also started conducting stay interviews, which are a progressive way to think about exit interviews. Exit interviews can provide a lot of good feedback but by the time the feedback is received, it is too late to do anything about it.

Chair Weeg asked if the stay interviews were different from annual performance evaluations and how often they are done.

Mr. Kelly replied that stay interviews are separate from annual performance reviews. In February and March, stay interview questions were added to our monthly one on one coaching sessions between supervisors and their teams. We will compile the feedback gathered during the interviews to find consistencies and themes and build upon the positives and address the opportunities that are raised.

Mr. Nate asked if YHI was sending out any kind of anonymous survey to request feedback on team members' experience as employees.

Mr. Kelly said that YHI has done that infrequently in the past and that, while there are no plans to do so soon, it is something that can be revisited.

Ms. Ball noted that we deploy the Gallup survey annually. Mr. Kelly commented that while that is true, the Gallup survey does not provide much opportunity for open-ended feedback and we are evaluating different options to allow us to drill down into more detail on employee feedback.

i. FY23 Strategic Staffing and Compensation Plans

The proposed budget is aligned with our strategic initiatives and lessons learned from the most recent open enrollment. As was previously stated, lessons learned always came back to staffing and technology. New technology coupled with retaining highly motivated and qualified people are the primary tools needed for success.

Real time eligibility and new CSC technology are assumed to be in place on July 1 and August 1, respectively.

Staffing challenges dominated fiscal year 2022 and we have developed a budget aligned with YHI's Compensation policy which states that YHI "provide compensation that is market competitive as well as internally equitable…and to retain and motivate highly qualified employees." We need to be able to retain our current team members, fill open positions, and have the right number of seasonal team members. Compensation actions taken in fiscal year 2022 primarily focused on lower compensated roles and increasing YHI pay to minimum-competitive levels. Market and economic realities over the past year drive needs at all levels of the organization to retain and attract a highly qualified workforce.

Headcount and incremental growth of five positions aligns with real-time eligibility and strategic goals. We are proposing a merit pool of 3% which is consistent with current practices and historical norms and a market pool of 7%. This recognizes the job market and economic realities in the Treasure Valley. Similar team member benefits and traditional year over year increases are assumed. One exception is the employee medical benefit, which will be assumed to increase by 15% in 2023. We assume the market will return to traditional levels in fiscal year 2024 and beyond.

Given market dynamics, YHI requested a compensation survey from HR Precision. The findings of the survey and discussions with Ms. Ball indicate at 6-7% total compensation pool is most common. Additionally, market dynamics are moving more swiftly than compensation data supports.

YHI has also looked at lessons learned from open enrollment. While real-time eligibility will address the technology challenges, we also need to address the potential for staffing challenges. Fiscal year 2023 assumes a total of 52 customer facing headcount (direct hire and seasonal) to ensure we can deliver on our customer experience.

For redundancy, YHI has conducted preliminary discussions with GetInsured to serve as an overflow support center if staffing challenges do not improve for open enrollment 2023. Given the preliminary nature of these discussions, the costs are not included in our proposed budget. However, GetInsured was interested in further exploring this option with YHI.

Mr. Nate asked if the staffing challenges were with temporary and seasonal employees or if YHI was having issues with turnover in the base staff as well.

Mr. Kelly responded that while YHI is not immune to turnover, our turnover rate tends to be lower than what the overall market states. We take a deliberate and intentional approach to making sure our team feels appreciated. We have provided many meals and snacks, the management team makes a point to visit with the people in the call center, and we were able to make some compensation adjustments last October. However, the need continues.

Mr. Nate mentioned that an interesting report came out recently about the great resignation and how many of the people who recently left the job market now regret it. He asked if YHI has a win-back campaign to reach out to people who have left and see if there is any interest in coming back.

Mr. Kelly responded that we do not have an outreach program specifically for that purpose, but we often see team members come back. When that happens, the message is consistent that they missed working here.

Ms. Fulkerson mentioned that she had come in a couple of times during open enrollment because she knew that things were tough, and she wanted to see how the team was doing. She said that she had been expecting people to be down, but people were cheerful, positive, and happy to be here and helping people. She said that she feels like the positivity that she observed speaks to the team building, leadership, and appreciation shown.

Chair Weeg said that staff are helping people get something that they really need so the call center has more of a success focus than a barrier focus.

Director Cameron added that DOI has also experienced some turnover, but they have been able to contract with some people to come back and cover when they are shorthanded. He wondered if some former YHI employees would be willing to come back for open enrollment, even as part time employees

Mr. Kelly replied that YHI is always happy to have people work evenings and weekends to help minimize the wear and tear to the team. He appreciated the suggestion and we will look into it.

Director Cameron said that DOI had recognized the perfect storm that YHI was in and felt like they had not been able to help as much as they should have or could have. He and Mr. Kelly had spoken and acknowledged the difficulty of bringing in and training new people while the workload was so heavy. He has been thinking about how DOI could have been a better partner during open enrollment. No one could have predicted or avoided all the challenges that happened but that if it happens again next year, YHI and the board need to be prepared. DOI could have helped by communicating with agents and prevented them from adding to the backlog by submitting applications or calling in multiple times. They possibly could have provided people who were willing to come in and work evenings or weekends, providing that it was allowed. Director Cameron said that he would like to explore these options to have the DOI team able to assist in the event we encounter these challenges again. While he thinks that getting assistance from GetInsured for call center overflow is a good idea, consumers would likely be more comfortable speaking with agents who are from Idaho. If his ideas are an option that we want to pursue, we need to get started soon so that his people are trained when the time comes.

Mr. Kelly said that these are great thoughts and we will follow up with these suggestions. He added that while GetInsured's center is in Atlanta and the people there might sound different than Idahoans, the GetInsured team already knows the system so they would require less training.

Ms. Henbest commented that she thinks increasing the partnership between DOI and YHI is a good idea and thanked Director Cameron for his thoughtfulness.

Motion: Ms. Henbest moved that the Board, as recommended by the Governance Committee, approve the Strategic Staffing Plan for FY23. **Second:** Ms. Fulkerson. **The motion carried.**

Motion: Ms. Henbest moved that the Board, as recommended by the Governance Committee, approve the Compensation Plan for FY23. **Second:** Mr. Erstad. **The motion carried.**

ii. FY22 Goals Update

Operational goals were set in March 2021, prior to YHI taking over the APTC eligibility work from DHW. Despite these changes, goal metrics were not revisited after the decision to take over APTC eligibility and therefore do not reflect attainable goals. Staffing challenges added additional barriers to achieving our goals during open enrollment. Despite the challenges, the YHI team went above and beyond to serve Idahoans. We would like to discuss options to enable possible payout of variable pay in recognition of the exceptional efforts of the team.

Mr. Kelly gave a brief review of the goals:

Idahoans' Experience has three parts: First Contact Resolution (FCR), Turn Around Time (TAT) and Net Promoter Score (NPS). All three were below threshold for payout during the open enrollment period of performance.

Retention and Enrollment, which is measured as of April 1 and projected at 76,000, is expected to meet the 60% threshold (no compensation for most YHI team members).

Risk Management has two parts: reporting and response. The payout threshold for reporting was missed due to the high volume of customer-facing work and related distractions. Response rates were 5.8% which is the 60% goal threshold.

Low-Cost Promise is our budget goal and is currently just above the 80% threshold. We are cautiously optimistic that we will meet this goal.

Employee Engagement, which is our COMPASS card participation, is trending just above the 60% threshold. High customer volumes and open enrollment are creating some challenges with participation.

After much discussion internally, YHI distilled three possible options for paying of the fiscal year 2022 goals for the open enrollment period of performance.

One of the options that was discussed was no goal payout for team. Goals are set and approved by the Board, and we do not deviate from those goals once approved. Another option was to revisit goal metrics and bring to the Board for approval for possible payout.

The Governance Committee has made the following recommendation: pay Idahoans' Experience and Risk Management goals at 80% threshold (middle tier payout) to align with the period of performance for goals and provide recognition of the team's efforts.

Regardless of goal payout decision, YHI would continue to track goal metrics as they are a key tool for managing Key Performance Indicators.

Ms. Henbest commented that it was a tough decision. We set these goals and then essentially changed the business plan by taking on the APTC work stream in addition to the staffing challenges that were experienced. The committee landed on what was fair, given all the hard work that the team performed. We also felt that it was a learning experience to make sure that our goals are aligned with our business plan. The committee feels good with the recommendation that was made.

Motion: Ms. Henbest moved that the Board, as recommended by the Governance Committee, approve 80% payout of the Idahoans' Experience and Risk Management variable pay goals for the Open Enrollment period of performance. **Second:** Mr. Settles. **The motion carried.**

10. 1332 Waiver Update

Director Cameron gave an overview of DOI's role in regulating insurance in Idaho and explained how the current high-risk pool lowers premiums in Idaho.

Individual health insurance enrollees who are diagnosed with certain medical conditions are ceded to the Idaho high risk reinsurance pool by the insurer, without any action by or impact to the ceded individuals. The health insurer pays a monthly reinsurance premium to the pool per ceded individual. Once the claims for a ceded individual reach a specified attachment point, the pool pays the insurer a set coinsurance percentage of claims greater than the attachment point. The reinsurance pool spreads the insurers' costs for certain high risk health conditions, helping to reduce and stabilize the claims of individual health insurance. The pool's reinsurance payments directly lower the premiums that insurers charge. Currently, Idaho's reinsurance pool reduces the individual health insurance premiums by about 3%.

Director Cameron apologized that DOI was unable to share the proposal for the 1332 waiver with the YHI board ahead of time. It was a last-minute addition by the governor's office and DOI had been advised not to share that information.

The state innovation waiver that DOI will be pursuing is a 1332 waiver which is available under the ACA. It is not a new waiver, 15 other states have already passed or adopted it. The waiver is for five years, and several states are already past the first five years and have renewed it. This waiver is something that will be helpful mostly to consumers who do not receive an APTC. The effect of the 1332 waiver is about a 7-8% reduction in premium, the existing high-risk pool is creating about a 3% reduction so this will only reduce it by an additional 4%, based on the appropriation of $25 million from the legislature to DOI, which then transfers to the high-risk pool. The bill has passed the House, which was the highest hurdle, and the Senate and now resides on the Senate floor. It will likely be passed by the Senate floor in the next two days.

Mr. Sorensen asked if the appropriation of $25 million was an annual figure.

Director Cameron replied that it was a one-time payment. If you add the $13 million collected in premium tax to the premiums that carriers pay it generates about $24 million in savings to APTC. If the waiver is granted, the APTC savings will be paid to the high-risk pool. The following year that savings, along with the premium tax and carrier premiums, generates another $25 million in savings, which is then paid to the high-risk pool. That $25 million appropriation is leveraged five times. There is a potential for future deposits if the state continues to have so many resources but for now, it is a one-time appropriation.

Director Cameron continued that DOI commends YHI and agrees with the goal of lowering Idaho's uninsured rate, as does the governor. The governor also wants to lower the cost of insurance. Our goal is to reduce premiums, but any reduction could be offset if the carriers need to request premium increases as they are not immune to the inflation or supply chain issues that are affecting the rest of the country. We are not certain that we are past COVID-related issues, and we are carefully watching the decisions that are made regarding enrollment and COVID testing to see what implications there are. Director Cameron stated that the Centers for Medicare and Medicaid Services has proposed a law or rule change addressing the "family glitch." He feels that having that issue addressed would have a dramatic increase in the number of people who purchase coverage through the exchange. There are around 30,000 Idahoans who have coverage through faith-based programs primarily because they cannot qualify for a subsidy.

Mr. Trexler said that it took states a couple of years to figure out how to leverage 1332 waivers so there were not very many waivers at first. Alaska was the first state to propose the reinsurance approach and since then, fifteen states have followed suit. There is a savings of anywhere from 5-15%, depending on the state and how much funding it is willing to put toward the program.

Section 1332 waivers allow a state greater flexibility in providing high quality, affordable health insurance coverage to their citizens by waiving one or more provisions of the ACA. These waivers can be approved only if residents of the state will receive health care coverage that is at least as comprehensive and affordable, and if at least as many state residents will be covered as without the waiver.

Idaho's 1332 waiver, if approved, will strengthen the high-risk reinsurance pool's ability to reduce the premiums of individual health insurance. DOI projects that premiums would be 7-8% lower than without approval of the waiver, in 2023 and in future years.

Mr. Trexler said that Idaho's reinsurance pool has existed for 20 years. The reinsurance program reduces the premiums for plans sold on the state's exchange, which means the federal government pays less in

APTC. The waiver authorizes the federal government to pay Idaho the APTC savings. This payment is known as "passthrough funding," which keeps overall federal spending neutral. The pool uses that funding to further reduce premiums in future years. Since the waiver decreases both the insurance premiums and the APTC paid to Idaho residents, Idahoans will pay the same net premiums as they would without the waiver.

The waiver will greatly benefit those Idahoans who do not qualify for APTC (such as the "family glitch"), by substantially reducing premiums. Because unsubsidized Idahoans will be able to purchase individual health insurance with premiums 7-8% lower than would be available without the waiver, DOI anticipates that unsubsidized enrollment will increase due to better affordability.

Ms. Hohl explained the process for applying for a 1332 waiver. If a state already has a reinsurance program (like Idaho), federal rules require that the authorizing legislation make the reinsurance program contingent upon approval of the waiver.

A state's waiver application must include legislation authorizing the state to apply for the waiver. It must also include feedback from a public comment period and public hearings. DOI must work with the five tribal entities in Idaho to make sure that they have the opportunity to provide feedback. The public comment period will be 30 days starting in early- to mid-April. Finally, the application must include an actuarial analysis and certification supporting the reinsurance program.

Mr. Donaca asked if they anticipate any pushback or concern from the public.

Ms. Hohl said that they do not. They feel that the waiver is entirely positive to Idahoans, whether they are insured or uninsured.

Mr. Trexler added that reinsurance is a complicated topic. He said that they will try to emphasize in the application that what conditions the high-risk pool covers or does not cover is not visible to the consumer. It does not affect the consumer if they have one of the high-risk conditions. The public does not need to worry which conditions are covered because it applies broadly to all people and is a premium reduction across the board.

Chair Weeg said that we have looked at the 1332 process ever since it was available, and this could be our best chance to get it approved. It will not look much different to consumers as it is just a matter of which bucket it is paid out of, you have the same basic plan whether it is funded through the high-risk pool or not.

Director Cameron said DOI does an annual study with the carriers about where people are insured. It would be a good idea to discuss that at a future meeting to see if it can inform YHI's marketing. We continue to see a large number of Idahoans who are either uninsured or purchasing inferior products, often because they simply cannot afford anything else. We are hopeful that we will be able to make our products more competitive so that Idahoans will be able to afford quality healthcare coverage.

Chair Weeg said that it helps for us to think about the people who need coverage and the barriers that they encounter in getting that coverage. We need to figure out how to make healthcare affordable so that people can have the kind of care that they need. YHI appreciates any data that Director Cameron and DOI can provide to help inform our marketing process.

Mr. Erstad noted that Director Cameron had just been elected as president of National Association of Insurance Commissioners (NAIC). He is the first Idahoan to ever be elected to the presidency of the NAIC.

At this time, the board took a break from 10:13 am until 10:29 am.

11. Financial Update

Mr. Kelly shared that we have hired a new Director of Finance. Kilee Lane will be joining us on April 4. She comes to us from Sacramento where she was the Director of Fiscal Services for a school district.

a. Financial Results through December 31, 2021

For YHI operations, we achieved $2.3 million in revenue which is about $109,000 below budget. This is due to lower-than-expected average premiums. Operating expenses were $2.8 million which is $312,000 lower than budget. Operating expense favorability was driven by the timing of marketing spend and lower-than-expected costs related to eligibility and shared services with DHW. Revenue less operating expenses is net operating income. For the quarter it was negative $482,000, beating budget by $203,000. There are similar trends for year to date. For the six months ended December 31, net operating income was negative $189,000 but beat budget by $556,000.

Overall, View Pointe continues to deliver strong results and a healthy return on investment north of 10%. For the quarter ended December 31, revenue of $209,000 missed budget by about $10,000. That is due to the timing of recovery income for utility costs. Operating expenses also exceeded budget by about $3,000. Combined, that results in net operating income of $141,000 for the quarter, just $14,000 below budget. Capital expenditures are higher than budget due to the acquisition of our backup generator, which came in about $10,000 over budget. Because the budget was spread evenly across the months, we will see that unfavorability diminish as the year progresses.

Mr. Sorensen asked about the length of the leases we have with our tenants as they relate to potential rent increases due to increasing commercial prices in the valley.

Mr. Kelly replied that the building is 100% leased, with the traditional tenants on medium term leases. The Diocese executed another option year through February 2024. Eason, who is the other tenant, has indicated a desire to renew. We have existing leases which will mitigate large adjustments to their lease rates, but it is far more expensive to re-tenant the space. The non-traditional tenants are rooftop. We are a direct line of sight to Shafer Butte, so we have wireless tenants on top of the building. In terms of rentable square footage, we are more than 100% leased. Those leases auto-renew annually, and we anticipate that to continue for the foreseeable future.

The consolidated results, which are the sum of YHI operations and View Pointe, show net operating income of $105,000 through December 31. This exceeds budget by $536,000.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the financial results through December 31, 2021, as presented today. **Second:** Mr. Sorensen. **The motion carried.**

b. FY22 Financial Forecast

Mr. Kelly said the forecast shows actuals through December 31 and projections through June 30 of this year. Overall, YHI operations expects to beat budget for net operating income largely due to grant revenue and lower than expected operating costs. Net operating income is expected to be $602,000, which is $1.5 million higher than budget.

For View Pointe, we expect net operating income of $599,000 which is about $19,000 lower than budget. Despite being slightly below budget, View Pointe is expected to generate almost $600,000 in net operating income, which speaks to the value of this investment.

c. FY23 Budget

We expect external forces, such as COVID and state and federal policy, will continue to place increased demands on the organization. In addition to the compensation and staffing assumptions reviewed earlier, our budget assumptions align with our strategic initiatives, contractual obligations, and overall economic and market trends. Most operating expenses that are not tied to contractual terms reflect our daily business operations plus a 3% increase year over year. However, we expect that business insurance will continue to increase with historical trends north of 10% per year as well as our employee medical expenses as mentioned earlier this morning. With respect to capital expenditures, YHI expects minimal technology enhancements in fiscal year 2023 due to the focus on real-time eligibility. We have assumed about $150,000 for technology enhancements and $100,000 for capital expenditures related to support center technology. $100,000 is estimated for break/fix items such as replacement of hardware and other kinds of technology replacements. Total capital expenditures for YHI are assumed to be $533,000 for fiscal year 2023.

View Pointe budget assumptions align with our tenant leases which are all expected to remain in place. We have also aligned the operating expenses with historical trends and expected vendor contracts and included $60,000 of capital expenditures for break/fix items.

Regarding our key revenue assumptions, overall enrollment growth is aligned with our strategic initiatives such as real-time eligibility and Always Present advertising. Premium assumptions reflect market dynamics and our competitive landscape.

We have also assumed our assessment fee for plan year 2023 at 2.49% which remains substantially lower than the federal fee of 2.75%. As a reminder, this lower fee has saved Idahoans $41 million since the inception of the exchange.

d. FY23 Budget Quarterly Financials

Comparing the quarterly income statement for fiscal year 2023 to our fiscal year 2022 forecast, we see that revenue is expected to increase $132,000. This is driven by assessment fee revenue growth of $1.1 million offset by the end of our modernization grant. Operating expenses also increase year over year. The primary drivers are a $1.1 million increase in personnel and personnel related costs. In addition to the compensation related changes discussed earlier, this change is due primarily to backfilling open positions, new positions related to real-time eligibility and associated benefits and payroll taxes. Other drivers are increases in general operating expenses related to CSC technology of about $160,000, and the shift to real-time eligibility and temporary services, which is an increase of about $550,000.

We are projecting net operating income to be a loss at $1.3 million due to the timing of increased expenses relative to the timing of our revenue increase. As a result, our cash reserves decline but remain above our operating and capital cash reserves threshold.

The View Pointe budget for fiscal year 2023 is relatively straightforward, reflecting the assumptions mentioned earlier. Overall, we expect net operating income of $617,000, an increase of $18,000 compared to the current year.

When we combine YHI operations and View Pointe, net operating income is projected to be $677,0000 negative. With depreciation, net income is projected to be $1.4 million negative. Overall cash balance at the end of fiscal year 2023 is predicted to be $8.9 million.

Aligned with our practice of ensuring we understand how decisions made today impact our future financial results, we look at a seven-year consolidated income statement, which projects our income statement through fiscal year 2029 to align with our GetInsured contractual period. While we do show a net operating income deficit of $677,000 in fiscal year 2023, it returns to positive territory in fiscal year 2024 and beyond.

e. Sustainability Analysis

Cash has always been a driving indicator of where we are headed, and it also has been a key metric as we have moved through the last nine years. We frequently talk about operating reserves being six-nine months of expenses, or $6 million. We also talk about reserving cash for unexpected technology changes resulting from either federal or state policy, but we have not formally shown it on the cash curve until now. We show capital expenditure reserves of $1.5 million. Combining the operating and capital reserve amounts results in a $7.5 million total reserve.

While we have a fair amount of cash in the bank currently, we will draw down that balance quickly over the next 12-18 months due to the timing of expense increases relative to our ability to change our revenue and increase in the future periods.

Mr. Sorensen noted that in the projections for years 2024 through 2026, there is a significant increase assumed in assessment fees. He asked if that was due to projected growth.

Mr. Kelly replied that when creating a budget, we try to a find balance between what you can control and what you cannot control. Our overall enrollment growth is assumed to be 25% growth in member months in 2023, 14% in 2024, then tapering off to 6% then 2% through 2029. YHI is comfortable that we can drive enrollment growth, whereas we have less control over overall premium changes.

Chair Weeg commented that the member month growth in 2023 is large. He stated the Finance Committee has been over this quite a bit and asked if Mr. Settles or Mr. Kelly wanted to comment on it.

Mr. Kelly stated that a couple of elements contribute to the 2023 numbers. As of this morning, 113,000 Idahoans are on protected Medicaid and about 24,000 of those are estimated to be APTC eligible. We expect about half of those to come onto the exchange, depending on when the PHE lifts. If it lifts during open enrollment, we think it will be easier to attract those people than if it lifts outside of open enrollment. The second element contributing to that large number is real-time eligibility. With real-time eligibility, we will no longer have to wait overnight to get a tax credit. From start to finish the application and enrollment process will take about 15 minutes. Additionally, we lose consumers when the enrollment process is difficult, and we expect that breakage to diminish significantly. We think that the momentum that we will have around real-time eligibility, Always Present advertising, and growing the connector network will contribute to another year of solid growth in 2024.

Director Cameron stated that DOI had some consternation with the forecast, particularly when it comes to average premium. He said that he is not sure that a decrease in average premium to $411 in 2029 is realistic. YHI's budget is projecting a 15% increase in healthcare costs yet this forecast does not reflect that.

Mr. Kelly responded that there are a number of factors that contribute to the number being different in total, one of which is that they are an average of qualified health plans and qualified dental plans. They also reflect a metal tier mix shift and new entrants. YHI's employee health insurance for calendar year 2022 went up by 35%. The premiums that we see on the exchange compared last year to this year are down 7% on average. This also takes into account some of our accounting treatment when we book our assessment fee revenue.

Director Cameron asked if that analysis was a pure average of premiums or if it was weighted based on where people are actually enrolled.

Mr. Kelly replied when we book assessment fee revenue, it is based on the individual policy and our assessment fee percentage. We aggregate the individual policies to an overall average by carrier. This is then projected into the future based on historical trends. We have some revenue recognition treatment that reflects prior period adjustments as well as a 12 month look back when we do our revenue so that we account for things like retro terminations or reinstatements. That causes our average premium to look different from the price someone pays when purchasing a plan. We have records of this trending all the way back to 2014 and we can predict our month-to-month changes and seasonality based on that and it is remarkably consistent.

Mr. Settles commented what the Finance Committee will be recommending later has no relationship to what the policy will be in 2029 but it is good for us to look at the trends and create a forecast. There will be changes between now and then that we do not know are coming. He said that he would like to see policies at $411 or less, but we had that 7% decline last year and we know that changes are coming. Hopefully average premiums will drop.

Director Cameron said that he had forgotten that the average premium includes dental, which lowers the average price. DOI is not seeing the 7% reduction last year that YHI saw, so it is either being driven by dental or by people choosing less expensive plans.

Chair Weeg mentioned to Director Cameron that it would be helpful for DOI to share what they are seeing with YHI. Looking at trends and making projections are good things to do. For fiscal prudence, we want to make sure that we are not over-spending and under-collecting. These are good starting points for some discussions.

Mr. Settles added that when YHI was just getting started, we needed a second opinion, which is why we went out to Milliman. Mr. Trexler has information that he cannot share until it is released, that is part of the reason why we did not go to DOI early on. If we could start getting some of that information and tie it together to help with the forecast, that would be a good thing. We would need to be mindful of confidentiality issues.

Director Cameron said that the timing might be a little off because DOI does not start seeing the filing for 2023 until June or July, so there will need to be future conversations regarding that. DOI commends YHI for maintaining decent reserves in the past and making investments such as the purchase of this building. He said that he thinks there is a question on how much of a reserve needs to be maintained. If we underestimate the trend on premiums, we could end up having significantly more reserves and then fall under criticism for the amount of reserves being held vs premiums being charged. Assuming that things go better than expected and we are collecting more revenue than forecast, at what point do we consider reducing the assessment fee?

Chair Weeg said that the board would watch and monitor that. He would not be surprised if this board would be happy to get back to 1.99%. The goal is to be fiscally sound, not simply put cash in the bank. The Finance Committee assesses where we are in terms of enrollment, premiums, budget and cost and we rely on that committee's assessment. A number of years ago, we set the targets for cash balance and operating expenses in terms of the cost of technology and making sure that if something happened, we could adapt. The challenge for the Finance Committee is to always keep those numbers in the forefront and make sure that we have what we need but not more than we need.

Mr. Settles stated that we are always cognizant of the optics and what is needed. An obstacle that we face is that the number that we set today is what we will live with for the next year and a half. If we could change it in the next two or three months, we would not be making this recommendation. But we cannot. We have discussed what the proper reserve is, and we are comfortable that we are using the proper number. We decided that it was better to make this adjustment now rather than having to increase the rate significantly then lower it as soon as possible.

Mr. Donaca commented that he thinks $6 million is the appropriate amount for our reserves. We need to look at how we position it because there is an amount above and beyond that for emergency changes that come down when we have a third party with GetInsured. We talk about it but it is not really visible here and we could do a better job of showing the amount, what it includes, what is the fixed baseline, and the amount we do not like to go below. He said he agrees with Mr. Settles that it is better to have small incremental changes and then change it back if things go well. Regarding Milliman, they do an estimate on average premiums and average enrollment. Over the years, YHI has added a little more detail, such as dental, so there are some differences in the total, mainly with premiums and enrollment. It is not a huge amount; it was relatively close when looking at the next couple of years.

Mr. Kelly noted that on the graph presented, both the operating and capital expenditure reserves are shown. What is not articulated is potential expenses if we had to re-tenant part of the building; that cost would be well into six figures. That is assumed in the capital reserves, but it is not called out specifically. Addressing the comments about Milliman, Mr. Kelly said that they were more conservative in their enrollment growth, and they had more premium increase than we did. At the end of the day, our assessment fee revenue was lower than their projection due partly to different assumptions but overall, we felt comfortable with our assumptions relative to theirs for both plan years 2023 and 2024.

f. Scenario Analysis

Mr. Kelly said YHI runs countless scenarios, primarily to understand the impacts to cash. Missing an enrollment target, missing a premium assumption, the dynamics in terms of operating expenses, and head count are the kinds of things observed. These were shared with the Finance Committee during our first budget meeting. We have distilled all the scenarios down to two final scenarios to review regarding the assessment fee.

The first scenario shows what our cash balance would look like if our assessment fee remains at 2.29%. In this scenario, we drop below the cash reserves very quickly, dipping into it before the end of calendar year 2023.

The other scenario shows an assessment fee of 2.39%. While this scenario indicates a better result, it also shows us dipping into our reserves by the end of 2023. Mr. Kelly echoed the desire to lower the fee as soon as possible, based on budget assumptions and the scenarios run on cash. By waiting to act, we run the risk of having to increase the fee even higher and getting close to the federal fee. We are comfortable with the recommendation that is in the proposed budget. Additionally, Mr. Kelly looked at the rates of other state exchanges. Not all of them run their assessment fee the way Idaho does so it is difficult to compare fees but of the states that do run on a percentage like we do, they are at least at 3%, if not higher. In terms of operating costs per enrollment, we are anywhere between 60% and 80% lower than any state in the country. YHI has lived up to the request of the legislature and Governor Otter when we were created in 2013 to do it better, cheaper, and minimize federal intervention.

Mr. Sorensen voiced his opinion that expressing our cost as a percent of premium may be an error. One of our stated goals is to drive premiums down. When you express a cost as a percentage of the thing you are trying to drive down it naturally affects your ability to do so. He said that he would be strongly in favor of and recommend the Finance Committee look at converting to a Per Member Per Month (PMPM) rate instead of a percent of premium. It would divorce premium rates from administrative costs. As a board we can also look at a percent of increase and cost over time relative to inflation, expenses, etc. that would be appropriate. It is difficult to do that when it is just a percent of premium. When premium goes up fast, YHI enjoys surplus budgets. When it goes down, we have to tighten, and we may end up making decisions that might not be appropriate for the service levels we want to hit. Mr. Sorensen would strongly recommend that the Finance Committee entertain that change and soon so that for plan year 2024 we may be able to operate on a PMPM or other method that separates the idea of premium and the expression of expense as a percent.

Mr. Settles said that the Finance Committee has had that discussion. When YHI started, that is how our federal partners did it. The committee can look at again. In all the scenarios that were run, when we were comfortable that we would see the historical increases in premium the suggestion would have been to lower the rate. Given the uncertainty that recommendation was quickly pulled.

Mr. Sorensen stated that if you know what your costs are and you are just providing a service for a cost, the problem evaporates. We had an unusual year in terms of employment costs. A more productive board discussion would be that issue, not what percentage of premium it represents. He added that he thinks it is very simple to trend and understand your expenses with PMPM rather than percent of premium. The federal rate is 2.75%. Raising our rate to 2.49% makes those numbers start to look too close to each other. Our rate is still cheaper than the federal rate and we certainly have excellent service. There are changes coming in the future that will be easier to accommodate if we are operating on PMPM, for instance Medicare at a lower age. This will likely have the effect of lowering rates for Qualified Health Plan (QHP) members because people 60 or 62 and above will go into Medicare and off QHP. That can only lower rates again, requiring us to raise our assessment fee and putting us closer to or even with the federal rate. With PMPM, there is no change to that, you would just increase the rate each year by a small percentage.

Mr. Nate stated in theory, there is an inverse relationship between premium and volume. We need to plan toward volume but if the premiums are driven down, that should attract more consumers. He said that he has a unique perspective as SelectHealth operates in both in Idaho and Utah, which is a federally facilitated marketplace state. There is a distinct difference in the value that they get as a payer from YHI and the value to the market as well. Mr. Nate said that he did not have a problem with the increase to the assessment fee, but he agrees with the comments made regarding PMPM.

Mr. Erstad suggested that when YHI does calculations going forward, they can look at PMPM but not lose sight of our rate as a percentage. When Mr. Kelly goes before the House or the Senate to give the annual report, it is much easier to do a comparative analysis showing that we are less than the federal rate when we use a percentage. That is the whole point to having a state-based exchange. Mr. Erstad said that if the board wants Mr. Kelly and his team to have a PMPM breakout that he does not mind but that thinks we need to stay with the assessment fee and remain cognizant of staying below the federal rate. With respect to the requested increase to the assessment fee, he said that if we push rate increases off, down the road we will have to take a much bigger hit. He is in favor is increasing the assessment fee at this time.

Mr. Donaca said that PMPM is very common in the insurance world. He is in favor of looking at changing to PMPM. The goal is to drive down premiums but that has a negative impact on YHI and then we have the optics of having continual increases and decreases. A change of 0.02% is not much of an increase, it is just more of a hassle. He said that he is in favor or exploring other options that might be more stable.

Mr. Settles said he thinks that it is a great discussion that we can talk about down the road. No matter what formula we go with, we could be wrong and have to live with it for a year and a half.

Mr. Kelly said that he has looked at the PMPM math and it got complicated very quickly. You have to make sure that one carrier does not see a bigger change than another and there is the question of how to handle dental vs QHP. For a $500 premium, 2.29% is roughly $11. The proposed increase makes it go up about a dollar per month. With PMPM, each plan would be slightly different because it is a percentage. He echoed Mr. Nate and Mr. Sorensen's comments that there does appear to be some reverse incentive with trying to drive premiums down, but the goal is that enrollment goes up. Those outcomes cancel each other out so there is a relatively neutral effect on revenue.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the assessment fee of 2.49% for Plan Year 2023. **Second:** Ms. Fulkerson. **The motion carried.**

The carrier representatives, Mr. Donaca, Mr. Sorensen, and Mr. Trent abstained from voting on the motion to increase the assessment fee.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Fiscal Year 2023 YHI operating expense budget at a not-to-exceed amount of $11,775,207. **Second:** Mr. Donaca. **The motion carried.**

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Fiscal Year 2023 YHI capital expense budget at a not-to-exceed amount of $533,000. **Second:** Mr. Donaca. **The motion carried.**

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Fiscal Year 2023 View Pointe operating expense budget at a not-to-exceed amount of $261,144. **Second:** Mr. Donaca. **The motion carried.**

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Fiscal Year 2023 View Pointe capital expense budget at a not-to-exceed amount of $60,000. **Second:** Mr. Donaca. **The motion carried.**

g. Financial Policies

As part of our annual policy review, we reviewed the Idaho Health Insurance Exchange (IHIE) Finance Policy guidelines. While there were some minor grammatical changes to bring it current and include references to Your Health Idaho, the bulk of the changes were to align with our current banking and corporate credit card process. Instead of an automated cash sweep to address custodial credit risk, we perform those manually. We also updated the maximum limit on any one corporate card to reflect how our current credit limit is distributed across the card holders.

Motion: Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the Financial Policy Guidelines. **Second:** Mr. Donaca. **The motion carried.**

12. Executive Session

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

Executive Session Roll Call: Mr. Erstad called roll and determined Chair Weeg, Ms. Fulkerson, Mr. Settles, Dr. Fairfax, Ms. Henbest, Mr. Nate, Mr. Donaca, Ms. Lodge, Ms. Hart, Mr. Sorensen, Ms. Tucker, and Ms. Malek were present and agreeable, resulting in a quorum.

The Board entered into Executive Session at 11:31 am and reconvened at 11:57 am. No final actions nor decisions were made while in Executive Session.

13. NEXT MEETING

The next meeting will be the third Friday in June.

14. ADJOURN

There being no further business before the Board, the Chair adjourned the meeting at 12:00 pm.

Signed and respectfully submitted,

Stephen Weeg, Chairman of the Board