

State of Idaho
Small Employer Health Reinsurance Program &
Individual High-Risk Reinsurance Pool

Board of Directors Minutes
Department of Insurance
May 12, 2021

Board Members Present

Hyatt Erstad, Chairman, Erstad & Company
Norm Varin, Vice Chairman, PacificSource Health Plans
Janice Fulkerson, Board Secretary, Consumer Representative
Dr. Chris Pickford, Consumer Representative
Trent Nate, Select Health
Mike Reynoldson, BlueCross of Idaho
Senator Jim Guthrie, Idaho State Senate

Board Members Not Present

David Pankey, Regence BlueShield of Idaho
Dean Cameron, Director, Idaho Department of Insurance

Others In Attendance

Laren Walker, River 9
Diane Kopecky, River 9
Bret Busacker, Holland & Hart
Bruce Mohr, Buffington Mohr McNeil
Kathy McGill-Department of Insurance
Robert Schmidt, Milliman
Ann Ibrahim- Regence Blue Shield
Cyril Zibrik- Acentia-public participant interested in 1332 waiver.

1. Minutes of the Previous Meeting

The meeting was called to order by Hyatt Erstad at 12:02 pm.

A motion was made to approve the minutes of the February 26, 2021 meeting of the Board of the Idaho Small Employer Reinsurance Program ("Program") and Idaho Individual High-Risk Reinsurance Pool ("Pool"). The motion was seconded and carried.

2. Financial Statement Presentation

Laren Walker presented the Board with Operations Report for the Small Employer Program (“Program”) and the High-Risk Pool (“Pool”) and for January, February, and March of 2021. Because they are cumulative, he discussed March.

Program Financial Report

- **Assessment:** Collection has begun on the assessments.
- **Balance sheet:** The March balance on the line of credit was \$
- **Income Statement:** This is showing that the premiums are significantly less due to the members dropping. This reduction is also reflected in claims.
- **Enrollment:** Significant reduction in the program with only two lives remaining in the program and he noted that no one will renew. Both current members will be removed come July.

Motion was made to approve the Program’s Operations Report through March 31, 2021 as presented. The motion was seconded and carried.

Pool Financial Report

- **Grandfather Pool Income Statement:** Year to date premiums are around \$36,000 compared to \$37,500 last year and YTD claims are \$53,245 compared to \$24,760.
- **Condition Based Pool Income Statement:** Year to date premiums \$856,270 compared to \$923,486, slightly behind but consistent with last year. Claim Year to date are around \$3.7 compared to \$4.3 last year.
- **Combined Pools:** Cash is just under \$23 million. Very consistent revenues and claims and the Pool overall is showing a \$3 million deficient without tax premium, which also is consistent with last year.
- **Enrollment:** holding steady with the 23 in the grandfathered program, condition based at 274.
- **2020 and 2019 ICD-10 Report:** Shows that MS along with Digestive disorders are the largest dollar claims.

A motion was made to approve the High-Risk Pool’s financial reports through March as presented. The motion was seconded and carried.

3. Actuarial Committee Report

Robert Schmidt presented the minutes from the last actuarial committee meeting. The committee elected to recommend a total subsidy of \$18 million for CBHRP for 2022 based on a mix of funding sources (premium taxes plus HRP assets).

A motion was made to accept the minutes and the recommendation from the committee of a total subsidy of \$18 million was made, seconded, and carried.

4. Investment Report

Bruce report that as we discussed in February inflation concerns continue to build highlighted by today's consumer price index release. The annualized CPI rate was 4.2% up from 2.8% last month the highest monthly report since 2008. Of course, additional statistics will be needed to determine if this is a trend or a one-time anomaly. But we are all aware that prices are moving higher. The impact on the bond market is split. Intermediate and longer-term interest rates have moved higher on the news although rates have not broken to 6-month high levels. Short term rates remain anchored at low levels due to Fed policy. This short rate stability has not created any opportunity for the High-Risk Pool to take significantly increase income. The time horizon for raising short term interest rates by the Federal Reserve is probably 2022 instead of 2023. It is going to be a volatile summer for the financial markets.

The current portfolio is around .5%, but Bruce feels they will see some opportunity for investment increases in fall.

5. Small Employer Assessment Update

Laren reported that the Assessment invoices went out the first part of May and River 9 is currently collecting the assessments.

6. 1332 Waiver Update

There is no update, there has been no movement on it.

7. Legislative Update from the DOI

Kathy let the Board know the legislation from the insurance bill was signed by the Governor on March 17 effective July 1st, but the Cybersecurity bill failed. She updated the board on the eligibility of the APTC credit changes potentially increasing the individual market.

8. Additional Information

There we no additional comments from the Board

Motion to authorize Milliman to complete the work to prepare their presentation for pricing of the 2022 condition-based reinsurance premium and the reinsurance parameters, was made, seconded, and carried.

Next Meeting

The next meeting will be on September 15, 2021 at 12:00, at the Department of Insurance Conference Room 3.

There being no further business, on motion duly made, seconded, and carried, the meeting was adjourned at 1:15 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.