

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

Board of Directors Minutes

Department of Insurance

May 3, 2023

Board Members Present

Hyatt Erstad, Chairman, Erstad & Company
Norm Varin, Vice Chairman, PacificSource Health Plans
David Pankey, Regence BlueShield of Idaho
Dean Cameron, Director, Idaho Department of Insurance
Janice Fulkerson, Board Secretary, Consumer Representative
Dr. Chris Pickford, Consumer Representative
Trent Nate, Select Health
Mike Reynoldson, BlueCross of Idaho
Representative Rod Furniss, Idaho House Representative
Senator Jim Guthrie, Idaho State Senate

Board Members Not Present

NA

Others In Attendance

Laren Walker, River 9
Diane Kopecky, River 9
Wes Trexler, Department of Insurance
Kathy McGill, Department of Insurance
Shannon Hohl, Department of Insurance
Robert Schmidt, Milliman
Justin Knox, Milliman
Stephanie Guyon, Idaho Attorney General's Office
Alan Vandagriff, St Luke's Health Plan
Matt Wolfe, St. Luke's Health Plan
Kevin Reddish, YHI
Pat Kelly, YHI
Kilee Lane, YHI
Troy Pritchett, Mountain Health Co-op

- 1. The meeting was called to order by Hyatt Erstad at 12:07 pm.**
- 2. A roll call was conducted, a quorum established.**

3. The meeting agenda was reviewed.

It was noted that an amended agenda was publicly posted on Tuesday, May 3, 2023. the amended agenda was reviewed with changes noted.

A motion was made to accept the amended agenda. The motion was seconded and carried.

4. Minutes of the Previous Meeting

A motion was made to approve the minutes of the February 28, 2023, 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.

5. Operations Report

Laren Walker presented the Board with the January and the February Operations Report for the High-Risk Pool ("Pool"). He moved directly to the February Report noting they are cumulative.

Pool Financial Report through February

- **Grandfather Pool Income Statement:** Year to date premium is \$18,302 compared to \$24,612 last year; and YTD claims are \$12,671 compared to \$48,945 prior YTD.
- **Condition Based Pool Income Statement:** Year to date premium is \$654,264 compared to \$272,600 prior YTD. Claims year to date are \$2,324,038 compared to \$2,253,750 prior YTD. The premium tax revenue is estimated to be received in June is \$17 million.
- **Combined Pools:** Thru February we are just over \$53 million in cash. Combined premiums are \$5.7 million and combined claims are \$16.7 million. The IBNR estimates are \$300,000 for potential retroactive premiums and \$2.9 million in claims.
- **Enrollment:** The grandfathered program has enrollment of 19, the condition based is currently at 613.
- **2022 ICD-10 Report:** Shows that Multiple Sclerosis (MS) has the highest number of members, currently 232 of the 719, and show the greatest amount of claims at \$2,900,823.15

A motion was made to accept the High-Risk Pool January and February 2023 financial packets. The motion was seconded and carried.

6. Mtn Health Co-op appeal

Laren read the letter dated April 20, 2023 from Mt Health CO-OP to the Board requesting an appeal to the decision to deny reinsurance claims for 16 individuals. The appeal is based upon a change in the presentation of the ICD-10 codes. In prior years the process included the inclusion of the decimals from the CMS reports; this year with the expanded list they did not include the decimals. River 9, in their instructions, only noted XXX as an example of the format. The discussion continued noting that the expansion now includes 73 HCCs that are turned into ICD-10 codes. In the process, CMS publishes the codes, Milliman uses the CMS publication in reports to the Board, River 9, and to the Department; the Department publishes the information for the public, and River 9 includes the ICD-10 codes in the instructions to the carriers. Discussion ensued to include various points regarding publication and administration of the HCCs and ICD-10 codes.

A motion was made to deny the appeal presented by Mountain Health CO-OP. The motion was seconded and carried. Sen. Guthrie opposed the motion.

7. Investment Report

Bruce was unable to attend the meeting. He submitted his report to Hyatt in advance of the Board meeting. Hyatt reported the following on Bruce's behalf: Treasury Secretary Janet Yellen announced Monday that there is a risk that the US government will not be able to make it until June 1st without an increase in the debt ceiling. The Congressional Budget Office also noted that the odds of a June debt ceiling X date have increased significantly due to poor April tax collections. CBO's announcement is a bit vaguer than Treasury but nonetheless an important back up the Treasury announcement. Now that the administration and Congressional leaders have agreed to meet, we are moving into the period where the hard work is just starting. This will involve brinkmanship, and the political toxicity is about to increase. Whether Congress and the White House kick the problem down the road 6 months or enact a true debt ceiling increase remains to be seen but some legislative agreement will emerge by mid-June. Our best guess is that some reforms will be enacted including a slowdown in the growth rate of discretionary spending, the end of unobligated COVID funds, and some modest changes to income support eligibility programs. Energy permitting reform will also likely be part of the discussion. Interest rates have been relatively stable since the rate decreased at the end of March. This rate decline boosted security values and reversed much of last year's mark to market price declines. The portfolio yield to maturity and coupon interest rate are both near 3% and we are projecting \$1.5 million in interest income this year.

River 9 will check verify with Bruce that none of the investments are, or will be, impacted by the recent bank closures and takeovers.

8. Actuarial Committee Minutes

Robert presented the Actuary Committee minutes for the April 19, 2023 meeting. Robert noted that they assumed the 2024 enrollment scenarios be based on 95,000 (for consistency with the 2023 projections) and 104,000 members assuming the potential impact of Medicaid redeterminations. The Actuarial Committee also assumed a premium tax estimate of \$18 million.

A motion was made to accept the April 19, 2023 Actuarial Committee meeting minutes. The motion was seconded and carried.

9. 2024 Projection Scenarios

Robert then presented the background and modeling process used to develop the 2024 Condition Based High Risk Pool (CBHRP) scenarios. Several recent changes are impacting the 2024 projections to include the Medicaid unwinding due to the ending of the Public Health Emergency, the 'family glitch' correction, and the Inflation Reduction Act. The prior year projections showed a net effect of a loss ration of 460% and the modeling process included data collection from the Department of Insurance, the legislative Joint Finance and Appropriates

Committee, YourHealthIdaho and the Centers for Medicare and Medicaid Services DOI, JFAC, YHI, and CMS.

Robert proceeded to present the analysis and 6 different scenarios that included projected market enrollment of 95,000 and 104,000, with market premium reductions of 12%, 15% and 18%. Discussion ensued regarding impact to the consumer, pool assets, estimated premium tax, pool stability, and market stability. Because the carriers representatives sit on the actuarial committee, the Actuarial Committee is presenting the scenarios to the Board without making a specific recommendation for the impact to the rates. Board members noted that they are considering the 15-18% scenarios. An alternative scenario of 16% was discussed, and Robert presented the projected impact based on 16%.

A motion was made to accept a 18% individual market premium reduction. The motion was seconded. A substitute motion was made to accept 16% individual market premium reduction. The motion was seconded, and a roll call vote conducted. The substitute motion passed with a 5 yes to 4 no vote as follows:

Yes votes: Norm Varin, Janice Fulkerson, Chris Pickford, Trent Nate, and David Pankey.

No votes: Dean Cameron, Hyatt Erstad, Rod Furniss, and Jim Guthrie.

Mike Reynoldson had left the meeting. There were no abstentions.

The Department will provide notice to the carriers of the expected premium adjustment to the 2024 marketplace rate filings.

The Board noted that during the Fall meeting(s) the Board will review the program parameters and condition list to make any changes that would help ensure the 16% reduction in premium is properly supported.

10. Update on the Transfer of Grant to the High Risk Pool

The signature letter from CMS was expected prior to the Board meeting. As soon as Rochelle receives the letter she will report to the Board. River 9 is working through the Payment Management System (PMS). Waiting on the letter is not delaying any of the operations. River 9 will use the grant dollars as soon as they are made available.

11. Annual Public Forum for 1332 Reinsurance Waiver

The Public Forum, required by CMS for the waiver, is scheduled for Thursday May 11th at 2:00 pm at the Department, along with a Webex. The required 30-day notice has been done timely on the DOI website.

12. Legislative Update from the DOI

The Department is not expecting anything in the 2024 Legislative session that would impact this program. In general, the Department continues to evaluate rules as per the 5- year review cycle.

Next Meeting

The next regular Board meeting is scheduled for September 20, 2023, at 12:00pm, 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 2:25 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.