

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

Board of Directors Minutes

Department of Insurance

November 14, 2024, 2024

Board Members Present

Hyatt Erstad, Chair, Erstad & Company
Norm Varin, Vice Chair, PacificSource
David Pankey, Regence BlueShield of Idaho
Janice Fulkerson, Board Secretary, Consumer Representative
Trent Nate, Select Health
Representative Rod Furniss, Idaho House Representative
Shannon Hohl, Department of Insurance (In Lieu of the Director)
Wes Trexler, (In Lieu of the Director) Idaho Department of Insurance (arrived at 11:04)

Board Members Not Present

Dr. Chris Pickford, Consumer Representative
Mike Reynoldson, BlueCross of Idaho
Dean Cameron, Director Idaho Department of Insurance
Senator Jim Guthrie, Idaho State Senate

Others In Attendance

Laren Walker, River 9
Diane Kopecky, River 9
Will Coon, Idaho Department of Insurance
Eric Walters, Milliman
Michael Witny, Idaho Attorney General's Office
Alex Vanos, Moda Health

- 1. Hyatt Erstad called the meeting to order at 10:30 am.**
- 2. A roll call was conducted, a quorum established.**
- 3. The meeting agenda was reviewed.**
- 4. Minutes of the Previous Meeting**

A motion was made to approve the minutes of October 8, 2024, meeting of the Board of the Idaho Small Employer Reinsurance Program ("Program") and Idaho Individual High-Risk Reinsurance Pool ("Pool"). The motion was seconded.

Janice stated that there is a need for clarification on the IBNR change. After a short discussion the motion was amended to strike the red text in question from the minutes. Revised motion was seconded and passed unanimously.

5. Operational Report

Laren Walker presented the Board with the September Financial Packets for the High-Risk Pool (“Pool”).

Laren discussed a reporting change regarding the IBNR with the department and River9 will continue to

- **Balance Sheet:** Cash year-to-date approximately \$60.2 million. IBNR for claims is showing at the full \$12,550,000 and premium at the full \$1.5 million. There was a brief discussion about how the IBNR was reported during the last board meeting. River 9 opted to return the IBNR reporting to the original method and expand the IBNR reporting in the associated notes.
- **Revenue Statement:** Premiums are \$5.8 million year-to-date for both pools with a full projection of \$6.5 million. Laren then asked the Board if they would like these financials updated more than once a year on the Full Year Projected. Going forward River 9 will adjust the projections on the 3 financial statements within the packet to the most current projections from Milliman. The note on the bottom will reflect the proper date they were provided.
- **Notes to the financial statements:** Again, this is the note for IBNR for Claims and another for IBNR premiums show the current status of IBNR.
- **Federal Grant Status:** There are approximately three months of grant funds available, which should take the program to the March timeframe.

A motion was made to accept the September Operational report as presented. The motion was seconded and passed unanimously.

6. Auditor RFP

The request for the auditors went out to four (4) different companies, Grant Thornton, KPMG and Deloitte and Eide Bailly. Only one, Eide Bailly, responded. Laren discussed the bid which included three (3) years. The first year of the bid is 4.3% greater than the most recent audit and each of the following two (2) years represents less than a 5% increase over the prior year.

A motion was made to accept the bid from Eide Bailly for a 3-year contract for audit services. The motion was seconded. The discussion continued regarding Eide Bailly knowledge and their past years performance. The motion was modified to accept the bid and execute an agreement based on the bid as presented, the motion was seconded and passed unanimously.

7. Actuarial Committee Report 2025 projections

Norm discussed the minutes of the actuarial committee meeting from November 13, 2024. The topic was setting the street product rates for the 14 members that are in the Grandfathered High-Risk Pool and the associated reinsurance premiums paid by the carriers. Norm noted in the past the board has set rates to encourage these members to move to other plans that are more affordable, yet the members have not done so. The program has consistently set the morbidity factor at the maximum level of 150% vs. the minimum level of 125%. The committee expects that increasing the rates would not encourage these members to change to different products. To stay in compliance with program parameters and achieve administrative efficiency, the actuarial committee recommended a 0% increase through an adjustment in

the morbidity factor. The members will only have an age rate increase, that can vary between 3% and 5%. The committee also recommends a 0% increase on the reinsurance premiums.

A motion was made to accept the Actuarial Committee meeting minutes as presented, and to approve their recommendation of a 0% increase to both the street rate and the reinsurance premiums. The motion was seconded and passed unanimously.

8. Legislative Update from the DOI

Wes Trexler reported that repealing the Small Employer Reinsurance Program is a goal for the next legislative session. Wes has shared the proposal with the carriers, and he will follow this by sharing the proposed language with the Board. It will then be presented to the Legislature to close the program.

There is an insurance company Data Security Bill to report to the DOI. There is also another piece of legislation for mitigation devices to allow carriers and brokers to include those devices in what they are offering to the policy holders, ex Fitbit (health policy), or water detection (homeowners policy).

9. Other information

Next Meeting:

The next regular Board meeting is scheduled for Wednesday February 26, 2025, at 12:00 pm, at the Department of Insurance Conference Room A.

There being no further business, on motion duly made, seconded, and carried, the meeting was adjourned at 11:27 AM MDT.

Respectfully Submitted,
River 9 Consulting, Inc.