

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

Board of Directors Minutes

Department of Insurance

December 14, 2023

Board Members Present

Hyatt Erstad, Chair, Erstad & Company
Dean Cameron, Director, Idaho Department of Insurance
David Pankey, Regence BlueShield of Idaho
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 (excused early)
Senator Jim Guthrie, Idaho State Senate

Board Members Not Present

Norm Varin-PacificSource

Others In Attendance

Laren Walker, River 9
Diane Kopecky, River 9
Wes Trexler, Department of Insurance
Shannon Hohl, Department of Insurance
Robert Schmidt, Milliman
Bruce Mohr, Buffington, Mohr, McNeal
James Simeri, Idaho Attorney General's Office
Alan Vandagriff, St Luke's Health Plan
Pat Kelly, YHI
Troy Pritchett, Mountain Health Co-Op
Margaret Thornburg, Moda Health
Monte Borrowman, Select Health
Kevin Reddish, YHI

1. **Hyatt Erstad called the meeting to order at 12:07 pm.**
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 the November 21, 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, one correction was recommended during discussion, the correction being under 'Next Meeting' to state Conference Room A; the motion passed unanimously with the correction.

5. Moda Health Claims

Margaret Thornburg, Sr. VP Claims and Customer Service, from Moda Health was scheduled on the agenda to present a carrier specific item. Moda Health requests the Board approve a one-time exemption for late ceding of members due to an error in programming. Their system was pulling the primary diagnosis on adjudicated claims and not all diagnosis codes. Ms. Thornburg presented the information on how the late ceding occurred, what's been done to correct the reporting system, and requested the exception. There were 33 members total, 6 fell within the ceding date requirements, 27 fell in the late notification. Discussion continued covering the precedent of past board decisions, the financial implications to the pool and the guidance in the Plan of Operations.

A motion was made to deny the request for the one-time exception based on the Boards history and precedence. The motion was seconded and passed unanimously.

6. Operations Report

Laren Walker presented the Board with the August through October 2023 Operations Report for the High-Risk Pool ("Pool"). He moved directly to the October 2023 Report noting they are cumulative.

- **Grandfather Pool Income Statement:** Year to date premium is \$86,574 compared to \$112,996 last year; and YTD claims are \$453,269 compared to \$669,557 prior YTD.
- **Condition Based Pool Income Statement:** Year to date premium is \$16,530,522 compared to \$5,072,240 prior YTD. Claims year to date are \$55,712,797 compared to \$16,088,129 prior YTD. The premium tax revenue was received in July in the amount of \$20,266.185.
- **Grant Funds:** We have drawn a total of \$30,528,640 from Grant funds through October. There have been two more draws on the grant since October, there is a remaining balance of \$3,833,439.
- **Combined Pools:** Thru October we are just under \$81.9 million in cash. Combined premiums are \$16,617,096 million and combined claims are \$56,166,065 million. The IBNR estimates are \$300,000 for potential retroactive premiums and \$2.9 million in claims.
- **Enrollment:** The grandfathered program has enrollment of 16, the condition based is currently at 5,081. There are 8 carriers in the pool.
- **2023 ICD-10 Report:** Currently the report is showing the largest dollar amount of claims for HCC 8 covering Metastatic Cancer in the amount of \$6,758,824.55, the largest enrollment is in HCC 130, Heart Failure, with 643 members.

A motion was made to accept the High-Risk Pool October 2023 financial packets as presented. The motion was seconded and passed unanimously.

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7. Investment Report

Bruce Mohr provided comments on the General Fixed Income market stating that between March 2022, the first rate hike, and today, the Fed has tightened benchmark rates by +525 basis points.

Between June and November, the Fed has pivoted from “continued hiking in 2023” to “skipping/pausing” and finally clearly signaling rate cuts in 2024 with 3 cuts (75bps) shown on the Fed published projections for next year. Treasury yields have plunged as a result of this. Banking analysts’ consensus is for more cuts compared to Fed’s baseline of 4 cuts in 2024. Market pricing, based on Fed futures, is a lot more aggressive, with 6 cuts priced in between now and the end of 2024.

8. Actuarial Committee Minutes

Robert presented the Actuary Committee minutes from their meeting held on December 7, 2023. The Actuarial Committee reviewed the 2024 Scope of Work for Milliman requesting the Board approve items 1-9 (recurring services). The Actuarial Committee wants to emphasize that the purpose of the Carrier Risk Analysis, proposed Scope of Work item #10, is to support the health of the individual market in Idaho. The board discussion continued and included the relevance of the Carrier Risk Analysis to the Pool, the purpose of the work and how it may or may not inform board decisions, the board's role in managing the results of the work, and the benefit to the Pool, the benefit to the carriers, as well as the costs and purpose of the Carrier Risk Analysis.

A motion was made to accept the December 7, 2023, Actuarial Committee meeting minutes. The motion was seconded and passed unanimously.

A motion was made to accept the Scope of Work items #1-9 as presented by the Actuarial Committee. The motion was seconded and passed unanimously.

Item #10 in the Scope of Work has been tabled to be addressed at a future time. Hyatt will sign the Scope of Work letter, crossing out Item #10, the Carrier Risk Analysis.

Robert noted that CMS will likely be making changes to the ICD-10 codes. More information is forthcoming.

9. Pass Through Funding Report

Milliman submitted the Pass-Through Funding Report on September 21st. CMS prepared the workbook with the second lowest cost silver plan rates by age and rating area, they reviewed the report so that Laren could respond by the 11/2/2023 deadline that their data was correct.

10. Auditor Selection

Laren discussed the audit fees for the 2023 year that were proposed by Eide Bailly. The increase from Eide Bailly is 13% more this year over last. The Pool will be required to have a Single Audit for the Federal Grant; this is estimated between \$9,500 and \$12,000. The discussion continued regarding the audit requirements and the related costs. The Board recommended that an RFP will go out in March.

A motion was made to approve Eide Bailly as the auditor for the 2023 year. The motion was seconded and passed unanimously.

11. 1332 Grant Update

Laren reported that the 3rd quarter report was filed on time, and the next one will be the Annual Report.

12. Legislative Update from the DOI

The Director reported that the Department does not have any pending legislation related to this Board. He shared that the Immunization Program needs to be re-authorized. They are also discussing options of establishing a HRP for Property Insurance.

13. Other information **Next Meeting**

The next regular Board meeting is scheduled for February 28, 2023, at 12:00pm, 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 2:10 PM MDT.

Respectfully Submitted,
River 9 Consulting, Inc.