

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

**Board of Directors Minutes**

Department of Insurance

December 19, 2022

**Board Members Present**

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

**Board Members Not Present**

Trent Nate, Select Health

**Others In Attendance**

Laren Walker, River 9  
Diane Kopecky, River 9  
Bruce Mohr, Buffington Mohr  
Wes Trexler, Department of Insurance  
Kathy McGill, Department of Insurance  
Robert Schmidt, Milliman  
Justin Knox, Milliman  
Stephanie Guyon, Idaho Attorney General's Office  
Kraig Anderson, Moda Health

- 1. The meeting was called to order by Hyatt Erstad at 12:13 pm.**
- 2. A roll call was conducted, a quorum established.**
- 3. The meeting agenda was reviewed; no changes to the agenda were made.**
- 4. Minutes of the Previous Meeting**

*A motion was made to approve the minutes of the October 26, 2022, 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. Financial Packets

Laren Walker presented the Board with Operations Report for the High-Risk Pool ("Pool").

### Pool Financial Report

- **Grandfather Pool Income Statement:** Year to date premium is \$112,996 compared to \$119,560 last year and YTD claims are \$669,557 compared to \$217,166 prior YTD.
- **Condition Based Pool Income Statement:** Year to date premium is \$5,072,240 compared to \$5,616,280 prior YTD. Claims year to date are \$16,088,129 compared to \$15,660,234 prior YTD. The premium tax revenue was estimated at \$15 million; the actual was received in July 2022 in the amount of \$17,239,005.
- **Combined Pools:** October we are just under \$60 million in cash. Financial position is over \$52 million. Combined premiums are \$ 5.7 million and combined claims are \$16.7 million. The IBNR estimates are \$300,000 for premiums and \$2.9 million in claims.
- **Enrollment:** The grandfathered program has enrollment of 19, the condition based is currently at 525.
- **2022 ICD-10 Report:** Shows that Multiple Sclerosis (MS) has the highest number of members, currently 214 of the 623. Factor Deficiencies have the highest dollars of claims at \$2,535,939.

*A motion was made to accept the High-Risk Pool October 31, 2022 financial packet, it was seconded, and carried.*

## 6. Investment Report

Bruce reported that there are only 9 trading days left in 2022. Interest rate trends have moderated some as the markets factor in nearing the end of Federal Reserve (Fed) interest rate increases. As expected, the Fed raised short term rates 50 basis points on Wednesday to 4.50%. Considering short interest rates were 0.25% just over a year ago the change in rates has been dramatic and unprecedented. While rates moved higher last week with the Fed move market moves are much more orderly. In fact, intermediate term interest rates have declined modestly from the late October highs and our last meeting. As we have mentioned previously the impact on the High Risk Pool has been dramatic. Purchases of 2- and 3-year maturity Federal Agency securities with yield in excess of 5% have driven the portfolio yield to maturity to over 4.5%. While security market values have fluctuated dramatically this year accounts yields and interest rate flows to the portfolio will see a dramatic increase next year.

## 7. Small Employer Eide Bailly Review

Laren presented the letter from Eide Bailly regarding the costs of a review of the Small Employer Program. A discussion followed regarding if the program would require a review or if a compilation would be sufficient. The cost of a compilation would be around \$1,500 compared to the \$7,000 for a review. The auditor will not provide any attestation of the financials, but will prepare them. The regular audit would be a cost of \$7,500. Due the fiduciary responsibility of the board, Hyatt feels full transparency of a complete audit may be the best option, especially for this year. Unfortunately, there is only a balance of \$5,050.00 as of July, so there is no cash for a full audit or a review without doing an assessment. The discussion continued regarding changing the review to a compilation since it is not in statue.

*A motion was made to direct River 9 to discuss with Eide Bailly to negotiate what can be done for the Small Employer based on the funds available was made, it was seconded, and carried.*

## **8. Small Employer Plan of Operation**

Wes provided the red line of the Small Employer Plan of Operations, going over each change that will be made. The above motion may change the wording from review to review or compilation.

*A motion to accept the changes to the Small Employer Plan of Operations based on the above discussion, with the appropriate changes and submit to the Director, it was seconded, and carried.*

## **9. Administration Agreement 2023**

Laren presented the River 9 agreement for administration for 2023 and forward. The agreement is the same as the currently in force agreement except for the dates, adding the 1332 waiver, and the fee schedule. The one other change made was making it a 3-year agreement (instead of 2) with no automatic renewal. This will align with federal procurement policies. The fees we proposed are a base fee of \$4,500/mo. which is higher by about \$1,000 because of the administration of the 1332 Grant. The proposed PMPM fee is \$11 for the first 2,000 lives (this is about \$0.50 lower than our current fees would be) and \$10.75 for each life over 2,000. Robert presented to the board in the last meeting that the total administrative load would be between \$15-20. Laren has worked with Robert modeling this out and with River 9's proposed fees the total administrative load is estimated to be under \$15 so he feels good with the estimate.

*A motion was made to approve the River 9 contract as submitted, it was seconded, and carried.*

## **10. Actuarial Pricing Scope for 2023**

Robert presented to the Board the Pricing Scope for Milliman for all actuarial activities for the 2023 year. This includes the additional items that the 1332 waiver requires, such as ICD\_10 code tracking and rate impact for future years along with additional reporting required.

*A motion was made to accept all the items presented by Milliman, it was seconded, and carried.*

## **11. Administrative Portion of the 2023 CBHRP Premium**

Robert discussed the administrative portions of the 2023 premium of \$326 that was determined at the last meeting. He provided a monthly average cost of \$13.39, based on 6,030 lives and an average of 10.5 months of coverage. Robert feels comfortable using \$15 for the administrative portion of the premium.

*A motion was made to accept \$15 for the administrative fee to be added to the reinsurance premium, seconded, and carried. The premium for the HRP Condition Based per member to be \$341.*

*A motion was made to accept the premium of \$341 per member per month for the Condition Based Pool, the motion was seconded, and carried.*

## **12. High Risk Plan of Operation**

The Public Hearing was this morning at 9:30, other than the DOI and Norm, there were no other participants. Assuming no more comments by the close of today the Plan of Operation will be forwarded to the Director for approval. The HCC's will also be updated along with ICD-10's. River 9 will then provide the carriers with a copy.

**13. Sub-Recipient Status for 1332 Waiver administrative flow**

At the last meeting Director Cameron requested time to determine the process with staff. We discussed at a high level that since the State of Idaho (via the Department of Insurance) is the recipient, they will need to move the grant dollars drawn from the Feds to the DOI and then to the High Risk Pool account and then to carriers. The grant has a requirement that funds are released within 72 hours. They are also discussing if it would be best to have the State of Idaho relinquish the grant to the Pool. CMS is currently researching, and a decision should be made by March.

**14. 1332 Waiver Update**

We updated the Board on the 1332 Waiver. The Department feels the process is moving along as expected.

**15. Legislative Update from the DOI**

**Next Meeting**

The next regular Board meeting is scheduled for February 28, 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 2:49 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.