

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

**Board of Directors Minutes**

Department of Insurance

February 27, 2020

**Board Members Present**

Dean Cameron, Director, Idaho Department of Insurance  
Hyatt Erstad, Chairman, Erstad & Company  
Senator Jim Guthrie, Idaho State Senate  
Norm Varin, Vice Chairman, PacificSource Health Plans  
Janice Fulkerson, Consumer Representative  
Mike Reynoldson, BlueCross of Idaho (late arrival)  
Representative Gary Collins, Idaho House of Representatives  
Dr. Chris Pickford, Consumer Representative

**Board Members Not Present**

David Pankey, Regence BlueShield of Idaho

**Others Present**

Laren Walker, River 9  
Diane Kopecky, River 9  
Bret Busacker, Holland & Hart  
Bruce Mohr, Buffington Mohr McNeil  
Kathy McGill, Idaho Department of Insurance  
Wes Trexler, Idaho Department of Insurance  
Jodi Daugherty, Eide Bailly  
Jason Lindstrom, Eide Bailly

**1. Minutes of the Previous Meeting**

The meeting was called to order by Chairman Hyatt Erstad at 12:07pm.

*A motion was made to approve the minutes of the December 12, 2019 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. Actuarial Committee Report**

Robert was unavailable for the meeting; therefore, Norm presented the minutes from the Actuarial Committee meeting of February 14, 2020.

Norm discussed the minutes from the meeting to determine the IBNR for both the Program and the Pool. First was the Program with six (6) members. Last year approved IBNR estimate was \$55,000 and actual claims were \$36,229. This year the combined carrier IBNR

estimates were lower, so the committee recommended an IBNR of \$40,000. This keeps the loss ratio at 300%. Norm reminded the board that this affects the assessment.

Moving on to the Pool, first was the Pool of grandfathered individuals with 24 members remaining. Last year the approved IBNR estimate was \$75,000 and actual claims were \$25,442. This year the combined carrier IBNR estimate was \$42,423 so the committee recommended an IBNR of \$50,000. This the loss ratio at 338%.

For the Condition Based Pool, last year's approved IBNR estimate was \$5,000,000, and actual claims were \$3,071,795. Norm noted that last year was the first time and IBNR was calculated and that one carrier did not provide an estimate. These factors contributed to the large margin between the estimate and the actual claims. This year all carriers responded with an IBNR estimate of \$3,230,330. The committee recommended an IBNR of \$3,500,000 which will produce a loss ratio just above 200%. There is also a need to estimate additional premium since members can be retroactively added to the program. Last year the committee estimated \$150,000 with actual premium of \$79,497. For this year the committee recommended an estimate \$100,000 for premium IBNR.

*A motion was made to approve the Actuarial Committee meeting minutes of 2/14/20. The motion was seconded and carried.*

*A motion was made to accept the Actuarial Committee's recommendation of an IBNR for Condition Based of \$ 3.5 million, for the Pool of \$50,000, Program of \$40,000, and a premium IBNR of \$100,000 for the Condition Based Pool. The motion seconded and carried.*

### **3. Financial Statements**

Jodi Daugherty, from Eide Bailly was present at the Board meeting to present the audited Financial Statements.

#### **Program Financial Report**

2019 Audited Financials:

Eide Bailly completed audit and issued an opinion that the financials fairly represent the financial position of the Program. The audit was done with government auditing standards and only represents the financial position of the Program not the state of Idaho's financials.

- **Balance Sheet:** The assessment to be levied is \$149,966 based upon the \$40,000 IBNR recommended by the Actuarial Committee
- **Income Statement and Statement of Cash Flows:** Shows the revenues and expense of the Program and that the Net Cash from Operating Activities is \$10,749.
- **Notes:** Jodi discussed the notes to the financial statement stating they are the same as prior years.
- **Supplemental Information:** The only finding is that Eide Bailly has prepared the Financial Statements and Notes. This finding matches prior year results.

*A motion was made to approve the Program's 2019 Audited Financial Statements as presented. The motion was seconded and carried.*

Laren then discussed the supplemental information from the usual Financial Packet provided to the Board.

**December:**

- **Enrollment:** The Program enrollment remains at seven (7) total lives; six (6) are with one carrier, and one (1) is with another.
- **Lag report:** All claims have been processed timely.
- **Large claims report:** There is one (1) individual that has reached the annual limit and no activity for the other that just exceeded the \$50,000 mark.

*A motion was made to approve the Program's December supplemental financial reports as presented. The motion was seconded and carried.*

**Pool Financial Report**

2019 Audited Financials:

Eide Bailly completed audit and issued an opinion that the financials fairly represent the financial position of the Pool. The audit was done with government auditing standards. and this only represents the financial position of the Pool not the state of Idaho's financials

- **Balance Sheet:** The IBNR used was the \$3,550,000 recommended by the Actuarial Committee
- **Income Statement and Statement of Cash Flows:** Shows the revenues and expense of the Pool, the Net Position at the end of the year as \$21,052,011. She also noted the Receipt of state funds of \$10,575,822.
- **Notes:** Jodi discussed the notes to the financial statement stating they are the same as prior years.
- **Supplemental Information:** The only finding is that Eide Bailly has prepared the Financial Statements and Notes. This finding matches prior year results.

*A motion was made to approve the Pool's 2019 Audit Financial Statements as presented. The motion was seconded and carried.*

Laren then discussed the supplemental information from the usual Financial Packet provided to the Board.

**December:**

- **Enrollment:** Twenty-four lives in the grandfather pool and 779 in the condition based that have been terminated 12/31/19.
- **2019 ICD-10 report:** Multiple Sclerosis has the most ceded lives at, with claims over \$2.5 million.
- **Lag Report:** Continues to show claims paid timely

**4. Investment Report**

Bruce provided his presentation of the financial position of the portfolio.

**5. Pool Plan of Operations**

We will have the Department review the ICD-10 code changes made by US Centers for Medicare & Medicaid Services (“CMS”) to see if there are any changes for Schedule A. A report will be made at the next meeting.

**6. 1332 Waiver**

We stated there is nothing to really report other than discussions continue with CMS and the Treasury. Director Cameron expects a meeting shortly.

**Next Meeting**

The next meeting will be on May 26 at 12:00 at the Department of Insurance

There being no further business, on motion duly made, seconded, and carried, the meeting was adjourned at 1:30 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.

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