

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

Board of Directors Minutes
Department of Insurance
September 10, 2020

Board Members Present

Dean Cameron, Director, Idaho Department of Insurance
Norm Varin, Vice Chairman, PacificSource Health Plans
Janice Fulkerson, Board Secretary, Consumer Representative
-Mike Reynoldson, BlueCross of Idaho
Representative Gary Collins, Idaho House of Representative
Dr. Chris Pickford, Consumer Representative
David Pankey, Regence BlueShield of Idaho

Board Members Not Present

Hyatt Erstad, Chairman, Erstad & Company
Senator Jim Guthrie, Idaho State Senate

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
Robert Schmidt, Milliman
Tara Harrison- Regence Blue Shield
Dave Slonaker – Mountain Health Co-op

1. Minutes of the Previous Meeting

The meeting was called to order by Norm Varin at 12:07pm.

A motion was made to approve the minutes of the February 27, 2020 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.

Motion to add a carrier request to the agenda was made, seconded and carried.

2. Financial Statements

Program Financial Report

River 9 presented the Board with the financial packets for the Small Employer Program (“Program”) and the High-Risk Pool (“Pool”) for the months of January through July 2020.

Program Financial Report

July:

- **Assessment:** The balance of Assessment Receivable is showing \$6247 of which all is deferred.
- **Balance sheet:** The Program has drawn on the Line of Credit in the amount of \$80,273, which is in line with last year.
- **Income Statement:** Premiums of \$8,673 and claims of \$6,755 are reflected in the July report, with a year-to-date claims expense of \$119,699. This is slightly lower than the prior year. The year-to-date revenues in excess of expenditure of \$(97,668).
- **Supplemental Page:** Showing the negative claims payable due to a carrier backing claims off.
- **Enrollment:** The Program enrollment remains at seven (6) total lives; six (5) 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 for 2020 and it is the same individual who has reached the max in prior years.

A motion was made to approve the Program’s financial reports through July 31, 2020 as presented. The motion was seconded and carried.

Pool Financial Report

July:

Laren continued with the Pool

- **Grandfather Pool Income Statement:** Year-to-date premiums of \$88,032 and claims of \$77,995 are reflected in the July report. The year-to-date claims are significantly lower than last year and significantly less than the projections at only 17% of that projected amount.
- **Tax Revenue** was expected in at \$9,000,000 but came in at approximately \$12,500,000.
- **Condition-Based Pool Income Statement:** Premiums for July were \$645,508, bringing the year-to-date premiums to \$3,178,214. Claims for the month of July

were \$1,271,824, with year-to-date claims at \$9,252,218 which is 49% of the projected level of claims for the year.

- **Combined Pools:** The balance sheet shows a cash position of \$33,688,622 million. The Combined Pool is currently showing revenues in excess of expenditures of \$6.4 million.
- **Enrollment:** The Grandfathered pool shows no change in coverage. The Condition-Based Pool shows 34 additions and 19 terminations. There is a combined total of 466 ceded lives in the combined Pool. Most enrollment is with Carrier A and D. The trend is showing less enrollment, as expected with Medicaid expansion, but we may not reach our projected number of lives.
- **2019 and 2020 ICD-10 report:** 2019 shows a slight overall increase in dollars due to run out, and the 2020 is not showing anything unexpected.
- **Lag Report:** Shows claims paid in a timely manner
- **Large Claims Report:** No large claims over \$50,000 in the grandfathered pool yet for 2020.

A motion was made to approve the High-Risk Pool's reports through July 2020 as presented. The motion was seconded and carried.

3. Investment Report

Bruce provided his report stating that interest rates have remained stable throughout the year. Rates available for investment across the yield curve remain below 1% indicating that investment opportunities will be limited for the foreseeable future. Within the last few weeks, the Federal Reserve has made a modification to their stated policy of limiting inflation. Going forward the Fed will not be as concerned about inflation pressures and will keep interest rates lower and longer in order to provide economic stimulus to the economy. This modification will allow for interest rates to stay low for an extended period of time. He reported the Activity Summary with a beginning balance of \$25.9 million, additions of \$12.5 million, spend of \$8 million, interest earned of \$0.2 million for an ending balance of \$30.5 million.

4. Officer Elections

Norm noted that we need to re-elect the following members for an additional term, Hyatt as the Chairman, Norm as Vice Chair and Janice as Secretary.

A motion was made to re-elect Hyatt Erstad as Chairman, Norm Varin as Vice Chairman and Janice Fulkerson as Secretary for an additional term was made, seconded, and carried.

5. 1332 Waiver

Wes stated there is nothing to really report. Director Cameron added that they continue to have discussion and that they want to work with the State of Idaho, but with COVID there has

not been much advancement. If there was legislation that shut down the Pool or made the pool contingent on the 1332 waiver CMS would be more apt to approve our waiver.

6. Legislative Update from the DOI

Director Cameron said the Department has an aggressive package, very little that would directly affect this Board; he updated the Board on accreditation and a few other items.

7. Schedule A Update

The Department reviewed the most recent update of the ICD-10's and Kathy did not see any changes.

8. Actuarial Committee Report

Robert began by discussing the minutes from the May 20, 2020 meeting where they discussed that the 2021 premium tax proceeds are expected to be around \$10 million, and the committee recommended an additional \$3 million be spent from assets. The next meeting, they held was on August 13, 2020 where the committee reviewed the IBNR estimates made for the 2019 year. The IBNR estimate for the Small Employer Program was \$40,000, but actuals were only \$1529. The High-Risk Pool had an estimate of \$50,000 for the grandfathered and \$3,500,000 for the condition based. Actuals were \$18,951 and \$3,473,696. They then discussed the guidance for premium work for the grandfathered plan and projections for the Condition Based Pool. Robert then discussed the September 8, 2020 meeting minutes where the committee reviewed the draft of the Condition Based Projections analyzing the different scenarios Milliman presented with different deductibles, coinsurance, and annual maximums.

Motion to accept the Actuarial Committee Report minutes from May 29, August 13 and September 8 was made, seconded, and carried.

Robert then presented the final projections of 2021 Premium and Costs for Diagnosis Based Reinsurance Program to the Board. He discussed the 3 scenarios: 1-being no changes to current, 2-being an increase to co-insurance to 67% and the annual maximum to \$500,000, and 3- being an increase to co-insurance to 70% and the annual maximum to \$500,000. All scenarios had premiums at \$940, a 1.1% increase from 2020 and kept the deductible at \$50,000. Please see Attachment A for detailed results of each scenario. Also presented was a report of Historical Information (Attachment B), which shows 2018, 2019 and 2020 projections vs actuals. Also provided was a review of utilization from 2015-current, also showing projections vs actuals.

A motion was made to accept scenario 3, was seconded, discussion ensued. A substitute motion was made to accept scenario 3 with a change in the maximum from \$500,000 to \$400,000. There was no second, therefore no vote, and the substitute motion failed.

Then discussion continued regarding the amount of projected spend the Board was hoping to achieve. In prior years we have not spent as much as projected, in fact for 2019 we projected a \$3 million spend from assets but resulted in an income of \$845,000. Scenario 3 gets us over the additional \$3 million from assets to make up for the past years with a projection of \$4.1 million. The discussions continued regarding other options for maximums and dropping it to \$400,000 to reduce the spend to \$3.6 million.

The original motion to accept- Scenario 3, was restated, seconded, and carried.

Next Meeting

The next meeting will be on October 29 at 12:00 most likely a teleconference, but that could change.

There being no further business, on motion duly made, seconded, and carried, the meeting was adjourned at 2:07 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.

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