

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

Board of Directors Minutes
Department of Insurance
October 29, 2020

Board Members Present

Hyatt Erstad, Chairman, Erstad & Company
Dean Cameron, Director, Idaho Department of Insurance
Senator Jim Guthrie, Idaho State Senate
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 (arrived late)
David Pankey, Regence BlueShield of Idaho

Board Members Not Present

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
Melissa Mcvaugh – Mountain Health Co-op

1. Minutes of the Previous Meeting

The meeting was called to order by Norm Varin at 12:19 pm.

A motion was made to approve the minutes of the September 10, 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.

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 August and September 2020. The financial packets are cumulative, therefore starting with September was inclusive of August.

Program Financial Report

September:

- **Assessment:** The balance of Assessment Receivable is showing \$6,247 of which all is deferred.
- **Balance sheet:** The Program has drawn on the Line of Credit in the amount of \$61,738, which is in line with last year.
- **Income Statement:** Premiums of \$8,484 and claims of \$2,077 are reflected in the September report, with a year-to-date claims expense of \$126,225. This is lower than the prior year. The year-to-date revenues in excess of expenditure of \$(94,888).
- **Supplemental Page:** Showing the negative claims payable due to a carrier backing claims off.
- **Enrollment:** Is now at 5 all from one carrier
- **Lag report:** All claims have been processed timely.
- **Large claims report:** As expected.

A motion was made to approve the Program’s financial reports through September 30, 2020 as presented. The motion was seconded and carried.

Pool Financial Report

September:

- **Grandfather Pool Income Statement:** Year-to-date premiums of \$113,276 and claims of \$118,530 are reflected in the September report. The year-to-date claims are significantly lower than last year and significantly less than the projections at only 26% 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 September were \$767,294 bringing the year-to-date premiums to \$4,557,448 around 64%. Claims for the month of September were \$2,293,452, with year-to-date claims at \$13,501,754 which is 71% of the projected level of claims for the full year. We will

continue to watch since the claims are up, but again we did receive an additional \$3 million in tax revenue

- **Combined Pools:** The balance sheet shows a cash position of \$32,319,697. The Combined Pool is currently showing revenues in excess of expenditures of \$3.5 million.
- **Enrollment:** The Grandfathered pool shows no change in coverage. The Condition-Based Pool shows 48 additions and 17 terminations. There is a combined total of 539 ceded lives in the combined Pool.
- **2019 and 2020 ICD-10 report:** as expected
- **Lag Report:** As expected
- **Large Claims Report:** As expected

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

3. Investment Report

The interest rates remain unchanged. The current yields are under 1%. Portfolio remains stable and within guidelines.

4. Actuarial Committee Report

Robert discussed the Actuarial Committee meeting minutes from the meeting that was held on October 19th.

A motion to adopt the minutes from that meeting was made, seconded, and carried.

5. Actuarial Committee Street Rates

Robert discussed the Actuarial Letter showing the draft premium rates, the projections show a decrease for 2021 which is different from prior years. The Board has elected the 150% morbidity rate for years and Milliman used the 5 largest carriers in the state again. He showed the Board the Attachments, showing the two weighted averages on A-2.

A motion to approve recommended 4.5% rate decrease presented in the letter was made, seconded, and carried.

6. Actuarial Committee Reinsurance Rates

Robert discussed the Reinsurance rates for the carriers, the Board can set the rates where they want them to be. Milliman is presenting 3 options, 4.5% decrease, no change or 7% trend rate. In prior years, 2020-2016, the Board determined to follow the % of increase in street rates for the reinsurance rates, but in 2015 the board opted for no increase in reinsurance rates when there was a 6.6% street rate increase. He continued, explaining the Projected Financial results of the 3 options.

A motion to approve a 4.5% rate decrease presented in the letter was made, seconded, and carried.

7. Amended Plan of Operations

Kathy reminded the Board that they increased the co-insurance to 70% and increase to maximum to \$500,000 while leaving the deductible at \$50,000. Other than the date, these are the only changes to the Plan of Operation.

Motion to send the changed Plan of Operations to the director was made, seconded, and carried.

8. Small Employer Program ceasing operations

Norm discussed that at the most recent actuarial committee meeting the BlueCross representative stated that BlueCross would be removing all members from the Small Employer Program. They questioned if they would remove everyone retroactively to when the Small Employer no longer had a grandfathered plan, as of a certain date, or on anniversary. After discussion Mike stated that Blue Cross wants to be consistent and following the statute and will be terminating their members at the next renewal.

9. 1332 Waiver

Director Cameron does not have any update on the waiver, but they continue to have conversions with CMS.

10. Legislative Update from the DOI

Director Cameron discussed several items on the state regulatory agenda to apprise the Board of potential upcoming law changes. None of these changes were expected to directly impact the Pool or Program, but were important for the Board to understand generally.

11. Additional Information

Representative Collins is retiring, and Norm wanted to thank him for all he has done for the constituents of Idaho and this Board. Hyatt and Dean, along with the entire Board, shared memories and thanked him also for what he has done through the years and he will be missed greatly!

Next Meeting

The next meeting will be on February 26, 2021 at 12:00, scheduled as a teleconference at this time.

There being no further business, on motion duly made, seconded, and carried, the meeting was adjourned at 2:00 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.