

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

Board of Directors Minutes
Department of Insurance
September 15, 2021

Board Members Present

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

Board Members Not Present

Trent Nate, Select Health

Others In Attendance

Laren Walker, River 9
Diane Kopecky, River 9
Bret Busacker, Holland & Hart
Bruce Mohr, Buffington Mohr McNeil
Kathy McGill, Department of Insurance
Robert Schmidt, Milliman
Shannon Hohl, Department of Insurance

1. Minutes of the Previous Meeting

The meeting was called to order by Hyatt Erstad at 12:09 pm.

A motion was made to approve the minutes of the May 12, 2021, 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 Statement Presentation

Laren Walker presented the Board with Operations Report for the Small Employer Program (“Program”) and the High-Risk Pool (“Pool”) and for April, May, June, and July of 2021. Because they are cumulative, he discussed July.

Program Financial Report

- **Assessment:** Assessments have been collected in full.
- **Balance sheet:** The July balance on the line of credit was \$7,128.
- **Income Statement:** Premiums for the year at \$17,316 and claims of only \$2,133.
- **Enrollment:** All members have been removed from the program as of July. The discussion continued as to when the program would formally end. Hyatt believes we should wait until the end of the year and assess only the active carriers. There was thought to leave this program dormant just in case we had to bring it back. Bret researched the Idaho Law and the Plan of Operations explaining that a number of issues should be resolved under Idaho law before terminating the Program. This will be added to the agenda for the next meeting along with a proposal from River 9 regarding fees for the closing program.

Motion was made to approve the Program's Operations Reports through July 31, 2021, as presented. The motion was seconded and carried.

Pool Financial Report

- **Grandfather Pool Income Statement:** Year to date premiums are around \$83,692 compared to \$88,032 last year and YTD claims are \$112,016 compared to \$77,995 prior YTD.
- **Condition Based Pool Income Statement:** Year to date premiums \$3,393,180 compared to \$3,178,214 prior YTD. Claims Year to date are around \$9.6 Million compared to \$9.3 Million prior YTD. Tax Revenue came in in July for \$14.8 million.
- **Combined Pools:** Cash is over \$36 million. Very consistent revenues and claims and the Pool overall is no longer showing a deficient since tax premium was received.
- **Enrollment:** holding steady with the 23 in the grandfathered program, condition based at 494.
- **2020 and 2019 ICD-10 Report:** Shows that MS, digestive issues, along with Stem Cell transplant are the largest dollar claims.

A motion was made to approve the High-Risk Pool's financial reports through July 31, 2021, as presented. The motion was seconded and carried.

3. Milliman 2022 Work Plan

Robert Schmidt discussed the Proposed Engagement with Milliman for the 2022 calendar year. This letter discusses 5 different projects; Grandfathered Street rates and Grandfathered Reinsurance Rates, the member listing updating pool rates compared to bronze and silver exchange premiums, Medicare Part D and finally the projections for the Condition Based Pool. He covered the fees and has set them similar to last year and will have results by the middle of October.

Motion to accept the 2022 Work Plan, based on they will not exceed the 2020 fees was made, seconded, and carried.

4. Actuarial Committee Report

Robert Schmidt presented the minutes from the August 18, 2021, Actuarial Committee Meeting. The Committee discussed the IBNR for the Small Employer and the Grandfathered High Risk Pool which were not consistent with the carrier estimates that the committee used but we are overstated. The IBNR estimate is very close for the Condition Based.

The Projections for the 2022 year will also include a discussion of the impact of COVID.

Motion to approve the Actuarial Committee meeting minutes was made, seconded, and carried.

5. Investment Report

Bruce reported that U.S. fixed income/ interest rate markets have remained stable through the summer months. Rates have remained in tight range even as financial news has been significant. The financial markets are watching spending bills in Congress and the resulting inflationary concerns. In fact, recent inflation statistics have shown monthly increases in inflation not seen in many years. Countering the spending and inflation concern is the economic impact of additional covid variants and surges on economic growth.

Through the summer the Federal Reserve has indicated a willingness to slowly begin to modify their easy money policies. However, a true reversal of policy is not expected until late next year or 2023. As a result, short term interest rates will remain stable. It appears the Fed is willing to risk short term (perhaps transitory) inflation in order to provide stimulus to the economy. The significant amount of capital in the global economy will continue to search for investment opportunities – keeping interest rates stable and driving equity markets higher.

He then noted some perspective on interest rate trends:

US 10-Year Treasury Yield...	
September 1980:	11.6%
September 1985:	10.4%
September 1990:	8.9%
September 1995:	6.2%
September 2000:	5.9%
September 2005:	4.3%
September 2010:	2.8%
September 2015:	2.2%
September 2020:	0.7%
September 2021:	1.3%

6. Audit Due Date

Eide Bailly was questioning if the audit due date could be moved to April. There was a discussion if it could be changed, and it was determined that it should not be changed.

7. Election of Officers

All officers serve an annual term, it was proposed to re-elect the following members for an additional one-year 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 one-year term was made, seconded, and carried.

8. 1332 Waiver Update

There is no update, there has been no movement on it. They are not encouraging it since our program is running and it would have to be stopped for a period of time before we could start up a new program under the 1332 waiver.

There are rumors that there may be funds in the reconciliation bill in the future for the reinsurance pools.

9. Legislative Update from the DOI

The DOI is not going forward with any legislation that would affect the Pool. They were working on the Health Sharing Ministry, and someone may bring that up in the future.

10. Additional Information

Annual NASCHIP meeting is coming up and Hyatt will attend.

Next Meeting

The next meeting will be on October 19, 2021, at 12:00, at the Department of Insurance Conference Room 3 or possibly a ZOOM meeting.

There being no further business, on motion duly made, seconded, and carried, the meeting was adjourned at 1:34 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.

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