

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

Board of Directors Minutes
Department of Insurance
August 16, 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
Dr. Chris Pickford, Consumer Representative
Trent Nate, Select Health

Board Members Not Present

Mike Reynoldson, BlueCross of Idaho
Representative Rod Furniss, Idaho House Representative

Others In Attendance

Laren Walker, River 9
Diane Kopecky, River 9
Wes Trexler, Department of Insurance
Shannon Hohl, Department of Insurance
Kathy McGill, Department of Insurance
Robert Schmidt, Milliman
Bret Rumbeck, BlueCross of Idaho
Stephanie Guyon, Idaho Attorney General's Office
Kraig Anderson, Moda Health
Ricardo Palagi, Regence Blue Shield
Matthew Wolff, Saint Luke's Health Partners
Pat Kelly, Your Health Idaho
David Slonaker, Mountain Health Co-op
Mark Danburg-Wyld, Moda health
Dave Nessler-Cass, Moda Health

- 1. The meeting was called to order by Hyatt Erstad at 12:02 pm.**
- 2. A roll call was conducted, a quorum established.**
- 3. Welcome to Stephanie Guyon**
- 4. The meeting agenda was reviewed; no changes to the agenda were made.**

5. Minutes of the Previous Meeting

A motion was made to approve the minutes of the May 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.

6. Blue Cross Request for Board approval to cede.

Stephanie Guyon, Legal Counsel, reviewed the request from Blue Cross of Idaho, from the May 26, 2022 Board Meeting, requesting approval to cede an individual to the Pool for the 2021 plan year. Stephanie recommends considering changes to the Plan of Operations should the Board want to consider exceptions to the ceding process.

The discussion continued regarding the purpose of the dates that have already been established.

Additional information was provided by Blue Cross of Idaho reporting they had the claim in house on March 23, 2022 and reported it to the administrator within the 90 days of adjudication of the claim. The member will be ceded to the pool for the 2021 Pool year, both the reinsurance premium and the claims will be paid according to the Plan of Operation.

7. Financial Packets

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

Program Financial Report

- There should be no further activity for the Small Employer Program, so Laren presented a final July 2022 financial packet showing cash balance at \$5,050. The checking account will remain open until further notice. River 9 will no longer be providing services for the Small Employer Program.
- The Board may need to address the need of an audit for this year.
- Stephanie Guyon was asked to look into the options to suspend the program. And to determine if an annual audit would be required if the program is suspended; or if revisions to the Plan of Operations would be required to suspend the program.

Pool Financial Report

- **Grandfather Pool Income Statement:** Year to date premium is \$72,540 compared to \$71,736 last year and YTD claims are \$447,829 compared to \$96,107 prior YTD.
- **Condition Based Pool Income Statement:** Year to date premium is \$2,291,720 compared to \$2,659,950 prior YTD. Claims Year to date are around \$6,714,013 compared to \$7,753,364 prior YTD. The premium tax revenue is estimated at \$15 million; it was received in July of 2022 in the amount of \$17,239,005.
- **Combined Pools:** Cash is over \$47.6 million. The IBNR estimate is \$300,000 for premiums and \$2.9 million in claims.
- **Enrollment:** The grandfathered program did lose one individual taking the enrollment down to 22, the condition based is currently at 399.
- **2021 and 2022 ICD-10 Report:** Shows that Multiple Sclerosis (MS), digestive issues, along with Stem Cell transplant are the largest dollar claims in 2021, with MS also having the greatest number of members ceded for that individual IDC-10 Code for 2021. So far in

2022, MS again has the greatest number of members ceded, approximately 42% of the ceded population.

A motion was made to accept the Small Employer Program July 31, 2022 financial packet, it was seconded, and carried.

A motion was made to accept the High Risk Pool June 30, 2022 financial packet, it was seconded and carried.

8. Investment Report

Bruce reported that interest rates continue to trend higher albeit at a slower rate through the 2022 summer. The Federal Reserve has made it clear that short term interest rates will be increased through the remainder of the year.

The included chart details the 2-year Treasury note yield has increased significantly since last fall. In fact, bond investments are actually an alternative to stock investments for the first time in almost a decade.

He stated the interest rate increases have proved timely for the High Risk Portfolio. Recent portfolio investments have yielded 4% pushing the portfolio yield to average maturity to 3.5%. Buffington Mohr continues to execute a measured approach to investing the cash balance taking advantage of the rising interest rate trend.

9. Actuarial Committee Report

Robert Schmidt presented the minutes from the Actuarial Committee meeting held on August 9th. They first reviewed the IBNR of the grandfathered plan of \$50,000, actual claims were \$65, 725. For the Condition Based Pool IBNR is \$2,850,000, with actuals coming in at \$3,143,997, Premium IBNR of \$300,000 with actuals of \$130,660.

The Actuarial Committee discussed scenarios to be prepared for the Condition Based Pool 2023 projections, with input from the Board regarding the conditions and payment parameters.

Wes clarified an existing reinsurance program managed by the Federal Government, included a million-dollar threshold of claims. This program is intended to spread the risk across the country, and not reduce premiums. Wes believes the premium paid by the carriers to the Federal Government is the same across states.

A motion was made to accept the August 9, 2022, Actuarial Committee meeting minutes, it was seconded, and carried.

Robert then presented the Scope of work for the 2023 Rating and Creditable Coverage Testing. The new item is #5 in the Scope of Work, modeling more conditions. Section C covers the proposed costs.

A motion was made to engage Milliman for items 1-5 and approve the costs as shown, it was seconded, and carried.

10. Establishment of a Legal Committee

Wes addressed the Board about setting up a Legal Committee with potential duties according to the Plan of Operations in section 7.3. Wes recommended Stephanie Guyon chair this committee. Committee members will be recommended to the Board.

A motion was made to establish a legal committee of the Idaho High Risk Pool was made, it was seconded, and carried.

11. 1332 Waiver Update

Director Cameron reported that the 1332 was approved by CMS and will be published on their website. The DOI has reviewed the Terms and Conditions and the Director will sign them. Director Cameron thanked Wes, Shannon, and Kathy for their hard work on this, along with Senator Guthrie and the Board. Laren provided a brief overview of how the process will work. Norm suggested an agenda item at a future meeting to discuss how the program will work in more detail.

12. Legislative Update from the DOI

Director Cameron reported there are no plans to run Department legislation during the 2023 session at this time.

Next Meeting

The next regular Board meeting is scheduled for October 26, 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 2:20 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.