

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

Board of Directors Minutes

Department of Insurance

October 26, 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
Trent Nate, Select Health
Mike Reynoldson, BlueCross of Idaho
Representative Rod Furniss, Idaho House Representative

Board Members Not Present

Dr. Chris Pickford, Consumer 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
Justin Knox, Milliman
Pierce Hunter, Milliman
Stephanie Guyon, Idaho Attorney General's Office
Kraig Anderson, Moda Health
Pat Kelly, Your Health Idaho
Tiffany Paine, Saint Luke's Health Partners
Alan Vandagriff, Saint Luke's Health Partners
Troy Pritchett, MHC

- 1. The meeting was called to order by Hyatt Erstad at 12:07 pm.**
- 2. A roll call was conducted, a quorum established.**
- 3. The meeting agenda was reviewed; no changes to the agenda were made.**
- 4. Minutes of the Previous Meeting**

A motion was made to approve the minutes of the August 16, 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.

5. 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

- Since there are no longer any enrolled members or significant program activities, River 9 will no longer be providing services for the Small Employer Program.

Pool Financial Report

- **Grandfather Pool Income Statement:** Year to date premium is \$93,735 compared to \$95,648 last year and YTD claims are \$531,198 compared to \$149,030 prior YTD.
- **Condition Based Pool Income Statement:** Year to date premium is \$3,644,380 compared to \$4,149,880 prior YTD. Claims Year to date are \$11,156,861 compared to \$11,577,055 prior YTD. The premium tax revenue was estimated at \$15 million; it was received in July of 2022 in the amount of \$17,239,005.
- **Combined Pools:** Financial position is over \$63.5 million. The IBNR estimate is \$300,000 for premiums and \$2.9 million in claims.
- **Enrollment:** The grandfathered program has enrollment of 20, the condition based is currently at 467.
- **2022 ICD-10 Report:** Shows that Multiple Sclerosis (MS) has the highest number of members, currently 195 of the 467. Factor Deficiencies have the highest dollars of claims at \$1,910,877.

A motion was made to accept the High-Risk Pool August 31, 2022, financial packet, it was seconded and carried.

6. Investment Report

Bruce state that interest rates continued to move higher since our last meeting. While the rate of growth has moderated some the Federal Reserve has signaled their intentions to increase short term rates 75 basis points at their early November meeting and between 50 and 75 basis points at their December meeting. On top of the year-to-date increases of 3% in 2022 this is an unprecedented rate of interest rate increases. The rate increases have been a positive for the investment alternatives for the portfolio. While some legacy investments in the portfolio have yields less than 0.50% the most recent investment was a 2-year Federal Agency note at 5.08%. what a difference over the past 18 months.

The portfolio remains within investment guidelines with the portfolio average maturity and duration under 2.25 years. Average yields in the portfolio, including cash balances, are near 2.5%. Anticipate total income nearing \$1 million for the next 12 months compared to about \$150,000 annually at year end 2021.

7. Actuarial Committee Report

Robert Schmidt opened with the Actuarial Committee meeting minutes from September 29, 2022 where the Actuarial Committee focused on the pre-ACA Grandfathered plans, both the premium rate to the individuals and the reinsurance rate paid by the carriers. The Actuarial

Committee used the same methodology this year as prior years. The Actuarial Committee recommends changing to a single annual rate adjustment vs. quarterly as has been historically been done. It was noted that the age-band rating would still apply. There are 20 individuals remaining on Grandfathered plans. It was acknowledged that the individuals may obtain increased benefits for a lower premium through YHI. Discussion ensued regarding the opportunities to support the individuals within the scope of the program boundaries. It was acknowledged that outreach has been conducted to the individuals in the past and there may be individual reasons for their choice to remain on Grandfathered plans, such as provider network.

A motion was made to accept the September 29, 2022 Actuarial Committee meeting minutes. The motion was seconded and carried.

A motion was made to accept the recommended composite rate reduction of 6.4% for the Grandfathered plans and move to a single, annual rate table. The motion was seconded and carried.

Mr. Schmidt then discussed the reinsurance rates that the carriers will pay for the 20 individuals on the Grandfathered plan(s). There were three options: a rate reduction, no change, or an increase.

A motion was made to accept the October 18, 2022, minutes. The motion was seconded and carried.

As recommended by the Actuarial Committee, a motion was made to adopt no increase for the reinsurance rates for 2023. The motion seconded and carried.

Robert then presented the information for the 2023 Condition Based Program, including the 1332 Waiver impact to the Program. The presentation included the potential impact the Public Health Emergency and the change to correct the 'family glitch' could have on enrollment projections. Robert requested Board input on the conditions to be included in the Condition Based Reinsurance Pool, too. The modeling discussed in the Actuarial Committee, with the potential scenarios were the presented to, and discussed with the Board. Robert then explained the Actuarial Committee reinsurance plan designs and how it may work with the Federal plan, and the premiums based on the presented scenarios. The Board continued the discussion regarding the conditions to include in the Pool going forward for 2023. Norm Varin reminded the Board that although we are deciding today on conditions to add to the Program, it is possible to modify the list of conditions at a later date to achieve the Program goals.

A motion was made to accept the reinsurance plan design parameters of \$50,000 deductible, 70% coinsurance with a maximum of \$665,000 for 2023. The motion was seconded and carried.

A motion was made to expand the conditions from 6 conditions to 73 conditions as presented and discussed by the board. The motion was seconded and carried.

A motion was made to set the reinsurance premium at \$326 per member per month prior to administrative costs. The motion was seconded and carried.

It was noted that with the increased conditions, the total ceded lives are estimated to be 6,030 in 2023; the aggregate reinsurance premium anticipated is estimated at \$95,142,000; and the

Aggregate Premium is estimated to be \$20,757,000 with a loss ratio of 460%, based on the actuarial modeling.

As recommended by the Actuarial Committee, a motion was made to change the Plan of Operations section 9.1.7 to extend the deadline to cede lives from March 31 to April 30 of the year following the calendar year in which claims are incurred. The motion was seconded and carried.

A revised Plan of Operations will be presented at the next meeting for approval and submission to the Director.

8. Small Employer Program Suspension

Stephanie Guyon addressed the Board regarding the potential suspension of the Small Employer Program. If the Board chose to officially close or suspend the program, it would require legislation and/or a change to the Plan of Operation. Discussion ensued regarding the option to not eliminate the Program, but rather modify the Plan of Operation to require an annual financial review instead of a full audit. A revised Plan of Operation will be presented at the next meeting for Board approval and submission to the Director.

9. 1332 Waiver Update

We updated the Board on the 1332 Waiver. The Department has submitted additional information to CMS, as required and the process is moving along as expected.

10. Sub-Recipient Status for 1332 Waiver

Laren addressed the Board regarding the option for the Pool to be a sub-recipient for the grant, as CMS has granted the 1332 Waiver to State of Idaho, not directly to the Pool. Laren outlined how other states relinquished the grant to their Association. The question is being presented based on requirements for administrative and reporting requirements. Director Cameron requested some time to discuss the process with staff and believes leaving the process as is, without a sub-recipient does not present a problem.

11. 2022 Audit

Eide Bailley has submitted their fees to Laren for the audit of 2022. They are requesting a 10% increase. Laren noted that for 2023 with the 1332 Waiver there would be an additional cost for the Single Audit.

A motion was made to engage Eide Bailly to complete the 2022 audit. The motion was seconded and carried.

12. Legislative Update from the DOI

Director Cameron stated that they will be building relationships with legislature due to anticipated changes after the upcoming election. The Department is not advancing any legislation that is material to this Board.

Next Meeting

The next regular Board meeting is scheduled for December 19, 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 3:02 PM MDT.

Respectfully Submitted,

River 9 Consulting, Inc.