



**IDAHO HEALTH INSURANCE EXCHANGE
DBA YOUR HEALTH IDAHO
GOVERNANCE COMMITTEE
MINUTES
TUESDAY, FEBRUARY 19, 2019**

1. COMMITTEE MEMBERS PRESENT

- Ms. Margaret Henbest, Chair
- Mr. Hyatt Erstad, Vice Chair
- Ms. Karen Vauk
- Ms. Kathy McGill (for Director Dean Cameron)

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Ms. Alanee DeRouen, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Tresa Ball, HR Precision
- Mr. Mike Stoddard, Hawley Troxell

3. CALL TO ORDER

Following proper notice in accordance with Idaho Code §74-204, the Governance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Ms. Margaret Henbest, Chair of the Committee (Chair), at 9:00 a.m., Tuesday, February 19, 2019, at the offices of Hawley Troxell Ennis & Hawley, 877 W Main Street, Suite 1000, Boise, Idaho. In accordance with Idaho Code §41-6104(8), the meeting was held in an open public forum and was streamed in audio format. Members of the public could access the audio stream by dialing into a telephone number that was included in the notice of meeting posted on the Exchange Board's Web site and at the meeting location.

4. ROLL CALL

The Chair took roll call and determined that Mr. Erstad and Ms. Vauk were present, resulting in a quorum. Ms. McGill (for Director Cameron) arrived at 9:10 a.m. Rep. Erpelding was absent.

5. APPROVE PRIOR MEETING MINUTES

The Chair noted there were no edits to the November 29, 2018 meeting minutes.

Motion: Mr. Erstad moved to approve the minutes as presented from the November 29, 2018, Governance Committee meeting. **Second:** Ms. Vauk. **The motion carried.**

6. REVIEW AGENDA

There were no changes made to the Agenda.

7. REVIEW COMMITTEE ROADMAP

The Chair reviewed the Roadmap and noted that on the Committee actions, the policy reviews have moved to the December meeting and added a review of the recommendations from the Employee Engagement Task Force to the September meeting.

8. REVIEW/FINALIZE BOARD TRAINING

Chair Henbest reviewed the Board Training plan and noted that the two areas that will always be covered at the Board Training are Public Meeting Law and Conflict of Interest. In addition to that, the governance topics from the National Association of Corporate Directors (NACD) include Duty of Care, Duty of Loyalty, and Duty of Attention. Beyond that, the four areas of opportunity as identified in the Board survey will be covered. These topics, that overlap with the NACD topics, include Clear Expectations, Consistently Prepared, Board Expertise, and Board Practices Assessments. Finally, any topics suggested by the Attorney General's office will also be covered.

Chair Henbest noted that the Board Expectations document that was included with the materials was edited slightly and asked the Committee members if they had any suggestions. They did not.

9. FY '20 STRATEGIC STAFFING PLAN

Mr. Kelly said the recent departure of two staff members provided an opportunity to a look at the organization to ensure the right people are in the right roles with the right structure in place to support them. Giving opportunities for growth, aligning with YHI's Low Cost Promise, and ensuring there is cross functional engagement while mitigating silos are all important factors in this process. The reorganization resulted in an increased headcount, although the type of headcount compared to last year's budget are quite different. For example, YHI did not replace the Marketing and Communications Director role, but rather moved Ms. McMartin into that role. Also, in the Customer Experience Manager Role, YHI moved Ms. Nagashima and Ms. Rose upward in the organization. In order to provide enough support, the two incremental roles are an additional support person for Ms. McMartin and an additional person in Ms. Nagashima's area in the training and quality assurance space. There is also an incremental headcount in the Finance space for a Financial Planning and Analysis/Budget Analyst. We wanted to budget for it in case they are needed but will only hire based on the actual work streams and the needs. We are very confident we will need the two in the marketing space, fairly confident we will need the two in the trainer/QA space, and less certain about the budget space. Overall, the salaries and wages are relatively flat year-over year, and are only up by about \$7,000, and that is due to the compensation mix of the headcount.

Mr. Kelly said one of the questions he usually gets from the Board is if YHI has the right amount of people and the skills needed to support the operational goals. We believe that with the restructuring, and the incremental heads that have been added, the answer is a resounding yes.

Ms. Vauk asked about the additional headcount in the marketing and communications area, and if that will be offset by shifting work from the consultant to internal resources. Mr. Kelly said there are two vendors in the MarCom space. One is Drake Cooper who does the creative and ad buys and the other is Atlas Communications who was primarily involved in the outreach space. Atlas was not renewed and Ms. Steinbacher, YHI's Outreach Coordinator, is handling that work now. It was intended from the beginning that Atlas would be a one-year engagement to get that work stream pointed in the right direction, identify the right strategic moves, and then YHI would take it over. Drake Cooper remains as is. They still handle YHI's creative and ad buys. The additional headcount is simply to make sure we are resourced properly, and we don't burn out the people we have. There is a possibility that the marketing person would share some outreach activities when that ramps up for and into open enrollment because of the lift and the concentration of events leading up to and during open enrollment. During that time it will be more of a team effort where events are split up among all of the heads. There were four marketing, communications, and outreach headcount prior to the restructuring and there are four post restructuring.

Motion: Mr. Erstad moved that the Governance Committee, recommend to the Board, approval of the Strategic Staffing Plan for FY20 as presented today. **Second:** Ms. Vauk. **The motion carried.**

10. FY '20 COMPENSATION PLAN

Mr. Kelly reminded the Committee members that the Governance Committee has authority, per the charter, over the compensation plan and staffing plan. Typically we have our finance budget meeting, then this meeting, then another finance meeting. YHI is only having one Finance meeting this year so in the chance that what's recommended today does not get approved by finance, we will work directly with Chair Henbest and Chair Settles to gain agreement on outstanding items as that is what the charter articulates in cases of conflict. In terms of the compensation piece, last year we did a full market review of all positions and one of the questions that were asked of Ms. Ball was "given the growth in the valley, do we need to go back and revisit the market survey." The answer was generally no, although some of the lower compensated positions tend to be driven higher within the ranges when there is low unemployment and large population growth. As we have done in previous years, there is a 3 percent merit pool and market adjustments at \$70,000. That is about double what we had last year due to two primary reasons. First is the market review for those lower compensated positions that indicated we needed to move them further into the range. This is about half of the \$70,000. Then we also looked back generally at the other positions we have and those positions are primarily those with unique skill sets to ensure we retain the proper talent at YHI. Those dollars have not been assigned to names yet, but we feel it is the right amount. We also looked at the benefit structure and determined those to be competitive, particularly with our medical insurance changes at the end of 2018. There are no changes to recognition and one thing we are looking at is figuring out if we can provide some schedule flexibility with our teams. This is

complicated as we need to ensure is equity across the teams. It wouldn't change the budget or metrics, we are just looking at how to accommodate that.

Ms. Vauk asked if that was something team members are requesting or is it just something the company would like to enable? Mr. Kelly said yes. YHI has worked over the years to try to figure out remote access and that is very difficult to do given the PII we work with. So we have not had a broad based remote access policy because we want to make sure it applies equally across the organization. We think we might have a solution that will work, but we still need to work through the operational impacts.

Motion: Ms. Vauk moved that the Governance Committee, recommend to the Board, approval of the Compensation Plan for FY20 as presented today. **Second:** Mr. Erstad. **The motion carried.**

11. GOALS REVIEW

Mr. Kelly provided a quick update on YHI's overall Strategic Goal, which was established in 2017, to provide a flawless customer experience. YHI defines that as when 5 percent or less of YHI's customers require more than two contacts from YHI to resolve their issue. In December 2017, eight percent of YHI's customers required more than two contacts to resolve their issue. As of December 2018, that dropped to 3.7 percent. This is a real area of focus that is talked about weekly at our metrics meeting and it does get monitored very closely. We do feel good about that portion of the goal.

The other side of that is how many people can enroll without ever contacting YHI. In February 2018, this was at 56 percent and currently it is at 68 percent of consumers enrolled without contacting YHI. We do continue to monitor the number of contacts as well as timeliness. Timeliness isn't captured here, but we do focus on anything that takes more than seven days to resolve, and this is monitored weekly in our dashboard/metrics meetings.

We are confident this is the right strategic goal and we do focus on it and it is a driver of behavior at Your Health Idaho.

Mr. Erstad asked of those 68 percent, how many are receiving a subsidy? Or is it fair to say 100 percent of those individuals are receiving a subsidy. This would be good to see and would be a testament to the fact that the system is working well between DHW and YHI's systems. Mr. Kelly said these are from two different data systems so those would need to be joined and we aren't certain how to do that. One would assume that it would be the same percentage as in our entire enrollment population, that over 80 percent of the population would enroll with a tax subsidy.

Mr. Kelly said current Operational Goals, of which there are five, include Idahoans' Experience. This two-part goal includes a reduction in linking tickets which was achieved over the 100 percent goal threshold. We have seen over 90% reduction in linking tickets compared to the goal of 50 percent reduction. The second part of the goal is the NPS score, which is currently tracking below the 60 percent goal threshold at an NPS of 30 compared to baseline of 32. When the concept of this goal was introduced last year, there was a fair amount of concern around this, so we weighted the overall goal with 90 percent for linking and 10 percent for NPS. We will

continue to monitor this as there is a chance it will go up in February, but we will unlikely get to the baseline.

Mr. Kelly said the next goal is Retention and Enrollment and given all the uncertainty there was no compensation tied to this goal. But it is trending at a 100 percent threshold. We don't yet have preliminary February numbers yet, but January preliminary effectuations were over 100K. That will likely fall down to between 95-98K, but we don't have those numbers yet.

Risk Management, which was focused on phishing, resulted in varied results. The last campaign had an 11 percent click rate which puts us right between the 60 and 80 percent thresholds. There are two more campaigns planned, and the goal reads that whatever the click rate is on the final campaign will be our measurement for this goal. There has been lots of training activity around phishing and we have spoken with team members about what made them click. Generally, the answer has been they were in a hurry, which is exactly what phishing relies on.

Mr. Kelly said for the Low Cost Promise goal, we are tracking at 100 percent, and have about \$600K in operating expense favorability and also our CAPEX budgets on track.

Finally, for Employee Engagement, we are actively working on solutions for survey the question for *my coworkers do quality work*. The next survey will be completed in May.

Mr. Kelly said as was done last year, we proposed categories and some general thinking on operational goals for fiscal year 2020. We will bring back final proposed goals in June for the Board to vote on. Our current thinking is Idahoan's Experience remains a key goal. We will focus on first contact resolution and turnaround time, since we have solved the linking issue, and also keep Net Promotor Score as part of the goal.

We do want to keep the Retention and Enrollment goal but focus more on new customer enrollment to help mitigate the loss of current enrollments due to Medicaid Expansion. We estimate this loss at about 20 percent of YHI's current enrollment. There are currently 18,000 people in the 100-138 percent of the poverty line enrolled on the exchange that will be lost.

Chair Henbest asked if we will be targeting a reasonable number based on expansion strategies in other markets? Mr. Kelly said yes. One example is where other states have targeted small business employees as individual enrollees, when the companies they work for don't offer insurance. We will need to work through how that works with the policy and eligibility to ensure we are not crossing over. They did this in Colorado and Rhode Island, so we have examples to follow. The marketing around this looks a little different and needs to be determined.

Mr. Kelly said for Risk Management we will continue with Phishing campaigns and it is an important area to continue to focus on given the amount of phishing we see and the risk.

For the Low Cost Promise, we will continue to focus on YHI's Operating expenses.

For Employee Engagement we are planning to survey twice a year. Based on the feedback from the Employee Engagement Task Force and their interviews with team members, once a year creates challenges in terms of how current the data is. If you survey in May but don't implement until January, first, you may have solved the problem by the time you get to January and two,

you don't remember why you answered the survey that way. Now that we have a strong 3-year baseline, we will move to twice a year survey. One in November during Open Enrollment and again in May when things are quiet.

Ms. DeRouen said Gallup does encourage companies to survey every six months as it helps keep the data relevant and helps us focus on what needs work. In addition, results are measured in a timelier manner and it will allow us a better opportunity to pinpoint areas that need work.

Ms. Vauk asked if the call center temporary employees participate. Ms. DeRouen said no.

12. ED EVALUATION PROCESS/TOOL/TIMELINE

Ms. Ball said for the Executive Director evaluation, the timeline is similar to last year but there have been changes made to the evaluation tool. In July last year, we streamlined the competency section into five categories. It is really aligned to the key competencies, or what is expected of an executive leader, and putting those like topics together into five buckets. All areas will be rated and then the comments will all be in one section to help streamline it for the participants. The third change is automating it. So rather than a word document, it will be online via Trakstar, which is the same software being used for employee reviews.

The timeline is similar in that Board members will still get the link via email and access to the tool in early May, they will complete it, it will be compiled, reviewed by Ms. Henbest and Chairman Weeg, and brought to the Board in June in conjunction with the end of the fiscal year.

Chair Henbest asked if that is all that will be included in the ED review. Ms. Ball said this is just the middle section. We will still have the goals, the competencies, and then the general feedback. Just the competencies have been changed. Chair Henbest said then the question for the Committee is if this is enough information. Mr. Erstad said this is more than adequate and Ms. Vauk agreed. Mr. Kelly added that the online tool, Trakstar, is the tool we used for the team last year, so once the form is created in Trakstar, Board members will receive the invite to set up their access. Trakstar is easy to use, is faster and will provide some efficiencies.

13. FLEXTECHS SECOND AMENDMENT

Mr. Kelly said Flextechs has served as YHI's IT support services vendor for the past three years. Under the first amendment we had a 3-year term and we had locked in their hourly rate. They primarily provide network support and expertise in certain areas which allows our IT team to focus on the core business. We also purchase hardware through Flextechs because they give us a discount compared to open market pricing. They are requesting an increase from \$95 an hour to \$125 an hour for the new term (3-year extension), which is on the low end for IT support in our market and when you look at it over a 3 year period, it is a little less than a 10 percent increase year over year. They know our business, they provide great service and allow us to purchase equipment at a discount.

Mr. Kelly said because there are both a service and equipment discount components in the amendment, the motion, if the Committee decides to make one, is a bit long. We put the equipment amount over the three-year term so it carried over year to year while the services component is a per year not to exceed amount.

Mr. Erstad asked why this is coming through Governance and not Finance. Mr. Kelly said generally we run contracts through the germane committees and since all of the privacy and security work falls under Governance, the contracts go through Governance. All the budget dollars are in the budget that will be approved in Finance, so the motion is worded carefully to account for that. We do have a 30-day term should we have an issue with budget or funding, we could terminate that agreement within the 30 days.

Ms. Vauk asked if we needed to issue an RFP for this work. Mr. Kelly said the original agreement was procured under the RFP process, so this is just an extension of that existing RFP response. In the Finance Committee meeting, there are some amendments to the Procurement Policy that will address contracts awarded under the RFP that continue to be renewed, and we anticipate a limit to be approved on how many times a contract can be renewed. This renewal will likely fall within that limit, if approved.

Motion: Mr. Erstad moved that the Governance Committee, recommend to the Board, approval of the Flextechs Second Amendment in an amount not to exceed \$60,000 per year for services and not to exceed \$120,000 for equipment purchases over the three year term which amounts are consistent with the YHI budget and it is anticipated that the Board will include such amounts for equipment in each subsequent year's budget consistent with the total amounts approved in this motion. **Second:** Ms. Vauk. **The motion carried.**

14. NEW PRODUCT AND INVESTMENT OPTIONS

Mr. Kelly reminded the Committee that at the December Board meeting we brought different revenue, product, and investment options forward. The discussion was to establish some guardrails relative to YHI's mission, our enabling legislation, and any federal regulatory guardrails that existed. This discussion today is to address both the product options and the investment options.

YHI's mission is to maintain maximum control of Idaho's marketplace with minimal cost to its citizens. That was established in 2014 and we use this as our initial guide as to how we evaluate things. Five primary areas of focus include Statutory (public purpose, enabling legislation, and federal regulatory guidance), Comprehensiveness of Coverage, Financial, Branding and Marketing and Access to Coverage. We are reviewing several potential product offerings and one investment opportunity today.

Mr. Kelly said in working with Mr. Trexler at the Department of Insurance, we looked at how the words in the enabling legislation translate into a non-QHP offerings on the exchange. YHI's enabling legislation says that YHI will facilitate the purchase of health benefit plans which is not a defined term. Mr. Kelly sought clarification from Dr. Rusche, who said that was intentional in the beginning to give it as wide a definition as possible, however when evaluating this we related it to how Mr. Trexler would define that under Idaho code. YHI's enabling legislation does not limit us to health benefit plans, but the intent is clear that that is what they wanted YHI to offer. CMS does restrict our current technology to QHP offerings only. However, we are not aware of any current restrictions on non-QHPs in a secondary market that could leverage a copy of YHI's technology. We are still determining of the definition a second instance of YHI's technology, but it is clear they need to be separate for QHP and non-QHP offerings.

Mr. Kelly said next steps would be working with DHW and DOI as well as our federal partners to ensure whatever new plans are offered meet that definition of a health benefit plan. We would keep the Governor's office aware of anything we do. If warranted, we might pursue an opinion from the Attorney General's office. We would also work with YHI's technology vendor and what it might look like to have a secondary instance of our technology to offer non-QHP plans, determine fee structure, all with very little capital investment. Also coordinating with the agent and broker community to leverage the exchange as they are clearly a cornerstone to our success in our current model and would continue to be in a non-QHP model. Finally, YHI would need a project plan for operational impacts, training, policy, financial processes, etc.

Mr. Erstad asked Ms. McGill if there are any updates on non-QHP plans. She said not really, but she assured him they are not dead at this point. Mr. Erstad asked about outreach to carriers and if they are willing to do this through an exchange where they will need to pay a price to do that or would they prefer to go direct to the consumer through the agents in the field? Mr. Kelly said we have not articulated the carrier impacts here but based on previous meetings with our carriers on the Board, they indicated strong support.

Mr. Kelly said the second item the Board requested more insight into is YHI's investment options, specifically the potential purchase of a building. You may recall we told the Board that YHI's current lease is up in July of 2021, and the new owners will not be renewing our lease. While that feels like a long time away, it is a relatively short runway when it comes to the complexities of getting a building set-up, space, and technology needs. Based on discussions with our general counsel, Mr. Stoddard, we believe a purchase of a building falls within our public purpose. We would need to ensure that it does not create additional risk to funding operations, and we must meet reasonable guidelines for YHI occupancy as a percent of building square footage. Details on the square footage would be dependent on the specific options available. YHI is currently at about 15,000 sq. feet but we will likely need a little additional square footage to accommodate our current staffing levels.

Chair Henbest assumed that with this, discussions around staffing numbers if YHI were to have non-QHP offerings, would also be considered for occupancy percentages. Mr. Kelly said yes. Ms. Vauk asked if it satisfies the public purpose to offer non-QHP plans. Mr. Kelly said as long as they are considered health benefit plans, they would fit within our public purpose.

Mr. Kelly said shortly after the last Board meeting, he spoke with Mr. Stoddard regarding the Request for Proposal (RFP) and Procurement Policy. The policy states that any expense over \$15k per year requires an RFP. It is pretty clear that under either a lease or a purchase we would have expenses for a broker over that threshold. However, that expense is undetermined because you have to have a building before you know what your expense will be. This made it difficult to slide this in under the procurement policy because it's not possible to issue an RFP or to evaluate responses when you don't know what you are purchasing. The competitive component of an RFP would be very difficult, but we want to have the ability to evaluate different brokerage offices here in the valley. That brings us to a Request for Qualifications (RFQ). This would allow YHI to evaluate different brokerage firms to 1) ensure they have the qualifications to evaluate a purchase and a lease simultaneously, 2) that they have experience working with our type of organization, a quasi-government entity, and 3) that we be able to identify any conflicts of interest. An RFQ allows YHI to accomplish what would be accomplished with an RFP, while not

spending time evaluating a competitive bid process, because it isn't possible. YHI would also ensure that the Governor's office is aware of this path and, of course, request an AG's opinion if warranted.

Mr. Erstad asked if YHI had talked with other state departments that have purchased buildings and info about their brokers. Mr. Kelly said we did not pursue any discussions around a broker because we wanted to ensure the RFQ process is unencumbered by previous conversations. When we issue it, however, we will ask other agencies for firms that we should send the RFQ to, so that we get a broad response.

Motion: Ms. Vauk moved that the Governance Committee recommend to the Board, the release of the Real Estate Broker RFQ and request the Board authorize the Proposal Evaluation Team (PET) to evaluate the proposals and authorize the Executive Director to act upon the PET review and enter into an agreement for real estate services as an exception to the Procurement Policy.

Second: Mr. Erstad. **The motion carried.**

Mr. Stoddard added that YHI is not technically under the State of Idaho's procurement guidelines and we are able to have exceptions to the procurement policy.

15. NEXT MEETING

The Chair noted the next meeting of the Governance Committee will be held in late May or early June of 2019.

16. ADJOURN

The Committee adjourned at 10:14 a.m.

Signed and respectfully submitted,

Margaret Henbest, Committee Chair