



**IDAHO HEALTH INSURANCE EXCHANGE  
DBA YOUR HEALTH IDAHO  
GOVERNANCE COMMITTEE  
MINUTES  
THURSDAY, NOVEMBER 29, 2018**

**1. COMMITTEE MEMBERS PRESENT**

- Ms. Margaret Henbest, Chair
- Mr. Hyatt Erstad, Vice Chair
- Mr. Dave Jeppesen
- Ms. Karen Vauk
- Rep. Mat Erpelding (via teleconference)
- Ms. Kathy McGill (for Director Cameron)

**2. OTHERS PRESENT**

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Katrina Thompson, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Alanee DeRouen, Your Health Idaho
- Ms. Frances Nagashima, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Tresa Ball, HR Precision
- Ms. Sherry Jansen, Blue Cross of Idaho

**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 10:33 a.m., Thursday, November 29, 2018, 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, Mr. Jeppesen, Rep. Erpelding (via teleconference), and Ms. McGill (for Director Cameron) were present, resulting in a quorum. Ms. Vauk joined the meeting at 10:37 a.m.

## 5. APPROVE PRIOR MEETING MINUTES

The Chair noted there were no edits to the September 7, 2018 meeting minutes.

**Motion:** Mr. Erstad moved to approve the minutes as presented from the September 7, 2018, Governance Committee meeting. **Second:** Mr. Jeppesen. **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. EMPLOYEE HANDBOOK

Mr. Kelly said there were two primary updates in the employee handbook that resulted from working through the issues in real time. The primary areas of change were around Jury Duty and the Bereavement Policy. This handbook was originally created in 2013 and as the company has grown and experienced how to operationalize a policy, it's found some policies to no longer be fit for purpose, as found with the Jury Duty policy. The specific redlines are included in the packet.

For Jury Duty, the calculation for pay was removed and employees will simply be granted paid time off for when an employee is on Jury Duty. It is restricted to up to one week and it applies to exempt and non-exempt employees. This change was made to be consistent with what other companies of the same size do and it also eliminates the administrative burden of calculating the difference in compensation.

Mr. Jeppesen asked if that takes away from an employee's PTO or is it in addition to their normal PTO? Mr. Kelly said it does not reduce their accrued PTO. It is essentially paid time off for jury duty, exclusive from their accrued PTO.

Mr. Kelly said for the Bereavement Policy, the current policy did not allow for any company paid leave. Employees were required to use PTO or take leave without pay. The policy has been amended to allow for three days of paid leave from the company and does not go against their accrued PTO. Time in excess of those three days would need to be covered by their approved PTO. No other changes to that policy have been made.

Finally, the FMLA Policy included a minor change (or redline) mostly to clarify the policy. In the initial verbiage, it stated employees were required to use their accrued PTO first for FMLA.

It has been changed to give the option of using PTO up front or at the end of their FMLA instead of requiring it to be used up front.

Chair Henbest added that this Committee has done an annual review of the Employee handbook in the spring, since it has now been moved on the roadmap to December, the next full review will take place next December in order to provide Ms. Ball with plenty of time to review it

**Motion**: Mr. Erstad moved that the Governance Committee, recommend to the Board, approval of the changes made to the Employee Handbook as presented today. **Second**: Mr. Jeppesen. **The motion carried.**

## 9. ANNUAL PLAN OF OPERATIONS

Mr. Kelly said the Annual Plan of Operations is made up of the different governing policies YHI has. These fall into two primary categories, with the first category being governing documents. This includes Charters, Bylaws, Conflict of Interest, Privacy & Security policies, and Public Records policy. The second category is the operational documents, which are more dynamic, including the Roadmaps, Financial Year Budget, and Decision Tracker. These two categories together make up the overall Plan of Operations, which are connected by the Committee recommendations and Board decisions.

Mr. Kelly said review of these documents takes place annually to ensure these documents reflect how YHI operates on a day to day basis. Each Committee has their respective reviews. The Finance Committee reviews accounting policies, procurement, travel all done in advance of the annual audit. The Governance Committee reviews employee policies, privacy & security policies, conflict of interest, public records and those sorts of items. And finally, the Marketplace Committee doesn't review policies, but can identify operational needs in policies and make recommendations. YHI also reviews the entire Committee/Charter structure as part of the Annual Effectiveness survey that is done in September.

In addition, the leadership team at YHI reviews all the policies to ensure they are reflective of what the teams do every day. And the general counsel also reviews the policies to ensure YHI is doing what it is charged with doing and making sure YHI is in compliance.

Mr. Kelly reviewed all the items that have changed over the year which includes the Employee Handbook edits, which have gone through this Committee. Privacy and Security revisions are made to ensure YHI's alignment with specific regulations including MARS-E and CMS requirements. Travel Policy, Privacy and Security, and revisions to the Executive Charter are also part of the process, which the Executive Charter being reviewed, edited, and approved by this Committee in September.

**Motion**: Mr. Jeppesen moved that the Governance Committee, recommend to the Board, approval of the Annual Plan of Operations as presented today. **Second**: Mr. Erstad. **The motion carried.**

## **10. BOARD SURVEY**

Ms. Ball said this Board has completed four surveys, 18 months apart, and this past year we saw noticeable improvement in effectiveness as well as alignment with the participants. This year, 15 of the 19 Board members completed the survey and we had 15 of the 25 questions that were in 100 percent agreement.

Looking at overall trends, in 2014 there were a lot of areas of ineffectiveness as well as a lot of areas of opportunity. The second survey showed a huge improvement over the first year and reflected the confidence of this Board. The last survey leveled off with a moderate response. This year, we saw alignment across the Board which is reflective of the Board working well together and aligns with the maturation of the Board.

Ms. Ball shared some key highlights for year over year. 19 of the 25 questions increased year over year and there were only five that decreased slightly. Overall it shows a positive trend.

Chair Henbest said she was pleased to see the positive results from this survey and said it reflects the maturation of the organization and the Board in particular. She asked the Committee if they had any questions about the survey or any input on how the survey can be improved or if any areas should be covered in the annual Board training.

Ms. Vauk asked about the question about Board members being prepared for meetings and she said she only knows about how she prepares and isn't certain how to answer the question for the group as a whole and suggested that all the questions be reviewed to ensure alignment. Ms. Ball added that some of the questions could potentially be rephrased or eliminated based on the maturity of the organization.

Mr. Jeppesen said the one item that jumps to mind is the conflict of interest between Board and professional responsibilities and thought that would be helpful from a training perspective to ensure there are no conflicts. The Chair agreed and said in Board Training, we generally do something each year related to this. Mr. Erstad added that with several new Board members, it is a good time to do a refresh on this topic.

Mr. Stoddard, YHI's general counsel, said he can effectively shoehorn these into the training.

## **11. ANNUAL BOARD TRAINING PLAN**

Mr. Kelly said some of the items, as mentioned, are items that should be covered every year, including those mentioned previously – Public Meeting Laws and Conflict of Interest. Many of these items listed fall under the National Association of Corporate Directors (NACD) governance topics. Duty of Care is primarily around preparation and effectiveness. Duty of Loyalty is similar and somewhat related to conflict of interest in that when a member is representing the Board, they work in the best interest of the Board. Duty of Attention is around properly preparing, showing up, etc. And many of these themes fit well into these five statements. Mr. Stoddard will pull those five questions and insert them into the appropriate area in the training to enhance corporate director best practices. The last item is making sure YHI works closely with the Attorney General's office to assure we remain in compliance with the open meeting laws.

Mr. Stoddard said he isn't sure how it will all fit together yet but will look at the questions in relation to the Board training and see where it leads. Chair Henbest said there are some materials available from the Board Source, which describe responsibilities of board members. Depending on the prior experience of new board members, some may benefit from more training during orientation to the YHI board. Mr. Erstad added that stressing the importance of reviewing prior meeting minutes will not only help for edits, but for content and understanding and being reminded of what was discussed at the prior meeting, or what has already been addressed, which often helps in keeping meetings short. Mr. Stoddard agreed and said this is a real Board Governance scenario in that it helps Board members understand where the organization has been and where the organization is going. Chair Henbest added that there is no concern about materials for meetings as they get out early, are consistent, etc. Mr. Jeppesen agreed.

Mr. Kelly said it is okay to remind Board members they can call YHI and talk to him or Ms. Fulton, the Board liaison, or any of the leadership team, and ask questions about the agenda and slide contents. Mr. Erstad suggested sending out a new contact list of YHI employees to the Board.

Mr. Stoddard, Mr. Jeppesen, and Chair Henbest discussed the expertise held by each Board member and asked how we use Board members when they have expertise in a certain area in which YHI needs assistance or advice. Mr. Kelly said it is very situational and when there is a particular item needing expertise, there are certain steps YHI takes. First, we look at whether or not we are thinking within the legal guidelines first by talking with our HR expert/accounting firm/legal counsel, then reaching out to the Committee Chair and the Board Chair to make sure something isn't being missed. This provides alternate views that may not have been considered, which in turns gives us a wider view of the issue.

Mr. Kelly added that we do this through Committee assignments as well. It ensures YHI has the right Board members, with the right experience, on the right Committees.

Chair Henbest said the coaching question stumped her. She wasn't sure what kind of coaching the question was referring to. Mr. Kelly said the word coaching is where everyone gets hung up. If you replace coaching with development opportunities or training and that might capture the spirit of that original question.

Ms. Vauk said that makes a lot more sense. In changing the words from coaching to training or development, do we want to add the words "to the Board" because the way it is phrased, it sounds more like individual coaching, and that is what we do and more in line with the intent.

## **12. REVENUE OPPORTUNITIES**

Mr. Kelly said none of the revenue opportunities that we will share today are being actively pursued, these are all just ideas that we are bringing forward to the Board for their information and discussion.

Mr. Kelly said CMS is planning to come out with guidelines for the 1332 process which will broaden the scope and opportunity for 1332's. 1332 is simply a reference to a section of code in the ACA that allows for state to apply to waive certain revisions to the ACA. CMS provided some guidance but not enough to formulate a real plan. The real key is CMS has indicated they

will release templates for waiver proposals that would be within their purview of what they would consider for approval. Once we get these templates, it will tell us what it means, what we can seriously pursue, and how to move forward. One of the most important components for 1332's is that Your Health Idaho as an entity does not have the ability to apply for a waiver and would therefore need assistance from the Department of Insurance and/or the Department of Health and Welfare.

The second opportunity is to create private exchange, or large employer exchange. This would leverage the functionality of the current exchange and its functionality and utilize it in a large employer environment. Mechanically, the employer contribution could mirror of the APTC. YHI is looking for feedback from the Board to determine if this is a good idea and how do we go about pursuing something like this.

Rep. Erpelding said YHI has defined open enrollment periods and employers have other defined open enrollment periods, and how would an employer add new employees throughout the year. Mr. Kelly said the process would be the same we would just align the software open enrollment to match the company open enrollment. In terms of new employees, that would align with QLE/SEP actions and would be similar operationally.

Ms. Vauk asked if the employees would only see plans available to them. Mr. Kelly said logins would be specific to the employer so that the employee would only be directed to those offerings by that employer.

Mr. Jeppesen said the other piece the exchange has is an eligibility function which is outsourced to the Department of Health and Welfare today. How would one know if the employee is truly eligible for an SEP or QLE? Mr. Kelly said YHI would most likely rely on the employer to provide YHI with the employees that are eligible and then the ability to login and select a plan would be restricted to those users. Mr. Jeppesen said from a functionality perspective, this is a natural fit. However private exchanges have really stalled and there is a lot of supply in that marketplace. So, who would you sell that to – the employer, the agent/broker, the insurance carrier, etc? He said there are two markets out there, those that are fully insured and those that are self-funded. The fully insured market is the natural place for a private exchange. It is much more challenging to do this in the individual market. Mr. Erstad added that it is an idea we need to pursue. The intent of SHOP was similar to this. The products that are on the Exchange have extremely high out-of-pocket limitations or out-of-network benefits. Group products are not subject to that same limitation. The question then becomes will YHI develop a portfolio of products that would then only be available through the private sector marketplace that the employers and employees currently enjoy. This would be a SHOP type of approach and those are concerns in looking at this type of model. Chair Henbest said this is a great opportunity for leveraging the knowledge of the Board. She suggested forming a task force of Board members, if it would be helpful, to dig deep into these ideas to see if they are viable. Mr. Stoddard reminded the Committee that we need to look at our legislation to ensure we can actually do any of this.

Mr. Kelly said the third option is simply a reminder that YHI continues to look for options to leverage existing operations and expertise to support other exchanges. There are no specific opportunities at this time, but we always keep our eyes open.

Mr. Kelly said a final option would be a building purchase. Our building has been sold, our lease is up in July 2021, our lease will not be renewed, and YHI is looking at options around moving or purchasing a building. YHI does have the cash and owning a building would provide YHI with the ability to expand, might provide a limited revenue opportunity, and it may come with some headaches that we might want to consider as well.

### **13. EMPLOYEE BENEFITS**

Mr. Kelly said this Committee has purview over employment practices and part of that is our employee benefits.

Mr. Jeppesen asked if he should recuse himself from this conversation. Chair Henbest said the first step is to declare publicly that there may be a conflict, and second, to abstain from voting. She preferred that he abstain from voting but continue to participate in the conversation as appropriate. Mr. Erstad reminded the Committee that YHI does work through an independent broker who looks at the entire market. Mr. Jeppesen does not have a role in that process or in the process of rates since the rates are filed with the state so abstaining from the vote makes sense. Mr. Stoddard reminded Mr. Jeppesen to do the same thing at the Board level.

Mr. Kelly said each year YHI thoroughly evaluates its health, vision, dental, and other ancillary offerings. This year, YHI ran into some complications including the value of this decision and the Delegation of Authority because of the level of cost. Those two items are more in the purview of the Finance Committee but affect this Committee in that we evaluated the employee benefits options. Because YHI is classified as a small group and those levels are set, a carrier cannot say I am going to lowball this in hopes of some preferential treatment on the exchange. That is simply not possible because these rates are submitted to the Department of Insurance and they apply to all small groups. In talking with legal counsel, and because of the independent broker review and our HR consultant Ms. Ball, we accomplished the spirit of an RFP and a competitive review process. YHI also considered the impact to employees and the overall cost to YHI. Based on all those factors, we are proposing a move from Regence to Blue Cross of Idaho for medical. Dental and vision will stay with the current carriers. Life, long and short-term disability would move from United Heritage to Lincoln Financial. With these moves, we will see a reduction in cost to the employee while keeping the employer portion flat. Medical plan deductibles and out of pocket remain very similar.

In terms of the Procurement Policy, this dollar amount is in excess of the Executive Director's signature authority. The timing for employee open enrollment, to ensure coverage beginning January 1, 2019, doesn't allow us to wait for the Board in December. With limited options for moving forward, YHI decided to move forward with the new carriers and ensured there was a way to undo the decision if needed. This Committee is voting on the choice of carriers, while the Delegation of Authority issue will be discussed and voted on at the Finance Committee meeting tomorrow.

Mr. Erstad added that for the Board, it would be good to articulate the amount of savings in the presentation.

**Motion:** Ms. Vauk moved that the Governance Committee, recommend to the Board, that YHI move to Blue Cross of Idaho for employee health insurance. **Second:** Rep. Erpelding. Mr. Jeppesen abstained. **The motion carried.**

#### 14. OPERATIONAL GOAL UPDATE

Mr. Kelly reviewed the Operational Goals and shared the expected outcomes by category. For Idahoans' Experience, the reduction in tickets related to linking is trending towards a 90 percent reduction year-over-year. NPS, as of this morning, is at 35 for the goal period. We have had days in November where we were north of 60 for NPS.

Mr. Kelly said for the Retention and Enrollment goal, current plan selections as of this morning were just above 90k with a 95 percent effectuation rate or about 86k effectuated enrollments. Renewals finished at 99.7 percent with no touch by a YHI team member.

For the Risk Management goal, the most recent campaign had a 21 percent click rate, so there is work to be done there. We continue to educate our team members of how to identify phishing attempts and will deploy the next campaign in the coming weeks.

For the Low Cost Promise we are trending just slightly above 80 percent and moving north towards the 100 percent payout.

For the Employee Engagement goal, it is too early to measure the outcome, but the Employee Engagement Task Force work continues and many of the recommendations around "do I have the proper materials and equipment to do my work right" have already been deployed. The goal outcome will be measured when the team takes the survey in May.

Mr. Erstad said YHI is doing really well this year and have had producers giving kudos for how smoothly it is going.

#### 15. NEXT MEETING

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

#### 16. ADJOURN

The Committee adjourned at 11:47 p.m.

Signed and respectfully submitted,



Margaret Henbest, Committee Chair