

**IDAHO HEALTH INSURANCE EXCHANGE
DBA YOUR HEALTH IDAHO
GOVERNANCE COMMITTEE
MINUTES
THURSDAY, FEBRUARY 15, 2018**

1. COMMITTEE MEMBERS PRESENT

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

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Alanee DeRouen, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Tresa Ball, HR Precision
- Ms. Cathy McGill, Idaho Department of Insurance

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 Mr. Hyatt Erstad, Vice Chair of the Committee (Chair), at 10:01 a.m., Thursday, February 15, 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 Ms. Henbest (via teleconference), Mr. Jeppesen (via teleconference), Ms. Vauk, Ms. McGill for Director Cameron were present, resulting in a quorum. Rep. Erpelding was absent.

5. APPROVE PRIOR MEETING MINUTES

The Chair noted there were no edits to the December 5, 2017 meeting minutes.

Motion: Ms. Vauk moved to approve the minutes as presented from the December 5, 2017, Governance Committee meeting. **Second:** Ms. Henbest. **The motion carried.**

6. REVIEW AGENDA

There were no changes made to the Agenda.

7. REVIEW COMMITTEE ROADMAP

The Chair reviewed the Roadmap.

8. REVIEW AND FINALIZE BOARD TRAINING CONTENT

Mr. Kelly reminded the Committee of the discussion at the December meeting regarding the materials from the National Association of Corporate Directors (NACD) around Back to Basics. There are three primary areas that we pulled from those materials: Duty of Care, Duty of Loyalty and Duty of Attention. This Committee and the Board thought that would be a good topic to center the March Board training on. We worked with legal counsel, Mr. Stoddard, and he incorporated that topic into a broader training which includes the uniqueness of the YHI Board relative to public and private boards.

Mr. Stoddard walked through the key elements of the Board training deck. He said he intends to highlight what was presented in the Board training a year ago and then move into the new material from the NACD that is included in the Board Training deck. He said focus will be on the unique parts of this Board including to whom we owe our fiduciary duty, duty of care, etc. The unique composition of this board in terms of how Board members are appointed to represent a group (health care providers, carriers, small business, etc.) and as Board members were selected to provide expertise in those areas, can result in conflicts of interest. Mr. Brian Kane has been invited to attend to ensure we are in concert with the Attorney General's office.

Ms. Henbest said the term duty caught her eye and asked if he is inviting discussion of whom we owe that duty? Mr. Stoddard said he has not been able to conclude where that duty lies, and it's important in terms of where resources are spent. This Board does serve at the pleasure of the Governor and the Governor has complete discretion. This doesn't change to whom you owe your duty but it does affect how you provide that duty.

The Chair said at the end of the day, the value add proposition (the Citizens of Idaho) is the key point, with outlying factors that influence this.

9. EMPLOYEE HANDBOOK REVISIONS

Ms. DeRouen said there were minor clarifications in the handbook that include some grammatical updates and change in sentence structure to make it flow better and alignment.

Ms. DeRouen shared the key updates which included Complaint Report and Handling and protection against retaliation to include Human Resources in the reporting of complaints. The Workplace Attire section was also updated to include clarifications for the Support Center specifically and Friday dress. Adjustments were also made to the Employee Health Insurance section of the Handbook to align with the updates to the medical benefits that were made at the end of 2017. Minor updates were made to the Professional Development section of the handbook to include exceptions to this policy requires advance approval by the Executive Director. In addition, changes were made to reflect the change in Parking to Commuting Stipend as YHI now provides a pre-tax stipend to offset the cost of commuting and/or parking. Finally, PTO accruals were aligned for both non-exempt and exempt employees (PTO accruals will go into effect on 7/1/2018 to align with the fiscal year).

Motion: Ms. Vauk moved that the Governance Committee, recommend to the Board, approval of the changes to the Employee Handbook as presented today. **Second:** Ms. Henbest. **The motion carried.**

10. FY19 STRATEGIC STAFFING PLAN

Mr. Kelly reminded the Committee how the Strategic Staffing Plan and the Compensation Plan and the related Operational goals, along with the budget all work together. Last year changes were made to the Charters to get that process outlined and clarified and this is part of that review process. On Monday, the Finance Committee took their first pass at the budget and then they will have a second Finance meeting next week to incorporate any changes from this Committee today into the budget.

After operating in two full open enrollments and one full off-season, it has been determined that YHI does not need as many year-round staff members. There have been other minor organizational changes, but the bulk of changes in total headcount have happened in the Support Center. That change is that there will be six fewer year-round Customer Advocates in the Support Center. There is no risk to the customer experience or support levels and it should not affect response rates.

How the organization fits together was also contemplated and there were three key pillars to YHI's organization. The first was the continued focus on customer experience – do we have the right people in the right place with the right tools to deliver that customer experience. The second was is it fit-for-purpose and aligned with the Low Cost Promise – spending the right amount of money in the right places to deliver the right outcomes. Finally, and most importantly, YHI has worked to encourage cross-functionality and mitigate the creation of silos within teams. The overarching view of this is YHI has created optionality for career paths within Your Health Idaho.

Mr. Kelly shared the Organizational chart which reflects a total headcount of 56 direct hires year-round and YHI flexes up from that by about 25 to 30 seasonal Customer Advocates during open enrollment.

Ms. Vauk asked if there is anything on the horizon that could affect this total headcount? Mr. Kelly said when you look at a SWOT Analysis of the organization, there are clearly some threats and some opportunities. It is too early to know exactly what those impacts might be, but from a customer experience standpoint, it is more of a step function than a linear function in terms of the number of heads needed in the support center. We think it is roughly 10,000 enrollments either up or down would impact a single headcount. It does have a cascading effect when in multiples of those numbers with leads and supervisors, and we do know there is a floor in terms of overall operational headcount.

The Chair asked when the penalty goes away. Mr. Kelly said in plan year 2019, that penalty goes to zero. The Chair asked about the status on the state-based plans. Ms. McGill said there is no legislation that goes along with that, simply an Executive Order. The Department of Insurance has issued some guidance to carriers on what those plans have to include and that is where it currently stands. The Chair asked if the only threat was HHS coming in and saying Idaho cannot do that. Ms. McGill said we are not asking for permission, and there is simply the Governor's Executive Order. The idea is these plans will not attract people receiving APTCs, but instead younger healthier people.

Ms. Henbest asked if the state based plans would require 1095's. Mr. Jeppesen said these plans, they do meet minimum EHB's and Minimum Essential Coverage and in some cases, exceed the DOI requirements. Consumers will receive a 1095B. Mr. Kelly said these plans at this point will not be associated with the exchange and are not eligible for tax credits and therefore consumers will not receive a 1095A from Your Health Idaho.

Motion: Ms. Vauk moved that the Governance Committee, recommend to the Board, approval of the Strategic Staffing Plan for FY19 as presented today. **Second:** Mr. Jeppesen. **The motion carried.**

11. FY19 COMPENSATION PLAN

Mr. Kelly said he and Ms. Ball completed a full market review of all positions and total compensation which included benefits structure, and employer cost sharing. That market review resulted in some changes to YHI's compensation structure. Those adjustments to the compensation structure were different depending on the minimum, mid-point, and maximum of each position range. Proposed market adjustment included in the proposed FY19 budget of \$32K and those specific changes would be distributed during the annual review process. The second piece of the compensation review is the merit pool and we have maintained our 3% merit pool or \$68K. Those two changes together equal \$100K to the fiscal budget for 2019. The benefits review resulted in balancing PTO accruals for exempt vs. non-exempt and we looked at contributions for health benefits. Currently we have an 80/20, employer/employee cost share and evaluated the costs for changing to 90/10. No decision was made on cost sharing but the costs associated with such change were included in the proposed FY19 budget. Whether those funds

are used for cost sharing changes or to offset premium increases will be decided when the medical renewals occur in late 2018. No other changes were proposed.

Ms. Vauk asked if the increase in employer contribution for health benefits was precipitated by some feedback or market analysis around competitiveness? Mr. Kelly said generally throughout the valley, employers are contributing more for employees and less for dependents for the cost-share.

The Chair asked about the three offerings and asked within the demographics of the group, which plan are most signing up for? Ms. DeRouen said in the middle. There were some that bought down and some that bought up, but the majority chose the mid-range plan. YHI has 11 employees that are not participating.

Mr. Kelly added that while there are elements of the benefits structure and cost sharing that may be richer than the market, other pieces were below market and therefore we looked at this as a total compensation. If there were any changes to that cost share, we would also want to consider what that would do to the overall total compensation for the team members.

Motion: Ms. Vauk moved that the Governance Committee, recommend to the Board, approval of the Compensation Plan for FY19 as presented today. **Second:** Ms. Henbest. **The motion carried.**

12. FY19 STRATEGIC AND OPERATIONAL GOALS REVIEW

Mr. Kelly said the Strategic Goal to guide Your Health Idaho is to provide a flawless customer experience. The question is how does one define flawless. YHI has defined that as when 5 percent or less of its customers require two or more touches to resolve an issue. This is a challenge for YHI given the ecosystem YHI works in including the Department of Health and Welfare, agents, carriers, etc. It is a tough goal. About a year ago, 13 percent of YHI's customers required more than two touches to resolve their issue. That has been reduced to 10 percent and that is measured over the course of a year, which includes time outside of open enrollment where qualifying life events happen and are inherently more complex. We will continue to work on this and see if we can get this down even further. It is also important to note that about 60 percent of customers have needed no contact with YHI to complete their enrollment. We are not proposing any updates to this goal.

Ms. Vauk added that getting to 10 percent is admirable. Is 5 percent realistic? Mr. Kelly said we have seen from time to time that number is lower than 10 percent, particularly during open enrollment. We continue to identify the primary sticking points and continue to make progress in these areas. Mr. Jeppesen supports maintaining this as the overall strategic goal. He said next year, once the Net Promoter Score is included, this strategic goal could be revisited. Mr. Kelly said we are in our infancy of implementing the Net Promoter Scores, and we certainly know there are things to be learned and would welcome the opportunity to revisit this goal as it matures.

Mr. Kelly moved to the Operational Goals and shared status updates for the five goals for the current fiscal year – Idahoan's Experience, Retention and Enrollment, Risk Management, Low Cost Promise, Employee Engagement - and he noted each are trending slightly different.

- Idahoan's Experience – 1095-A portion and case resolution timeliness, both components are trending in the 100 percent threshold and will run through the end of the fiscal year.
- Retention and Enrollment – Enrollments are trending towards 80 percent but need time to settle out based on effectuations. Retention is trending at 60 percent.
- Risk Management – Reportable incidences and media came in at 100 percent.
- Low Cost Promise – This reflects how much money YHI has in the bank at June 30 and is trending at 100 percent.
- Employee Engagement has been a big focus and we believe we are trending very well on this but won't know the measurement until May when we see the results of the employee engagement survey. The team has deployed COMPASS and have implemented manager learn and shares.

The Chair noted low appeals going to a hearing and kudos to the team for getting these resolved internally. Mr. Jeppesen complimented the organization for having done a phenomenal job in respect to these metrics.

Mr. Kelly moved to the proposed goals for FY19, which starts in July of this year and through June of 2019. YHI will keep the same goals, but with slightly different metrics and targets including Idahoans' Experience, Retention and Enrollment, Risk Management, Low Cost Promise, and Employee Engagement.

Changes to the Idahoans' Experience goal include reducing tickets related to linking issues and implement a Net Promoter Score for phone calls and online customer contacts. For the linking issues, YHI is deploying new technology to address this as it is the single largest pinch point throughout the organization. The second component is the Net Promoter Score which will be implemented on July 1, 2018.

For Retention and Enrollment, YHI is proposing flat enrollment and understanding the threats and opportunities is important. It is important to have an enrollment goal, but knowing what the threats are, it is still too difficult to determine the exact thresholds for this goal. We do know that focusing on retention will be key for Your Health Idaho's success. Mr. Stoddard reminded the Committee about a discussion regarding the enrollment goal last year in this Committee where Ms. Maher thought perhaps the enrollment goal was too out of YHI's control.

The Chair asked Ms. McGill to explain the two waivers that are being advanced in the legislature and simultaneously being submitted to HHS. Ms. McGill said DHW and DOI both have waivers that are in the process of being submitted to HHS. They are both dependent on the legislation being passed. The Health & Welfare waiver will create a new Medicaid eligibility category that will affect about 25-30,000 Idahoans, some which are covered by private insurance. It will make them eligible for Medicaid if they have certain high-cost medical conditions and their income is within 400 percent of the poverty limit. By moving such people out of the market with these certain high-cost medical conditions, this would help drive down premiums in the commercial market. And these waivers would work in conjunction with the Department of Insurance's waiver, which is a section 1332 waiver and authorized by the Affordable Care Act. That waiver would cover the Idahoans in the gap, those that are in the 100 percent of poverty range and do not receive an APTC and are not eligible for Medicaid. The one exception in the current law is legal non-citizens can get an APTC in that 100 percent of poverty range. This waiver would

make it so all Idaho residents, citizen or non-citizen, to be eligible for a tax credit if their income is within 100 percent of poverty. Ms. Vauk asked if there is an estimate for this waiver. Ms. McGill said the people that would newly be eligible for an APTC is around 3,000. Mr. Kelly said the estimates are 2,500 – 3,500 will move into the medically complex, high cost group under the 1115 waiver. How will the 1332 waiver affect enrollments in the exchange remains to be seen, but we expect it to be as much as 30,000 people. The interesting thing is how these two waivers work together. The idea behind pulling the medically complex, high-cost conditions out is that would lower overall premiums in the individual market. Director Cameron has commented that would be in the range of 20 percent to the individual market should these waivers be approved. When you look at the totality of a potential increase in enrollment on the exchange, one must also include the decrease in premiums and it is too early to draw a conclusion because there are multiple forces and tension in our financial performance.

Chair Erstad said if this makes it through the Legislature, and that is a pretty big if, it is good to keep that in mind. Ms. Vauk asked if in doing the scenario planning, is there a place for an opportunity for a 3 percent increase in enrollment. Mr. Kelly said really what we would like to get out of this is whether the Committee supports an enrollment goal. The initial 3 percent is that if we are going to be at a 100 percent threshold, it is difficult to know if that is going to be flat. Where it could come from would be from the combination of the dual waivers and the state-based plans and we have very little clarity on that at this point in time. This is a perfect example of why we are looking for conceptual agreement and coming back with firm numbers in June.

Mr. Kelly said for Risk Management, we have shifted the metrics while remaining focused on safeguarding Idahoan's information, which was one component of last year's goal. As Mr. Reddish would attest, the majority of threats in terms of information breaches are around social engineering. YHI has increased our campaigns and training to ensure team members are very aware of these things, and will measure it in terms of tests we will put out to our teams, measure the response rates, and then follow up with training. Ms. Vauk asked if we are currently doing this or will it be a new activity. Mr. Reddish said we will simply increase the frequency of these tests and stepping it up not as a tool to reprimand our team, but to teach them for what to look for.

For the Low-Cost Promise, Mr. Kelly said we will include in the tactics a reference to the \$22M that YHI has already saved Idahoans, our continued focus on a low-cost promise and that \$22M will continue to grow. We will tighten up these numbers as we get closer to June but it will be how much cash we have relative to our budgeted cash at the end of fiscal 19.

Mr. Kelly said the last goal is similar to this year for Employee Engagement, but we will incorporate the COMPASS activity into the tactics and tighten up the percentage changes.

There will be no motion today, but we will fine tune and bring back in the May/June timeframe for approval.

13. TRAVEL POLICY REVISIONS

The Chair said the Finance Committee had recommended a change to the Travel Policy and they asked this Committee to approve the changes.

Motion: Ms. Vauk moved that the Governance Committee, recommend to the Board, approval of the changes to the Travel Policy as recommended by the Finance Committee and as presented today. **Second:** Mr. Jeppesen. **The motion carried.**

14. EXECUTIVE DIRECTOR ANNUAL PERFORMANCE REVIEW

Ms. Ball said it is close to time for the Executive Director performance evaluation and it will be similar to what we have done in past years. We have incorporated the direct report feedback, in addition to the Board feedback, so it is a bit more of a 360 review. We will re-look at the tool, same sections, and same timeline. In early May, Margaret and Stephen will do 1:1's with direct reports with completion in time for the June Board meeting.

Ms. Henbest asked what the participation rate was with the Board last year. Ms. Ball said it was a fairly high participation rate.

15. NEXT MEETING

The Chair noted the next meeting of the Governance Committee will be held in late May - likely May 30.

16. ADJOURN

The Committee adjourned at 11:27 a.m.

Signed and respectfully submitted,



Margaret Henbest, Committee Chair