

**IDAHO HEALTH INSURANCE EXCHANGE
DBA YOUR HEALTH IDAHO**

**YOUR HEALTH IDAHO BOARD
MINUTES
THURSDAY, FEBRUARY 16, 2017**

1. BOARD MEMBERS PRESENT

- Mr. Stephen Weeg, Chair
- Mr. Scott Kreiling, Vice Chair
- Mr. Kevin Settles, Treasurer
- Mr. Hyatt Erstad, Secretary
- Mr. Tom Shores
- Ms. Karen Vauk
- Dr. John Rusche (via teleconference)
- Ms. Charlene Maher
- Mr. Fernando Veloz
- Dr. John Livingston
- Ms. Margaret Henbest (via teleconference)
- Mr. Jerry Edgington (via teleconference)
- Ms. Janice Fulkerson
- Rep. Matt Erpelding (via teleconference)
- Director Richard Armstrong
- Director Dean Cameron

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Ms. Dana Packer, Your Health Idaho
- Mr. Layne Bell, Your Health Idaho
- Ms. Karla Haun, Your Health Idaho
- Ms. Alanee DeRouen, Your Health Idaho
- Ms. Lasca Schramm, Your Health Idaho
- Ms. Stephanie Mathiesen, Your Health Idaho
- Ms. Frances Nagashima, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Mr. Weston Trexler, Idaho Department of Insurance
- Ms. Tresa Ball, HR Precision
- Ms. Tammy Perkins, Office of the Governor
- Mr. Mike Reynoldson, Blue Cross of Idaho
- Mr. Peter Sorensen, Blue Cross of Idaho
- Mr. Tim Olson, AHIP/PacificSource
- Mr. Norm Varin, PacificSource
- Mr. Shad Priest, Regence Blue Shield
- Ms. Judy Geier, Idaho Deputy Attorney General
- Mr. Thomas Cory, Family Health
- Mr. Sean Schupack, Risch Pisca

3. CALL TO ORDER

Following proper notice in accordance with Idaho Code §74-204, the Board of Directors meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Mr. Stephen Weeg (Chair), at 10:00 a.m., Thursday, February 16, 2017, at the State Capitol Building, Room WW17. In accordance with Idaho Code §74-203 (1), the meeting was held in an open public forum and was streamed in audio format on the Idaho Public Television web site.

4. ROLL CALL

Mr. Kreiling called roll and determined that The Chair, Mr. Settles, Mr. Erstad, Mr. Shores, Ms. Vauk, Dr. Rusche (via teleconference), Ms. Mayer, Mr. Veloz, Dr. Livingston, Ms. Henbest (via teleconference), Mr. Edgington (via teleconference), Ms. Fulkerson, Director Cameron, and Director Armstrong were present, resulting in a quorum. Dr. Rusche joined (via teleconference) at 10:10 a.m. and Rep. Erpelding joined (via teleconference) at 10:19 a.m.

Ms. Sweigart, Representative Packer, and Senator Rice were absent.

5. PUBLIC COMMENT PERIOD

The Chair asked if anyone had a comment to make. Hearing none, he moved to the Agenda.

6. REVIEW OF AGENDA

The Chair said the Agenda today is designed to bring the Board together and up to speed on what has been going on around federal and state policy impacts to the exchange and the individual market. In addition, and in consideration of the Finance Committee, the Board is charged with setting the Assessment Fee in March 2017 for the upcoming 2018 plan year. The issue this year is that at this time, the potential volume for 2018 is relatively unknown due to the unknown policy impacts. The Board may want to consider setting a couple of different fees that can be used depending on the outcome of policy impacts to the exchange. Another possibility to consider is a delayed March meeting as there was some indication by the federal government yesterday that the filing period may be delayed which may give everyone a little more time. That is the goal today. At this point, there is no consensus on whether or not decisions will be made today or if this will primarily be a discussion so that has been left open.

7. OVERVIEW OF CONFLICTS OF INTEREST POLICY

The Chair said he asked YHI's attorney to be here today to ensure that YHI's Conflict of Interest Policy is followed. As a reminder, we are looking for a good, honest discussion today as to what is going on and how YHI may be affected. The Conflict of Interest Policy revolves around any decisions that might be made where the vote impacts all members of a class the same, then members of that class can vote. If the vote impacts all members of a certain class differently, then the members of that class might be asked to abstain from voting.

8. APPROVAL OF PRIOR MEETING MINUTES

Motion: Mr. Erstad moved to approve the meeting minutes from the December 16, 2016 Board meeting as presented today. **Second:** Mr. Shores. **The motion carried.**

9. OPEN ENROLLMENT HIGHLIGHTS

Mr. Kelly provided a quick update on the Open Enrollment progress and noted that there will be a deeper discussion at the Board meeting on March 17. He said almost 106,000 Idahoans have selected a plan via Your Health Idaho. This is in line with expectations and is driven by a strong automated renewal process and a targeted outreach campaign. This enrollment milestone was reached with a lower outreach spend, which bucked the nationwide trend. There was very little shift in plans selected across metal tiers, with silver plans still making up the bulk of enrollments at about 70%. YHI did see pretty significant shifts in enrollments by carrier as shown on the slide. And finally, YHI was able to deliver over 99% of the 1095-A's by the January 31 deadline and, as of today, consumer requested corrections remain very low.

10. CRITICAL ISSUES AND FOCUS FOR YHI

Mr. Kelly said as YHI moves forward into the remainder of this year and into 2018, YHI will face critical issues as policy changes are considered. YHI is prepared to pivot to the policy driven changes, will remain vigilant in serving the needs of the customers, and will ensure the YHI team is provided the support that they need.

YHI has highlighted four critical areas as it moves forward including market stability in 2017, predictability and stability in 2018 and beyond. YHI needs to maintain a position of strength to leverage successes and provide a solid foundation of innovation as it transforms and adjusts to what will be healthcare "2.0". And finally, the need to ensure that YHI retains its current team members, so that YHI can continue to serve its customers and have the right talent in place to execute on any upcoming changes.

11. POTENTIAL FEDERAL POLICY IMPACTS

Mr. Kelly said federal policymakers are still working to solidify the next evolution of health care in the US. However, there are clear trends and market stability will be a key component in the future. Just yesterday, CMS published proposed rules centered on market stability for plan year 2018. The new rules covered six main areas, including special enrollment periods. YHI is already working to strengthen its special enrollment validation efforts and expect those system changes to rollout this spring. The second area is guaranteed availability, which addresses the application of premium payments made by consumers. Adjustments to the actuarial value calculations, the role of states in determining network adequacy requirements, adjustments to the QHP certification calendar as Chairman Weeg spoke to earlier, and shortening the open enrollment period which will ensure that open enrollment closes before the plan year begins. This was something that YHI and the Department of Insurance were supportive of in previous proposed rulemaking.

There are other policymaking decisions that are still opaque, but YHI is committed to adjusting to any improved changes in policy. Reading the rules and discussing the impacts with CMS, it is clear that the administration is focused on stability at the federal level, and most importantly that plan year 2018 appears to be moving forward under the ACA.

Ms. Fulkerson asked for a clarification on the proposed rules. What is the next step on the evaluation and approval of the proposed rules? Mr. Kelly said comments are due back to CMS

on March 7 at which point they will review comments and incorporate as appropriate. They have not committed on when the final rules will be issued.

Director Cameron requested to go back to the first topic of the 106,000 that have made plan selections, and asked how many of these are effectuated. Mr. Kelly stated that preliminary reports of January effectuations are at 95,936. YHI generally sees a lag in those early results and expects that to increase in the coming months. Director Cameron asked if the market shares by carrier in the chart are expected to fluctuate much based on those effectuations. Mr. Kelly said not at this time.

12. POTENTIAL STATE POLICY IMPACTS

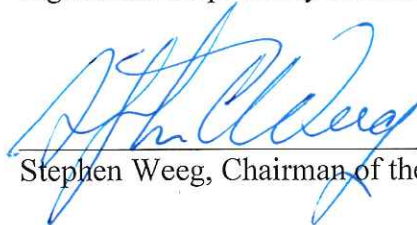
Mr. Kelly explained that over the last few months, YHI has learned of the potential to introduce non-ACA compliant plans into the individual market in Idaho. The exact details of these plans and the timing of their introduction into the market has not yet been published. The introduction of non-ACA compliant plans into the current plan year presents significant risk to Your Health Idaho. We believe that the introduction of these plans would drive material impacts to YHI's operations, financial outlook and impact the tens of thousands of Idahoans that rely on YHI. While the risk of impacts is immense, YHI is currently centered on four primary impacts. We believe that up to 50 percent of YHI's customers would leave the marketplace to enroll in these plans, causing a significant shift and a drop in revenue of up to half. As a result, a significant increase to YHI's assessment fee could occur. YHI received a letter this morning informing YHI that one carrier will cease marketing of their plans immediately and remove themselves from the marketplace in 2018. If all carriers were to leave the market, in a worst case scenario, and YHI ceased operations, Healthcare.gov would take over the exchange operations in Idaho. The closure of Your Health Idaho would eliminate the potential for Idaho to be an incubator for innovation and reform in healthcare 2.0. As mentioned earlier, federal policymakers are taking action to stabilize the marketplace and the introduction of non-ACA compliant plans could cause considerable destabilization in the Idaho market.

**Due to the importance of the discussion that followed, a full transcript of the discussion that took place is attached.*

13. ADJOURN

The Chair noted that the next Board meeting will be held on Friday, March 17, 2017. There being no further business before the Board, the Chair adjourned the meeting at 12:12 p.m.

Signed and respectfully submitted,



Stephen Weeg, Chairman of the Board

The following is a full transcript of the conversations that took place regarding the Federal and State Policy Impacts.

Chairman Weeg said that is what we know at this point and one of the challenges at the federal level is they are still unsettled. These non-ACA compliant plans, we don't know what they may or may not be or whether they may or may not happen, but the drive on this and initial comments were that this may be happening sooner rather than later. He opened up for comments.

Dr. Rusche asked if non-ACA compliant plans are even legal? He believed from his research on this topic that minimum essential benefits are defined by the state and must be applied to all individual policies inside and outside the exchange.

Director Cameron said he generally doesn't speculate on rumor, which is what this specific topic is predicated on. It is not knowledge based, it is simply rumor based and fear based by some carriers. To answer Dr. Rusche's question, non-ACA compliant plans would not be compliant with the ACA obviously and therefore would not necessarily be legal unless the ACA is repealed, which seems somewhat imminent. We don't know the timing; we don't know how it will be repealed or any other aspect of it. There have been questions by all carriers as to what would take place in the event the ACA was repealed and what would be the DOI's reaction or what would the department do moving forward. The answers to those questions are also somewhat dependent on how it's repealed and what is required of the DOI. The very first question fielded regarding the potential repeal of the ACA was whether or not transitional plans, meaning Grandfathered and Grandmothered plans, would be allowed to continue to exist. As you may recall, President Obama said everyone would be able to keep their current plans under the newly formed ACA, yet the wording in the ACA was somewhat different than his promise. And so afterwards, through HHS, a rule was devised to allow those traditional plans to continue for a specific length of time. Those transitional extensions occurred and reoccurred until it was finally announced that the transitional plans would exist until December 31, 2017. Just two days ago, 23 members of the US Senate sent Secretary Price a letter requesting that those transitional plans be allowed to stay in force indefinitely. Among those, our own Senator Crapo and Senator Risch signed the letter. And the DOI applauds that action. Director Cameron remarked back on Dr. Rusche's original question about non-ACA compliant plans and if they would be allowed. Apparently they can be allowed, since the administration has in fact allowed non-ACA plans since they have been allowed essentially from the beginning. The letter also requests that Secretary Price also responds in writing by February 21st as to that authority to continue those plans indefinitely. We have no reason to believe he wouldn't respond by that point so we anticipate knowing that soon. Director Cameron apologized to Dr. Rusche for the long response, but as he has learned that what gets passed around, like the game we all played as kids, the story changes, particularly with some of our carriers, so any response has to be carefully formulated.

Mr. Stoddard said generically the terminology of non-ACA compliant plans relates to Grandfathered plans. Technically they are ACA compliant simply because they are allowed. The confusion arises when you review President Trump's executive order and the fact that CMS issued new guidelines yesterday that they are trying to provide some flexibility. The law is in effect and unless Congress takes some sort of action, everything remains in place until the end of 2017. However, there is the ability on the part of CMS to tweak some things, so that causes pause. Last year, if you didn't check the box on your tax return, your tax return would be rejected. This year, they are coming out with new guidelines that say they won't reject the tax

return if the box is not checked, they will now accept it. In trying to follow President Trump's order, they are attempting to provide some flexibility however, they will continue with the fines and enforce it. So the law at this point is still the law.

Chairman Weeg summarized that the Grandfathered and Grandmothered plans can't be sold on the exchange. If the plans would continue, would it allow new people to select those plans or would it only allow for the people that are already on those plans to continue with those plans? Director Cameron responded that the DOI does not know that at this point. He said that was the second question asked by the carrier. If the carrier is allowed to keep those plans, are they allowed to accept new enrollments on those plans? We don't know the answer to that question. There are about 40,000 Idahoans that are still on transitional plans, so that is a significant number that will be able to stay on those plans. We are awaiting additional guidance from HHS or Secretary Price on that issue. The second question is whether YHI can market these products and under the current ACA, the answer is no. However, depending on the guidance that is received, there may be some additional flexibility that is afforded to the states. Much of the regulation that was given yesterday is cloaked in flexibility and also cloaked in trying to provide stability. They also provided guidance on adjusting the open enrollment period. They want to adjust it down to a month and a half, which frankly is too narrow and we will probably make that comment to them. They would like it to run from November 1 to December 15 and the DOI agrees that ending it on December 15 is the right decision, but the DOI will be suggesting that it begin on October 1. Director Cameron requested the Board's perspective on this. He added that the DOI would like people to be able to enroll at any time, but that is another bridge that we will cross later.

Chairman Weeg asked if there is any idea of the difference in premiums of the transitional plans versus the exchange plans. Mr. Erstad stated that in looking at the transitional plans, to make them compliant to ACA requirements of minimum essential benefits, it would increase those premiums by 40 percent. Both ACA and transitional plans would experience similar year over year increases which was 20% in 2017. Director Cameron agreed with that estimate.

Director Cameron said at this stage, no carrier has filed, or requested from the Department of Insurance, any plan that would be non-ACA compliant other than the transitional plans that are currently available. The DOI's interpretation is that CMS has essentially abrogated and not enforced the ACA on the transitional plans. That doesn't mean that they are compliant, it was a decision to not enforce. And we may see further decisions on other provisions of the ACA that Secretary Price may decide not to enforce depending on how the repeal and replacement activities take place.

Mr. Shores recalled that he hasn't seen any other plans introduced that were not ACA compliant, and the transitional plans were created before the law was changed. For many agents, we have used some short-term policies to get people through a month or two post jobs or things of that line and even then, those plans can't be used for more than a few months. If I were the carrier and I was bringing a plan like Mr. Kelly talked about to the DOI, would it be approved under the current rules we are living under? Director Cameron said he is not going to answer that question because he is not going to speculate on what plans might be brought forward and he is not going to prejudge what those opportunities are. The DOI is not going to stand in the way of innovation and he thinks carriers ought to be, if they are engaging in responsible activity, they ought to be considering what the post-ACA world might look like. They should be looking for how best to serve the consumers and the DOI's job is to look at how to protect the consumers and that those

consumers have a place to go to. Director Cameron disagreed with Mr. Kelly's assertion that 50 percent of consumers that have plans through the YHI marketplace will leave if they can get a non-ACA compliant plan. That is not to support the idea of non-ACA compliant plans. YHI said 95% of YHI enrollees are receiving an Advance Premium Tax Credit (APTC), the majority of folks that are receiving that APTC will not leave, anyone with a health condition and that has chosen a plan that includes the robust features of the ACA compliant plans will not leave. Mr. Shores said he is confronted almost weekly by companies that are asking for "non-ACA compliant" policies that are horrible and don't include things like hospitalizations and they are setting people up for problems down the road. Director Cameron said they are in the process of investigating some of those same situations. He said until the ACA is repealed, all plans must comply with state statutes and whatever applicable federal law is in place, so those plans would not be approved. Mr. Shores said he had the opportunity to be in Washington DC these past three days and in talking with our delegation and several others, and even though the places would be in mass flux, in having a conversation with Senator Crapo and his people, they have a plan, they are moving forward and it is not getting in the press, but they do have a plan and the majority of it is planned to be effective by the end of this quarter. Probably by the end of March and many of those provisions may not be effective for a few months down the road. This rumor seems to get people really excited and the question really is when would they be able to get in this plan if it were to become available.

Director Cameron followed up, no carrier has requested or filed with the DOI, which is required by law, to withdraw from the marketplace either in whole or in part at this point. Secondly, all carriers signed a contract, so a carrier requesting to withdraw from the exchange would be in breach of that contract. The DOI would strongly object to a carrier dropping out of the marketplace mid-year. The carriers have the opportunity to withdraw from the exchange with an effective date of January 1, 2018. There would be significant impacts to the marketplace and to consumers and it could potentially impact APTC provisions depending on how that carrier is ranked in various counties where they may be ranked as the second lowest silver. It could create some inconsistencies for those consumers enrolling in the open enrollment period and those that are attempting to enroll post open enrollment. That could create some other instability and other issues in completing 1095s as well as other things. From the department's perspective, we have not received the request, but the DOI is anxious to see the letter Mr. Kelly spoke of and will take appropriate action to object to any mid-year withdrawal.

Ms. Fulkerson referred back to the agenda items that were previously discussed including YHI stability, staff retention, and supporting the organization. It is currently understood that the Grandmothered plans may or may not be extended beyond the current year. Currently there are rules that have been published, but really nothing firm yet. So as we look at what the speculation is, planning for the consumers and constituents is very high on the list and top of mind. If a carrier pulls out, we need to be ready, if we have people stop selling plans, we need to know who they are. There are a lot a lot of unknowns – what might happen to the agents and brokers, what might happen to the consumers – but right now, it is all speculation.

The Chair clarified that the Grandmothered plans will expire this year and the Grandfathered plans will continue on. Mr. Shores added that the difference between the two is based on when they were purchased.

Mr. Kreiling touched on something Director Cameron said earlier in that carriers are listening to rumors and are fear based potentially. In reality, I own our own experience as a company and Regence Blue Shield of Idaho has had conversations with the Director and it has been very clear to us that there are discussions about non-ACA plans, that if we want to look at doing that, that we should be entertaining that idea. The reality is as a company, we always scenario plan and we always try to anticipate the future, and that is what all companies and competitors do. Absent that, we really don't have anything to look at or respond to. We look at things from a rumor basis. But our rumor isn't a rumor at all, it is factual, it comes from discussions we have had with the Director since December, and it is challenging because we can't get anything in writing, can't get a public process. That probably creates more rumors, someone hears something and someone passes it on to someone else and it becomes urban legend. While the reality is, we encouraged public rulemaking in Idaho where the carriers and the Director come together and we have a conversation. I'll provide a little history, when the ACA looked to become a reality, Director Deal pulled all the carriers together and sat around a table and said this is what it looks like, and what makes sense for Idahoans. And then when the ACA was passed, we put our competitive hats to the side and said it would be great to have a state exchange that would have affordable fees, done the Idaho way, and takes care of the brokers and agents. And ultimately that is what we achieved. It took a few years to get the legislation passed, but it is a success story, and it is one of the few in the entire country and has saved Idahoans over \$14M in fees. But ultimately we are competitors after we put Idahoans first. We came up with our own policies, counties, prices, etc. The challenge we have, from the Regence Blue Shield perspective, we don't have plans on the exchange. We have our affiliate BridgeSpan, and yes that was the one that submitted the letter to request "stop-marketing." I am not here to debate why, what is in the letter or whether we can or can't, but the frustration and challenge for us is that there is no public process, and we are concerned about the viability of the exchange if non-ACA plans get introduced mid-year. We are concerned about getting ahead of the federal government. We would rather have the discussion publicly, all of us as payers, have the discussion about what it could look like as the ACA is unwound. Regence Blue Shield of Idaho is all about innovation, we were one of the first companies in 2008 with transparency in consumer tools. We also have a comprehensive palliative care program which is the most comprehensive of all carriers. So innovation is important to us, but so is stability of the marketplace. I also wear the hat of this Board in not wanting to destabilize this marketplace. The Director mentioned not knowing where the numbers that Mr. Kelly came up with and I think that everyone probably has different numbers. But we sat down with the DOI and our actuaries and shared our projections that if March 1st, May 1st, there are all of a sudden non-ACA plans introduced mid-year, it will destabilize the market, change the rules in the products and pricing for BridgeSpan. And when you look at BridgeSpan, we are looking to stop marketing the BridgeSpan policies going forward, but honoring the 20,000 members that we have and doing a great job servicing those members that purchased a product and price and we are passionate about that.

Mr. Kreiling described the need for a public process. If you destabilize the marketplace, the reality is, if you move to non-ACA compliant policies that perhaps comes down from the federal government, then let's look at that and decide what is best for Idaho, the Idaho Exchange and its consumers. Any move to split a marketplace when it aligns differently than the federal and state laws that we are all under, creates a playing field that is anything that level. Absolutely, the world will change around us, but let's do it as an industry and for Idahoans.

Director Cameron agreed with Mr. Kreiling and said he would love to have an open process. But in order to have a public process and in order to put something in writing, we need to know what the rules of the game are. So far it is a moving target and so in any discussion, I have tried to be as open and honest with the carriers and I have conveyed with each of the carriers in any discussion that has taken place, perhaps that was a mistake on my part. But in the attempt to be open and transparent so that no carrier could take advantage of the marketplace, I have tried to let everyone know about discussions that are taking place. We have made our teams available to any carrier and actuarial team to call and ask questions. And we have had a plethora of questions and the list is endless and the DOI team has done a remarkable job answering those questions should the ACA be repealed. Should the ACA be repealed, that provides a different perspective by which we have to operate. The carriers undoubtedly need to have that understanding. Should the ACA be repealed, and we have some immediate instruction, we would be more than happy to hold a hearing and certainly willing to have a collaborative event or meeting on a statewide basis. But I hesitate to put anything in writing that may not be accepted by the federal government at this point in time.

Ms. Maher said she feels she is a little bit at a disadvantage as there seems to be much more that others are aware of that she is not aware of. But what I am aware of is the last time the Board met, we talked about the instability of the marketplace and the future of the exchange based on what was happening in the federal government. We asked the YHI leadership to do risk based scenario modeling. What do we do if the CSR's are yanked out, what do we do if the APTC's go away, what do we do if the individual mandate is eliminated or essentially reduced to zero, what do we do if the ACA is repealed in its entirety, what do we do if all federal funding is yanked out in 2017 or even 2018 and bring that information back to us so that we can have healthy discussions. At the same time, we talked about the separation of the YHI Board from being a policymaking entity, we talked about the YHI Board being responsible for executing the operational performance of the YHI exchange as the Governor has asked us to. We are crossing over into carrier scenario modeling, so when I take a step back and look at the uninsured market in Idaho, it is much broader than the 78,000 that Director Armstrong has worked tirelessly to get attention and solutions for and it is much broader than the 100,000 that are on the exchange. It is about 220,000 to 250,000 depending on if people accurately report. So from a carrier perspective, we care about all individual members that are being served as well as those not being served. If the CSR goes away in 2017, how many members in the exchange will be affected? If the APTC goes away, which affects about 90 percent of the membership in the exchange, how do we help them and how do we develop a transitional plan for them? Is there an opportunity if the ACA is repealed and they give full control back to the State of Idaho, what were the state regulations prior to the ACA? Is there an opportunity for us as a leadership team to support the 220,000 or 250,000 that are uninsured? That is our responsibility as carriers and that is a role separate from the YHI Board. We have asked that leadership team to bring us that scenario modeling so we can make informed decisions. Separately, if the ACA is repealed and they give full control back to Idaho, what regulations does the Department of Insurance currently have? Is there an opportunity for the expansion of Grandmothered plans, is there an opportunity for true flexibility and choice, is there an opportunity for us to lower premiums and more importantly give choice back to Idaho? So as a carrier, we care about individuals, but we are looking at the total market and is there an opportunity for us as real leaders to shape healthcare, develop and partner with Director Armstrong, partner with Director Cameron, and solve for much greater than the 100,000 in the exchange? If we do offer lower products, will it affect 13

percent of non-APTC members on the exchange? That brings your 106,000 back down to about 90,000. That's the number we had last year and from a financial modeling standpoint, it should be sufficient. If 50 percent drop out, why? Are they not utilizing, are they not having deductible and copay issues, will it make an easy transition for them, it's hard to know, but that is part of the modeling that the YHI team should be bringing back to us. If the federal government completely repeals the ACA, there is no federal funding, there are no federal dollars, they aren't going to pay for the 2014, 2015, and 2016 funds that they have already committed to. What does Idaho do to protect the members? Does Idaho have a glide path that is more responsible and really keep people insured, we would be irresponsible to not look at that as an opportunity to get great thought leaders to the table and say how do we seize an opportunity. So in the world of hypotheticals, the flowers are blooming, the sun is shining, we haven't had the kind of winter we have had and health care costs are 50 percent cheaper. Until all of that happens, I don't understand the discussion we are having. I don't understand sending a letter saying I am going to walk away from the exchange if Sunday happens on Monday and it snows in April. I don't understand, it's premature. It's irresponsible. The bottom line is we are here to serve Idahoans, all Idahoans. That is what a carrier's role is and we have to respond appropriately, we have to respond responsibly to whatever the federal government does, and frankly to what the state government does in response. But Blue Cross is modeling out every scenario. Do I have plans and products? I always have plans and products. There is a highway we are on and I need to know what exit we are going to take. Until that happens, I have no plan.

Ms. Henbest asked for a clear articulation of where the state policy and regulatory process comes into this. I have heard a couple of things today that have confused me, one from Director Cameron where we are living in a time of transition and a time of uncertainty and the federal government is sending down some rulemaking to help with that transition time. But included in that rulemaking which I haven't seen is opportunity for flexibility. And on a case by case basis, the department would have the ability to approve or disapprove plans presented because of that flexibility. So I guess the question is, from state policy rulemaking and decision making standpoint, what is the reality of the world today? Are we living rigidly under ACA rules, and until Congress repeals the ACA we are sticking to those rules and until the future is clear from that standpoint? Or are we really in a gray zone that is absent clear policy development at the state level? Please provide clarity about where we are from a public discussion and rulemaking process.

Director Cameron said from a state perspective, we are not unclear. We have both state law and federal law that we are enforcing. What is unclear is what exact changes may be coming down the pike, and when they may be coming. So from that perspective, we have certainly been fielding questions. Should the ACA be repealed, what would be the direction the Department would head? The only answer at this point is we fall back on state law and state rules. You know from your time spent in the state legislature, from a rulemaking process, that would still take place should there be any changes to current state law or state rules. You probably also know that Idaho did not adopt many of the ACA provisions, there are only about three sections of code that even reference the ACA, they are really essentially non-issues so they don't need to be addressed, unless, of course the legislature wants to address them. You also probably know we did not repeal most of our state statutes. We still have a number of provisions in place, we are looking at additional ways to stabilize the marketplace and we understand and respect that desire. We understand the concern and we understand that fear of the unknown. We are somewhat

concerned as well as to what Congress may do and how they may do it, and what impacts that might have.

Mr. Kelly addressed a few items that have been mentioned by various Board members. First off, the potential impact to YHI customers. We believe it could be up to 50 percent, but we have different analysis that shows it may be 25 percent, it may be 10 percent, and they both hold different assumptions, so we believe it could be up to 50 percent. With regard to the scenario modeling Ms. Maher mentioned, we are working on that and this is a Special Board meeting so we are not prepared on short notice to have that prepared for this discussion. YHI is prepared to show those at the March 17 meeting of the Board. He also added that we understand the non-ACA compliant plans were mentioned in other meetings in the community at IACI and also understand it was mentioned in other health plan meetings, so we believe this is well beyond fear, but yet there is nothing in writing and there is no clarity really in what the rules are. So I wanted to set the record straight on those things and let you know the perspective we have.

Mr. Edgington noted a couple of points from his perspective as a carrier and he hoped it adds to the discussion instead of just repeats. He appreciates Ms. Maher's discussion on analysis and the scenario planning. Absolutely we have to be in that world as there is so much at stake in your solvency, not only our deficits or profitability, but solvency clearly. He also appreciated Mr. Kreiling's comments. What could the impact be under different scenarios for which he did a good job of pointing it out? And Director Cameron's comment on repeal and replace and what order these go in. One observation he would like to make from a carrier perspective is that a little more than 20 percent of our individual plan membership doesn't purchase on the exchange, they come direct to the carrier, and about one-third of the membership receives a cost share reduction (CSR) and a subsidy, but when you total those that don't receive a CSR or subsidy that are on the exchange, and those that receive no subsidy off the exchange, that number is well over a third of those members. And then when you calculate of those that do receive a subsidy and there's a very modest subsidy, that's where SelectHealth, in our scenario planning, gets really nervous that with over 50 percent of our customers with no or minimal subsidies, those people are very likely to embrace a lower priced, non-ACA plan. And where this all leads, is that if you do receive a bifurcation of risk pools on the exchange of ACA plans versus non-ACA plans, that's where is gets frightening. And our industry is built on risk scenarios, risk pools that are stable and healthy, so if this becomes a staged process where there is a repeal and there is consideration of elements that can go into play as Director Cameron mentioned, that is very much less problematic than if we get the cart before the horse and take some actions before there is a repeal and we have some good guidance from the federal government. And whoever mentioned Senator Crapo and that they have a plan, I believe these are smart people and they do have plans. And I am hoping this is a step-wise process for the mere reason that it would protect the integrity of the risk pool, even though it's not great.

Mr. Kreiling said obviously all the carriers care about the whole marketplace and you see that in a lot of the things that they are doing in innovation, contracting, wellness programs, and transparency. And that's a good thing, we should focus on the whole state and the marketplace. To expand on what was shared earlier, we have shared with the department that we think at least 25 percent of those enrolled on the exchange would migrate to non-ACA plans if those were introduced, which would destabilize things. The reality is that those that could afford it and are healthier would move over to plans that are underwritten and things like that. And those on the exchange would be stuck on the exchange because of the subsidies and their poor health and we

believe that could increase the rates on the exchange by 15-25 percent. That doesn't even address the challenge we have as a Board in our fees that we charge at 1.99 percent and how that covers us to be sustainable for those members. The other piece to elaborate on is the reality when we were talking with the Director and the actuary was that there is a likelihood, and they are evaluating the likelihood, that they would allow non-ACA plans if the federal government wasn't going to enforce it. And that is a concern for us because we follow state and federal law and we don't go into a gray area as a company, so it does cause concern and it has been mentioned in public settings. All we ask for is a level playing field because that is what's best for Idahoans and it is not best to advantage one carrier over another carrier. We would welcome the opportunity in a public setting for all the payers to sit down with the Director and figure out what is a meaningful glide path for Idahoans to move from the ACA world to whatever the new world looks like. I wouldn't encourage that we just go back to the old way either, so I think we should show some leadership and sit around the table and have those conversations. And whatever may or may not come from the federal level, then we are ready to address it. We can still do our competitiveness behind the scenes in getting ready for products and networks and innovation and everything else. So that is the part where if we had some confidence or had something in writing, would probably help on the BridgeSpan side. If we knew the department was not going to introduce non-ACA plans, and get ahead of the federal government, that might make us more comfortable to continue marketing BridgeSpan as we go forward. But today? We have asked for that and we don't have that answer and we don't have a confidence level in regards to that. That's why we are where we are at today.

Mr. Settles said having been involved in this since the task force phase, I have always been impressed by how the carriers did work together to make as good an environment as they could in the state. I think that is why we have exceeded the performance of other states. And now we are back to where we were in the early days of the ACA where we really don't know what is going to happen, and it's unfortunate. But having had conversations with Senator Crapo, they are cognizant of the problems created when you make changes without giving adequate time for planning. And I think they are finally aware of the lead times in the industry. So it will be very interesting to see where things go and I am very concerned about us getting ahead of the horse here. It took so long to build the law and they can't figure out how to unwind it in short order.

Mr. Settles asked Director Cameron if he sees a scenario where an Idahoan could buy a policy, approved by the state, that could still possibly be subject to penalties from the IRS for having a non-ACA compliant plan?

Director Cameron repeated the question and Mr. Settles confirmed that yes, that is the question if we are putting the cart before the horse. Director Cameron said this whole meeting is putting the cart before the horse. The discussion and the rumors that there have been indications, that comments have been made at the IACI meeting, and he didn't recall seeing anyone from this Board at that meeting, so it is a rumor. And they will continue to be rumors. And I will continue to say in both public and private meetings, that should the ACA be repealed, but there is no replacement, and that is a likely scenario because there is some indication that Congress may repeal as soon as within the first hundred days but a replacement may not come until six or nine months later, where do our consumers go in the event that the Act is repealed? There is potential that if the act were repealed, that there would be what would be deemed as non-ACA compliant plans, in other words plans that do not meet the same criteria that the ACA required when it was in existence, but there would not be penalties in that case.

Mr. Settles said therein lies the point. If it is repealed, it's repealed and then we are all under the same rules. And it's refreshing to hear because we liked our old rules, in fact, we created the exchange because we wanted to minimize the federal rules to the extent we could. So I think they could dig out the old play book and that's where we are, and I think that's really what the question is.

Ms. Fulkerson noted a couple of observations about the comments. There is so much to cover around what could potentially happen or what the scenarios might look like if the ACA is repealed. There is in our state law history, Idaho has been very good to protect the carriers with rules and regulations and protect the consumers around other things with guaranteed issue and some things that have historically been in place in our state. There is real concern if there are ACA plans through the exchange and then some non-ACA compliant plans off the exchange. What that selection might look like and what that might do to the stability of YHI. Always keeping the consumer at the forefront and perhaps some of these things can be discussed in the Marketplace Committee.

Mr. Erstad said he had the pleasure to be with Mr. Kelly this morning at the Idaho Employers Coalition breakfast and we had some good conversations. Idaho has a history of working very closely between the legislative branch and the industry and a lot of you know I chair the high-risk pool, and have since the 1990's, so we still have the small employer reinsurance program that's there but kind of dormant. We have a high risk pool that still has 49 people involved in it and the products are not very fancy compared to the ACA products that are out there, and I think we are positioned well in the world as we move forward. He asked Mr. Shores what he has heard and seen because we are looking at the ground zero level and it should probably also be viewed from the 20,000-foot level. He prefaced it with a couple of comments that the staff in Washington, D.C. has shared with him. The budget reconciliation will probably be happening in March and through budget reconciliation there will be an awful lot of tweaks that are going to happen to the ACA. It's the method they would use without having to go before Congress and getting full support there. But as we move forward, one of the biggest concerning issues is the APTC and the availability of that. In understanding the Ryan plan, which still takes a lot of credibility, and depending upon what Dr. Price comes back with his proposals, I do think that we will see new products that come back to the ACA where individuals can have higher deductibles. So to the carrier, it is very wise to have things on the drawing board so you can be prepared to move forward, because that is going to be the reality of things we are going to see. The beauty is that we have a department that works very closely with the carriers and we've had products filed in the past and we will be able to work off of those. The problem that I see depending on what's facing Congress, is how do we fund what used to be the APTC and that is the biggest concern for this organization. Because if a lot of those insureds don't have an APTC, are they going to retain the coverage? He said it is his understanding that in the Ryan plan, there would be tax credits that would be applicable up front, very similar to the APTC approach. And since budget reconciliations are going to happen in March, it will provide much more clarity moving forward on what the rules are going to be. It will be a much slower rollout, but there is a lot of pressure for the administration to move forward very quickly with this. Nobody has a crystal ball at this particular point, but we are getting some hints as to how things might go, especially with a lot of talk of the expansion of the HSA provisions and the consumer directed healthcare and being able to buy products like we used to know. People might want to mitigate catastrophic events, but they don't want all the bells and whistles.

Mr. Shores said he received a copy yesterday of the Obamacare Replacement Act as put out by Rand Paul, he will put out a copy of it if requested. Basically, from the conversation he had on Tuesday with Mike Crapo, being Chairman of the Finance Committee and having the chance to talk to two or three of the individuals who chair subcommittees and are dealing with this directly, the plan is their first move is in reconciliation, which will occur in the next few weeks, which will address many of the provisions of the ACA. Secondly, they are working with the new Secretary of Health and Human Services (HHS) and they think a number of the rules can be changed through administrative activities, which is how many of them came into existence in the first place. The third thing is they are looking at another reconciliation in late spring, addressing the financial issues relating to the taxes. Mr. Shores said the problem he sees is much of Idaho's legislature will be gone at the end of March when most of these changes will be coming through that process and barring a Special Session sometime this summer, what things can we do through the DOI and what kind of things will we have to wait for the legislature to make a change on?

Director Cameron said depending on how Congress acts, if they give the responsibility back to the states, he isn't sure Idaho would have to pass legislation. Idaho had passed many of the provisions already – we had pre-existing condition reform, we have a high-risk pool that is ready to go, we may want to tweak the high risk pool to make it a little more effective, and that could happen this session yet today. We have had the meetings with the carriers and we have been working on a solution to that. Outside of that, unless their instructions are that you have to have some list of certain components in the law, and that aren't in our law, that would be the issue. I do have, with the Governors help and permission, the ability to issue some emergency rules. But at this point I can't think of a situation or an issue that we would have to even do that on. He stated he believes that YHI will have to be responsive and he thinks there are opportunities for YHI and depending on how the repeal takes place, YHI could end up with the previous ACA plans, could end up with state-based plans that may meet essential benefits, and whatever that is defined as, and those could potentially even be marketed on the exchange. I think we could handle almost any scenario because we were wise in not repealing most of our previous statutes.

Mr. Shores said two things that were happening in six or seven of the meetings was they were praising Idaho for having what is considered the premiere high risk pool plan, with the flexibility we put into that plan and how its funded, and they are recommending everyone look at our plan and our system to be able to implement it in other states. The second thing, the provision that is getting a lot of attention, they are looking at the provision where the APTC can be used for off-exchange plans, primarily in areas where there are less than two options in a county.

Chairman Weeg asked Director Cameron if the enabling legislation for Your Health Idaho would allow us to be more expansive in terms of products as opposed to the way it was originally intended. Director Cameron said his first reaction would be yes it would. The provisions in state law would. The provisions that are preventing you from selling other products on the exchange are ACA provisions.

Dr. Livingston said most of the discussions have been around a shrinking market and he thinks there is opportunity for an expanding market for services provided by the exchange for products that can be sold. And he is thinking about other things as well like large group plans, plans sold to public employees, defined contribution plans, so he would hope the long term contingency planning as an exchange, that we would consider those things and also look at the process that would be required to implement those kinds of services to the people of Idaho. He said he looks

at this as a great opportunity and looking at the way the exchange was created six years ago, he commends the Governor. Discussions with the Governor have indicated that someday, depending on how the ACA goes, this exchange could be the conduit for providing other types of services. And that was six years ago.

Ms. Maher said she has to go back to the responsibility of this Board and it really is the execution and solvency of the Exchange and the commitment that we made that Idaho serves Idaho and that operational excellence is maintained and it is cost effective. We are not a policymaking entity and we have no ability to change what is going to happen in the federal government. But we do have a state legislature, Governor, Director of Insurance and Director of Health and Welfare that are astutely aware of all citizens and what needs to be addressed. Mr. Edgington spoke about his membership and how many are getting APTCs and how many are not and if we have the ability to have state-based products and they are lower, those members would move off. But what about the others? Do we have a glide path? We are not necessarily focused just on the 100,000, we have another 120,000 to 150,000 that are not insured, and they are in the middle class uninsured because they make too much money to get an APTC and not enough money to buy health insurance. So this is a huge market and it's an opportunity for us as a Board to look at that scenario planning and not just plan for if the CSR goes away, and if the APTC goes away, and if the individual mandate goes away, but if flexibility in plan design is returned and if the authority is returned back to the state, how do we expand that market so that 100,000 members is now 220,000 members that are coming through the exchange, we wouldn't need the 2 percent assessment. We could cover more people more effectively because the exchange is run so effectively and efficiently. It is an asset of the state, the Governor knew how to structure this, the conscious decision not to support the ACA affords Idaho a flexibility that most states just don't have. We have an opportunity to expand the function of the exchange. It could be the enrollment and information hub for all of our products. So if we look at the individual market, the 220,000 that are uninsured, we have an opportunity to really turn this into a success story and really lead the nation. Idaho is very proud about taking care of Idaho. Following the federal government puts us at risk. We have to know what Idaho can do and we have to partner together to solve for all Idaho. I am not overly interested in just having a conversation about insurance policy, we all do that every day. We need to be able to move and we need to be able to solve and this Board, with the scenario planning Mr. Kelly will bring forward, but I want to see scenario planning that states if the state gets authority to be flexible and to move quickly, how does the exchange ramp up to serve 200,000 members across the entire state. And what do we need to do that.

Ms. Fulkerson said it is about being careful and it is about stability and as we sit here as Board members we think about the 60 staff members that are at YHI and we think about what our role is and what we can do for Idahoans across the state, I would like us to continue to focus on those things that we have and that we can use to our advantage across the state.

Mr. Kelly said YHI would love to be part of the solution and we would love to have hundreds of thousands of people enrolled in the exchange. But the reason we are here today is to gain certainty on our future as we look towards our budget planning and how to set the assessment fee for the coming year. And with that being our near term focus, without stability and understanding of what will or will not be introduced in the marketplace in both 2017 and 2018, under the current guidelines, we can't be here to serve 200,000 people in the future. So I would

love to hear the Director say he will not introduce non-ACA compliant plans as long as the law is intact.

Mr. Erstad said in looking at the organization, there is some opportunity here. Think about the SHOP plan. Right now, you send a census in and YHI says you are eligible for it. But if we expanded our software and YHI charged a fee, and where we actually brought all the carriers onto like what we do in our own practice on a simple spreadsheet and charge a minor fee for it, it is going to be generating revenue right there. But it also becomes like a private exchange too, not that we want to go that far down the path, but we need to be looking out at things we can be doing.

Mr. Veloz said he appreciates the latest comments and to piggyback off of that, and in thinking about the low cost promise, basically the intent of the federal government is to put the control back at the state level, we have that control. And the thing is, we have done a great job in at Your Health Idaho in establishing an exchange that has been fully functioning. The technology enhancements and changes the exchange has made, YHI has the most robust platform that we can offer to the State of Idaho. It's a shopping portal and the thing is, we have had the commitment from the carriers, from the DOI, from DHW and without those, we are lost. When the ACA does get repealed, and we are talking about the non-ACA compliant plans, we can offer those on the exchange. There is opportunity where this portal can be opened up for the individual market and the group market and could be over 200,000. Because of the robust market and the robust platform we have, we can enhance it even more and continue to offer that low cost promise. But we do need that cooperation from the existing players. When people start to think about fear, there is an acronym that I have heard: false expectations appearing real. If we stop and think about that, what are we expecting from repeal and replace? We haven't seen anything come into play yet, there's no reason for us to worry about Your Health Idaho because it's a going concern. I look at that from the perspective of a going concern. We have gone through several audits over the last few years and YHI is a going concern, it's robust, the platform is robust and the management is in place and I'm privy to the budgets. YHI offers the most efficient, lowest cost platforms available and I would hate to see this go by the wayside because the support isn't there.

Jerry Edgington shares the enthusiasm about YHI. It is very capable; it is a shining star. But he reminded the Board of two things relative to the particular situation. Under the current scenario, if we choose to offer non-ACA plans, we are subject to a massive fine from the federal government and would we get it? I don't know, but we aren't rolling the dice to risk that. The second thing, if we do get the cart before the horse before we know exactly what the federal government is doing, this bifurcation of risk pools will put people out of business. And not just the small players, it will have a big impact on the big players as well. To that end, he suggested we employ the expertise of some of the big consulting houses, the actuaries like Milliman and others, but also I would refer us to a report that was just produced just a week ago by the American Academy of Actuaries that outlines these four successful elements of survival and stabilization of the individual and small employer market in the future.

Ms. Fulkerson said she is not a representative of a carrier here, but she does have concerns about the bifurcation of the market. Not only what that might do to the carriers but also what it might do to the market and the consumers. She asked for a process check and said we started the

conversation today and looking at the agenda, did we or did the Board not have to decide any decisions today to help staff set budgets and fees and things moving forward.

Mr. Kelly said absent clarity of the introduction of non-ACA plans and that they will not be allowed, we will still struggle, we can certainly do scenario planning, we will pick a range and it will be difficult to be accurate in that. There are items being brought to the Board in March including specifically addressing talent at YHI, but absent clarity on any disruption in the marketplace we will be forced to do scenario planning that will unfortunately include a substantial increase to the assessment fee.

Mr. Settles said this will be the second year that the Finance Committee sits down with a program built by Milliman specifically to look at what if enrollment changes in both directions, and the big unknown is how many carriers we are going to have on the exchange next year. And this goes back to the question of will we have plans that put the purchasers out of compliance with federal regulations? It is a legitimate question and it should be answered.

Director Cameron said the answer to the question is no. We have federal law to abide by and will be holding the carriers responsible to abide by it until it's not the law. The question Mr. Kelly asked is if the DOI will approve non-compliant plans and that depends on what the law is. If the ACA is repealed, of course we will approve non-ACA compliant plans, because I am not going to uphold a law that is repealed, nor would the Governor or legislature expect the DOI to uphold a law that is no longer in existence.

Mr. Settles said that if we know that for 2017, things will carry on, we can use our best guess for 2018 and we know there will be some parity but not bifurcation of the plans, that is the big ask and why it was important to have this meeting. Next week, the Finance Committee will be having its second budget meeting and setting the assessment fees next week based on Milliman modeling.

Director Cameron said he doesn't know why YHI would adjust the fee based on an unknown situation. YHI is in the boat it is in and until YHI is in a different boat, he doesn't know why we would presuppose or adjust accordingly. The Director did indicate that this week, the DOI received guidance from the federal government that they would be allowing flexibility on the filing time. So the necessity to set the fee in March may not still be there. So his advice would be to set the fee as if things are staying the way they are, and we all know they are not. But until we know what those changes are, and until we know what is changed, he doesn't know why YHI would make those adjustments. He did agree with Mr. Settles that the other unknown is how many carriers will be staying in the marketplace. He would like to think that all the carriers are staying in the marketplace. He is disappointed to hear that some carriers may not be in the marketplace for 2018, he thinks that is a mistake. But he cannot control that and neither can this Board. Those are individual decisions that they need to make and they have the opportunity under the current provisions to withdraw from the marketplace for 2018, not for 2017, but for 2018.

Dr. Rusche said as a Board member, we are charged with protecting the organization in a time of great uncertainty. So that means we should focus on developing capacity within the organization for agility. To identify quickly and to respond quickly. He recommended looking at the reserve, what the personnel looks like, cross training of them, what procedures we have that gets in the way of the response, the communications we have. He recalled when things were changing

rapidly, the Committees and Board were meeting twice a month and perhaps we need to look at a different way of doing that. And finally, is there a way we can use regulatory to help mitigate the potential impacts. As a Board member, he can't do anything about what Dr. Price and the Congress does. But we can look at what we can do as an organization and that is to identify and move quickly.

Mr. Kelly agreed that YHI needs to remain vigilant and nimble. Director Cameron mentioned that being in the same boat would be an appropriate path forward. When Director Cameron was asked if non-ACA compliant plans would or would not be introduced, it was stated "under the current law." Obviously if it is repealed or repealed and replaced, the game changes. So if we have affirmation that non-ACA compliant plans will not be introduced as long as the ACA is in place, we would be happy to move forward with scenario planning.

Chairman Weeg said he is hearing from the Board that we would like to be serving the 200,000. But getting from where we are at today to there, is pretty uncharted. The most immediate impact is how we get through 2017 whole. We don't know what Congress will do and how that will impact our wholeness, we can think about what we may do and what may happen at our level. Chairman Weeg asked Director Cameron that right now, with the ACA in place, will those laws will be enforced? There is a request that the Grandfathered and Grandmothered plans potentially be extended. And the other question is those people on those plans can remain on those plans through 2017. So the question would be, if they allowed new people to get on those plans, would the DOI have to do anything with the carriers or would the carriers just be able to go out and sell.

Director Cameron said he understands the frustration of trying to answer these questions around plans in a realm of uncertainty. It was only last week that Dr. Price got confirmed. Already this week we have potential new regulations and potential new rules that we are operating under. I can't predict what will happen next week nor can he predict what Congress will do or how all that will play out. I am reticent to answer Mr. Kelly's question as directly as he apparently wants it answered. I have a responsibility to regulate the industry and protect the consumer. And we intend to carry out that responsibility. That includes carrying out the federal law. If the federal law is repealed, or changed, or modified, or provisions are change, or modified, that changes the whole dynamic. If next week Secretary Price says they are no longer going to enforce that these plans meet essential health benefits, what does that do? There are a thousand what-if scenarios and I can't commit myself or the department until we know what is going to happen. The process is such: no carrier has filed a product that does not meet ACA compliant provisions. With the exception we have transitional filings in place. Those Grandmothered and Grandfathered plans are in place, with the exception of high risk pool plans, which are non-ACA compliant plans although deemed to be okay. And with the exception of short-term plans which are non-ACA compliant plans although deemed to be okay. And who knows whatever else. Until a carrier files a plan with the DOI, I will respond to that carrier based on the plan they file at that time, we will look to see that it fits within the applicable law and rule and guidance at the time.

Chairman Weeg clarified that if someone bought a non-ACA compliant plan at this time, they could still be subject to penalty? Director Cameron said yes, as long as the ACA is in place. But purchasing a non-ACA compliant plan outside of those transitional plans we talked about would mean that the ACA is not in place because there are no non-ACA compliant plans on the market except for the transitional plans we talked about.

Chairman Weeg asked if the transitional plans were allowed to be extended, the current pool is okay. If those plans are in place and the federal government hands down new rules that say new people can be enrolled in those transitional plans, then my understanding would be that the DOI would say okay.

Director Cameron said he does not know the answer to that question. He would think the carriers would want some affirmation from the DOI that it would be okay to sell those plans. But depending on how that guidance is given, if it's a federal law passed, or if Dr. Price says it is not going to be enforced, those are multiple scenarios that would need to be looked at. The DOI has looked at the potential penalties to the carriers should they file a non-ACA plan, and it's a steep penalty. It's \$100 per day per person. Candidly, I think that is the main reason we haven't seen any filings. There has to be some certainty that penalty is not going to be enforced, or that penalty is going to be repealed, or something of that nature.

Chairman Weeg repeated what Director Cameron said and said should the federal government change that rule that says new people can be enrolled in the transitional plans, and the DOI provided documentation to the carriers that said they can then sell those plans to new people. Then that does have a potential YHI risk to it, but that is an APTC related problem.

The Director said yes, but he thinks if that ruling came down, he would proactively notify the carriers that they would be able to do so. And given Mr. Kreiling's suggestion, we might hold a meeting and sit down as a group and say here's the rule, here's what it looks like and having that open dialogue. Short of having those actionable items from the federal government, I am happy to sit around and visit about what-ifs.

Mr. Settles said he looked really seriously about whether or not he wanted to give up his plan. And he decided he did, and he got a much better plan today and is happy with where he is. But what he hears Director Cameron saying is that under current regulations, he could not go back and purchase the plan that old policy he let go. And it can't be sold to anyone else. That opportunity to buy that plan again will not occur unless the federal government changes things. And if they do change things, we will all be in that same pool.

Mr. Erstad added that for 2017 we are set. And if at such point they are to repeal it, the only people that would be able to enroll in any plans are people that are in a special enrollment period, which is a miniscule population that would be impacted. Otherwise, it will impact us when we go into the 2018 Open Enrollment Period, at which time it will impact everyone.

Mr. Shores commented that he had numerous conversations with numerous people in DC last week and there were lots of ideas on their lists and this particular idea was not on any one of them. He doesn't think this will even be an issue.

Dr. Rusche left the meeting at 12:05 p.m.

The Chair said he heard a desire for all of us to work collaboratively to make sure that 2017 is successful for all of us. YHI would like certainty so that Mr. Settles and the Finance Committee can set an assessment fee in March. And he agreed that perhaps this Board needs to meet more than quarterly over the next few months in order to address the changes as they come. It is going to be up to our carriers working together with the DOI to figure out how to make this playing

field work and then how YHI can be a successful player in it and reduce the risks and increase the opportunities for YHI to serve the state. He asked if there were any requested motions or decisions that need to be made today or next steps for the Finance Committee setting a fee, which will likely be tentative.

Ms. Maher thinks YHI needs to focus on the timeline that is going to be predetermined by our federal government, the reconciliation bills that will be coming out, any response to the CMS guidance where they are going to be asking for feedback by March 7, and we don't exactly know what date they will produce something. There may be decisions that we make that may seem premature and based on the best information we have at the moment, but we have to build in flexibility to adjust course as we go. And unfortunately, because we are all heavily dependent on the federal government, that may have to be on a monthly basis for meetings. So maybe there is an opportunity to look at the calendar and determine what those timeframes may be and still adhere to the public meeting guidelines but then also give Mr. Kelly time to adjust and then provide information as necessary so that this Board can make decisions as we go forward. And also give the Board flexibility to make decisions. It will be the best decision we can make for the month, but also knowing we may have to adjust course. But setting the tone and setting a schedule that allows us to be flexible and gives us leeway will position this Board to be much more successful in 2017 and as we look forward to 2018 through 2020.

Mr. Settles says the carriers are the ones that need to know what the assessment fee is and if it slides, we should be fine.

Ms. Fulkerson suggested letting the Committees do the work in the coming months and bringing that forward to the Board in the coming months might be the best thing to consider.

The Chair asked Mr. Kreiling if BridgeSpan is still considering exiting the market. Mr. Kreiling said it is something they will need to reflect on because there is still some ambiguity on what could get introduced or not regardless of the federal government, so he will take it under advisement and follow up with Mr. Kelly.