

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

**GOVERNANCE COMMITTEE
MINUTES
MONDAY, FEBRUARY 27, 2017**

1. COMMITTEE MEMBERS PRESENT

- Ms. Margaret Henbest, Chair
- Ms. Charlene Maher
- Mr. Hyatt Erstad
- Ms. Karen Vauk
- Mr. Scott Kreiling

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Alance DeRouen, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Tresa Ball, HR Precision
- Ms. Kathy McGill, DOI

3. CALL TO ORDER

Following proper notice in accordance with Idaho Code §74-204, the Governance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Ms. Margaret Henbest, Chair of the Committee (Chair), at 9:00 a.m., Monday, February 27, 2017, 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. Maher, Ms. Vauk (via teleconference), and Mr. Kreiling (via teleconference) were present, resulting in a quorum. Mr. Erstad arrived at 9:03 a.m.

Rep. Erpelding and Director Cameron were absent.

5. APPROVE PRIOR MEETING MINUTES

Motion: Mr. Kreiling moved to approve the minutes as presented from the December 5, 2016, Governance Committee meeting. **Second:** Ms. Maher. **The motion carried.**

Motion: Mr. Kreiling moved to approve the minutes as presented from the August 29, 2016, Personnel Committee meeting. **Second:** Ms. Maher. **The motion carried.**

6. REVIEW AGENDA

There were no changes made to the Agenda.

7. REVIEW COMMITTEE ROADMAP

The Chair reviewed the Governance Roadmap which now includes the transfer of Personnel Committee items to both Governance and Finance. It was determined that the FY18 Operational goals will be reviewed at this meeting and then reworked and finalized at the June meeting. The review and recommendation of the Annual Strategic Staffing Plan and the review as well as the recommendation of the FY18 Compensation Budget will be moved to the Finance Committee roadmap.

Ms. Maher asked if the Strategic Staffing Plan would move to the Finance Committee or just the dollars to support it. The Chair said both would move since they go hand in hand. Ms. Maher said she understands the finance approval, but the strategy supporting the staffing plan should be discussed in Governance. The Chair said that is how it functioned in Personnel and there was redundancy. Mr. Kelly said the Charter does not indicate a Strategic Staffing Committee review, but he would be happy to discuss the staffing plan in this Committee.

8. GOAL REVIEW

a) FY '17 Goals

Mr. Kelly shared the overview of the strategic goals, the long-term goals that drive YHI's focus, and the individual goals, which are tied to the variable pay plan, laddered to the strategic goals. Last year, the Board adopted two strategic goals: to provide a flawless customer experience and to reduce the uninsured rate from 11.8 percent to 8 percent by the end of the 2018 open enrollment period.

YHI measured a flawless customer experience as when 5 percent or fewer customers required more than two touches to resolve their reason for contacting customer support. This time last year, about one-third of YHI customers required touches. And as of February, that number has been reduced to about 7 percent. 67 percent of YHI's customers were able to enroll with no contact. Mr. Kelly added that there is not yet an update on the uninsured rate but YHI will continue to monitor the Kaiser Family Foundation as that was the source for the original strategic goal.

Mr. Kelly said there were four goals tied to compensation. The first was Idahoans experience which is comprised of three components: 1095 delivery, 1095 accuracy and turnaround time for case resolution. As of February 15, over 99 percent of 1095s were delivered on time, the correction rate is about 19 percent. All but one-half percent were identified by YHI prior to the customer reaching out to customer support. Of the 19 percent, about one third of that is due to an essential health benefit percentage adjustment for one carrier. We also saw a system bug that generated duplicate 1095's for about five days. And the remaining third was proactive corrections issued through the reconciliation process. All the details show that YHI was ahead of the game in terms of corrections as opposed to being reactive like last year. In terms of customer case resolution turnaround time, about 75 percent of cases are resolved in less than seven days. Unfortunately, the original goal didn't have any percent of totals along with those case resolutions, so YHI did not meet this portion of the goal. The challenge in this goal will be in determining the payout because we hit part of the goal but missed on other parts.

Ms. Maher asked if there is any language in the goal that indicated an all or nothing. Mr. Kelly said no. Given the reliance on third parties, and the agreed to SLA of seven days, it is unrealistic to assume 100% of customer cases will be resolved in the timelines stated in the goals. Mr. Kelly moved on to retention and enrollment and said YHI is currently running January effectuations at just under 96,000 and with a retention rate of 72 percent, which are both between the 60 and 80 percent benchmark. The time to measure this is as of March 1 and we expect to be near the 80 percent benchmark when we receive our next set of effectuations.

Mr. Kelly said in terms of compliance, this was completed at the end of December and paid out in February. There was an overall reduction of 82 percent and this was paid out at 100 percent per the individual weighting of team members.

Mr. Kelly said the low cost promise which is measured on cash balance at the end of June at the end of this financial year. We are currently projected to be at \$7.3M which is right at the 100 percent benchmark. He noted that these dollar amounts were adjusted to include the integration of the support center, which was done after the target was set.

Finally, the employee engagement goal, which is not tied to compensation but is critical to YHI's success, was done via the Gallup Q12 Survey. The score from the initial survey was 4.00 and YHI has worked through two of the scores where we scored lower than average and we will give some time for the Employee Engagement task force to go through and improve in those areas. YHI will then resurvey sometime between now and June for the original group followed by a full team survey before the end of this year to set a new benchmark for next year.

b) FY'18 Proposed Goals

Mr. Kelly said the two strategic goals will remain unchanged: flawless customer experience and the uninsured rate. We did add more clarity around the turnaround time for the customer experience. For next year to achieve 100 percent, the team would have to deliver all 1095-A's on time with a 3 percent correction rate. For the 80 percent benchmark, 99 percent delivered on time with a 5 percent correction rate and for the 60 percent benchmark 99 percent delivered on time with a 6 percent correction rate. Ms. Maher noted that "business days" should be added for clarity. For case resolution, the 100 percent benchmark assumes 50 percent of cases resolved with a three-business day turnaround, 80 percent benchmark assumes 65 percent of cases resolved within a five-business day turnaround, and 60 percent benchmark assumes 80 percent of cases resolved within a seven-business day turnaround.

The Chair asked if there was a built-in timeframe for complicated cases that will not be able to be moved within these timeframes. Mr. Kelly said YHI assumes about 25 percent of cases will not be able to be moved within 7 days as the bulk of those depend on a third party. We are asking for a pretty measurable decrease which will require some up-front corrections. But if that front-end work can be resolved, 20 percent will be the ceiling.

Ms. Maher asked for a reminder what the deadline is to generate the 1095's. Mr. Kelly said it is January 31st. Ms. Maher said carriers are working on March 1 as the deadline, which is outside the regulations. She asked if YHI considered any other date. Mr. Kelly said 1095-A's must be delivered by January 31st. We chose the word delivered includes postmarked and delivered to secure email inbox. Ms. Maher said from an employee bonus plan perspective, it is virtually impossible to attain this goal given the 100 percent requirement. With these words, it is virtually impossible to justify payout. She suggested making this goal attainable. Mr. Kelly appreciated the feedback and would adjust the goal language accordingly.

Mr. Kelly reminded the committee that all the goals assume business as usual, and with the potential changes to the ACA, these could change. In terms of retention and enrollment, we focused on having higher retention goals for next year and set those at 101,000 and 103,000 effectuated enrollments. This represents a 3 percent growth year over year. Milliman is projecting around 102,000. This is a difficult goal to reach, but in order to maintain our sustainability and low cost promise, we need to have a pretty auspicious goal for enrollment.

Mr. Kelly reviewed the next goal, risk management, and said this goal is much different from prior years. It includes safeguarding PII for both consumers and YHI employees and overall reputation and brand protection. Both are critical to our enrollment goal as well. There are two components to this goal. The first is around the reduction in reportable instances and the second is around earned media and protecting the brand. Ms. Maher said these are separate and distinct goals and asked if they are evenly weighted? Mr. Kelly said they are weighted at 50 percent each.

Mr. Kelly said the low-cost promise is essentially the same overall target and behaviors and is measured on cash balance. We don't have the final approved budget yet, but we are looking for a 3-5 percent higher cash balance than what's in the approved budget. There is not a lot of contingency in the budget for next year, so this will be a difficult goal to reach.

Finally, Mr. Kelly reviewed the final goal of employee engagement. This year it will be a goal for those with direct reports and tie it to their compensation for this next year. Benchmarks for improvements in the survey score were lowered and is now more in line with other companies that have utilized this survey.

9. BOARD TRAINING

Mr. Stoddard, YHI's legal counsel, said given the uncertainty around the ACA's future, we are proposing the following training areas to help assist the Board as we navigate the coming months. The key components of the training will be around public meetings, records and compliance with policies. It will also include statutory obligations for YHI in light of those potential ACA changes. Finally, board member statutory obligations related to Board member duties.

Mr. Kelly added some specifics around what has been discussed. How do you enforce a 10-year data retention policy if YHI is dissolved? How do we deal with tax form questions for people that file extensions? There are some customer facing things that we need to think about as well. The Act does not contemplate us not being operational. There is no statutory direction to where the remaining money would go. We need to articulate those components and think about how YHI will continue to fulfill its obligations and that is part of what we envision for this part of the training. The Chair agreed that the Board needs to be operationally prepared to respond to whatever comes out of the changes at the federal level.

Mr. Kelly reminded the Committee that YHI's enabling legislation does not speak to repeal, repair, or replace so that is a nuance we will need to figure out as we move forward. He added the timing of the training will be June and hopefully we will know more between now and then. Mr. Erstad said he received an update from DC this morning and believes there will be answers during the month of March.

The Chair suggested an email to the Board to get their input on anything else that may be relevant for this training.

10. BOARD EFFECTIVENESS SURVEY

Mr. Kelly said YHI's By-laws require an annual Board survey for which we have performed on an 18-month cadence. The recommendation is to continue to utilize Ms. Ball as an independent third party to deliver the survey via Survey Monkey, look and evaluate the results, and present results at June Board meeting. No changes are being recommended to the questions. Mr. Erstad said it makes sense to stick with the May time period as we may at that point have more perspective from a Federal standpoint as to what changes will be occurring.

11. GOVERNANCE CHARTER REVISIONS

Mr. Kelly said in December, we consolidated Governance and Personnel as well as Marketplace and Outreach & Education. Those changes were all made and approved at the December Board meeting with the exception of the red lines in the Governance Charter, which has to do with the executive director compensation. The performance review oversight and evaluation will be handled by the Governance Committee. The Governance Committee will then make a recommendation, based on that review, for any change in compensation to the Finance Committee. The Finance Committee will make the final compensation recommendations to the Board.

Ms. Maher said she understands the Governance Committee Charter, however, while looking at operational policies, and compensation for employees, it is also important for this Committee to discuss and understand the workforce management and staffing models that will be in place to execute these policies.

Mr. Kelly said he is happy to make that change however, there may be timing challenges this first go around, since Finance meets this afternoon. He said the overall structure remains unchanged, but he is happy to share this via email. Ms. Maher said she trusts the Finance Committee, but this Committee should understand the structure, staffing and workforce management protocols in order to have the ability to effectively execute this.

The Chair suggested a meeting with Chairman Weeg, Mr. Settles, herself, Mr. Stoddard and Mr. Kelly to discuss the details about this. Mr. Kelly said the budget will be recommended to the Board in March. But the recommendation and evaluation won't be approved until June. So long as this Committee doesn't make a recommendation that exceeds the budgeted dollars, we should be fine. Mr. Stoddard said to the extent anything needs to be changed, it needs to be now as the Charter needs to be approved at the Board meeting in March. He said this Committee needs to articulate the plan so that it can be presented in March.

The Chair said she would be most comfortable with approving this motion today and plan to meet with the Chairs to determine where the staffing models and compensation recommendations should sit. Mr. Stoddard said there is no logistical problem to this Committee determining a proposal that will go to the Board in March.

Motion: Mr. Erstad moved that the Governance Committee Chair meet with the Chairpersons, determine the changes to the Charter and language used to clarify the division of responsibilities between the Committees, and then bring that to the Board for approval in March. **Second:** Ms. Maher. **The motion carried.**

12. PERSONNEL POLICIES AND EMPLOYEE HANDBOOK

The Chair said the Personnel Committee went through some revisions last fall, but today we are asking to clarify some of those revisions based on some experiences we have had with employees. She noted that nonexempt employees are required to track time on a daily basis, nonexempt employees may use PTO in quarter hour increments, there will be no "comp time"

practice for exempt employees, clarifications around current group insurance eligibility and premium cost sharing. YHI also looked into a wrap plan for an employee benefit, and determined it was not a cost appropriate and recommends not moving forward.

Mr. Erstad questioned eligibility on page 18 and clarify first of the month following 30 days and asked about the differentiation between part-time and full-time. Ms. Ball said the reference to applicable waiting periods is how we reference the eligibility issue and all employees regularly working 30 hours per week can qualify for benefits. Mr. Erstad suggested adding COBRA verbiage and not just relying on the carrier language.

Motion: Mr. Erstad moved that the Governance Committee, recommend to the Board, approval of the updates and edits to the Employee Handbook, as presented today and direct the executive director to meet with Ms. Ball and develop COBRA policy to bring back to this Committee the next time it meets. **Second:** Ms. Maher. **The motion carried.**

13. ED EVALUATION PROCESS/TOOL AND TIMELINE

Ms. Ball said the Executive Director evaluation is an annual process and we will utilize the same tool and the same process as the last couple of years. Initially, there will be a self-assessment by Mr. Kelly, the Board members provide feedback, it is consolidated and then Chair Henbest and Chairman Weeg meet with each of Mr. Kelly's direct reports. This will all then be summarized in his annual review. It will begin in early May and be completed in early June to present at the mid-June Board meeting.

14. NEXT MEETING

The next meeting of the Governance Committee will be held in late May or early June 2017.

15. ADJOURN

The Committee adjourned at 10:45 a.m.

Signed and respectfully submitted,



Margaret Henbest, Committee Chair