

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

**PERSONNEL COMMITTEE
MINUTES
MONDAY, MARCH 23, 2015**

1. COMMITTEE MEMBERS PRESENT

- Ms. Margaret Henbest, Chair
- Ms. Karen Vauk
- Mr. Kevin Settles
- Mr. Scott Kreiling
- Ms. Zelda Geyer-Sylvia
- Director Dick Armstrong

2. OTHERS PRESENT

- Mr. Pat Kelly, Your Health Idaho
- Mr. Trent Cummins, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Ms. Tresa Ball, HR Precision (via teleconference)
- Mr. Steve Berenter, Hawley-Troxell

3. CALL TO ORDER

Following proper notice in accordance with Idaho Code §67-2343, the Personnel Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Ms. Henbest, Chair of the Committee (Chair), at 8:01 am, Monday, March 23, 2015, 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. Vauk, Mr. Kreiling and Director Armstrong were present, resulting in a quorum.

Mr. Settles arrived at 8:02 am. Ms. Geyer-Sylvia arrived at 8:03 am.

5. APPROVAL OF PRIOR MEETING MINUTES

Motion: Ms. Vauk moved to approve the minutes from the January 20, 2015 meeting as presented.

Second: Mr. Kreiling.

The motion carried.

6. REVIEW OF AGENDA

There were no changes to the agenda.

On a separate topic, the Chair noted that she would be touching base with not only the new Board members that may be assigned to the Personnel Committee, but also the two newer members of the Committee, Mr. Kreiling and Mr. Settles, that have not yet had the opportunity to meet with her. In an effort to educate those members, the Chair provided them with the Committee Charter and the minutes from the September 5, 2014 Committee meeting, which includes the Committee self-evaluation results for their review.

7. COMMITTEE ROADMAP REVIEW

The Chair reviewed the Roadmap and noted that in preparation for the April Board meeting, the work this month is to review and recommend the Compensation Budget for FY16, to review and update the Executive Director evaluation process and tool and review the annual strategic staffing plan. In June, the Committee will conduct the annual evaluation of the Executive Director's performance and review and recommend the variable pay compensation for the Executive Director for FY16. The following month the Committee will review and recommend the variable pay for the Executive Director for FY15 goals.

8. FY16 BUDGET REVIEW – PERSONNEL RELATED

Mr. Kelly said that in determining the budget for FY16, some assumptions were made regarding employee related costs which include employee costs at current salaries, new hires estimated to be hired at market mid-point, a fringe rate of 8% based on current actuals with adjustments for proposed incentive and benefit changes, merit pool of 3% pro-rated based on tenure and performance, no market adjustment specific budget, and the proposed changes to variable pay.

One of the areas of change this year is around the employer paid portion of benefits. It has come to YHI's attention through the recruiting process, discussions with Myriad Benefits, and exit interviews with departing staff, that the percentage of dependent premiums paid for by the employer are lower than what the market is experiencing. Currently dependent premiums are paid at 70% by the employee and 30% by YHI. YHI is proposing an increase in the employer paid portion of the dependent care premium to 70% paid by YHI and 30% paid by the employee, which will result in an estimated increased cost of \$36,000.

Mr. Kelly said that part of the reason for this adjustment is that, although YHI is a small employer, it attracts people from the large employer market where benefits are stronger. Ms. Ball added that the average benchmark premium coverage was 35% by the employee and 65% by the employer. This average can also fluctuate based on influences by the local market, patterns of separations, and information received during exit interviews from departing staff.

The Committee members shared their concerns about this drastic of an increase, their concerns about the market costs going up in the future, the sustainability of this increase should those costs increase, the inability to take it away once given, and other concerns. Some shared that an increase in base salary might be a better way of making up for this.

The Chair said the issue that is driving this is the ability to attract and retain qualified employees. Ms. Ball offered the concept of increasing the employee benefit and not the dependents' so that it is a benefit to all employees. Ms. Geyer-Sylvia disagreed and thinks it is important for employees to have some contribution and would not be supportive of that. She said people need to understand that there is a cost to insurance and should contribute some of it. Mr. Kelly agrees with the 80/20 on employee coverage and said that they looked at all of these scenarios and suggested that the Committee revisit this after presenting the entire benefit package. Ms. Geyer-Sylvia reminded the Committee that YHI has a high number of highly compensated employees so the fringe rate will look lower and she thinks it is important to balance that with other factors.

Mr. Kelly said the variable pay plan for the current year ending June 30, 2015 was intended to be a plan for one year only, and other ways to continue some sort of variable or incentive plan were reviewed to find one that is less costly and one that is timelier in how and when it is awarded in an effort to improve retention and engagement as well as reward contributions that went above and beyond. The employees were divided into two groups which included the leadership team and the non-leadership team. The lead team would include Directors and above including the Controller, which in total equals four headcount not counting the Executive Director.

Mr. Kelly noted that the non-leadership team spot awards, would be given on a real-time basis as recommended by their supervisor or another team member, if appropriate. There would be two given at the \$500 level and one at the \$1,000 level per quarter plus some sort of recognition item to help reinforce that behavior as well as lunch with the lead team. The total budget is not to exceed \$12,000 per year and is based on fiscal year 2016 and 20 employee headcount.

The Committee members discussed the high dollar amounts for spot awards and worried that it limited it to individuals instead of whole teams that may have worked together through a project. They suggested that there be more flexibility for the Executive Director and direct supervisors to manage how the dollars are dispersed.

Mr. Kelly then shared the director level incentive which would be tied to specific goals that could be achieved at different times throughout the year. There would be three strategic goals throughout the year. Examples include successful Technology Roadmap implementation, enrollment goals, and financial performance relative to the budget. These incentives would be paid within 30 days of the measurement period. Given that there are four people and an incentive pool of \$6,000 per leader, the total budget would be \$26,000 including an estimate for employer payroll taxes. These would be weighted based on areas of responsibility and there would be just a few major goals with various goals tied to those main goals. Final strategic goals will be brought to the Board for approval in June.

Mr. Kelly noted that if YHI were to continue with the current variable pay plan, it would cost YHI \$115,000 and the proposed package would have a budget of only \$74,000 for a net decrease of \$41,000. This is an estimate based on assumptions that were made regarding dependents and headcount. Ms. Geyer-Sylvia shared her concerns about taking money away from the lower paid employees. Mr. Kelly said it is about a 60% payout for leadership compared to fiscal 2015, but agreed that the lower paid employees would take the brunt of the decrease. Mr. Kreiling agreed with Ms. Geyer-Sylvia and said that the spot bonus in his organization is for the lower-compensated employees. Mr. Settles is concerned that YHI is coming into a slow-down period and that these incentive are too high. Mr. Kelly said that the level of work is still high but has shifted, yet the challenges are just as great. Ms. Ball said that the variable pay last year was

initially intended to be for leadership and this was a first year plan. The proposed plan would be a new plan going forward. Ms. Geyer-Sylvia said that when an organization has a staff of 20 people, everyone is contributing to the team and it is important to recognize this. Mr. Kelly said that any compensation for the Executive Director was to come out of the \$41,000 budgeted. The Chair said the direction the Committee can provide is by sharing what they feel is equitable and competitive and rewards people for the heavy lift. It is less about the dollar amount and should be philosophical. Ms. Vauk said that the amount budgeted for the leadership team is appropriate, but it is a little lean for the lower-compensated employees and worries it sends a bad message. She sees the only option to be an increase in the overall budget with that increase reflected as incentive pay for the non-leadership employees.

Mr. Kelly said he was basing this proposed variable pay plan on what was said a year ago that the current plan was a one-time event.

The Chair said in terms of this Committee's recommendation to the Board, the variable pay program budget should remain the same as last year but change for the non-leadership team employees to include spot recognition and incentives. In addition, the bonuses for the Leadership team and Executive Director should be based on overall goals achieved for the year.

As for the employer contribution to medical benefit premiums, Ms. Ball stated that 50% is better than where it currently is, but 60% or 70% would be more competitive. On the incentive piece, the intent is to not create an entitlement viewpoint.

Mr. Kelly shared the organization chart and said it is the most current staffing plan and that some of the proposed headcount will be on board by July 1, 2015. These are all full-time employees of Your Health Idaho and do not include contractors or temporary staff.

YHI is currently at 14 headcount and has 11 open heads with a total projected headcount of 25.

The two Communications heads are entirely resulting from the shift from the contracted Gallatin to full-time in house employees.

The Operations Team needs two Business Analysts for implementing policies across both technology and operations. One has already been hired and YHI continues to look for an additional Business Analyst.

The Program Specialist area has one open headcount. Mr. Chase manages the Tribal relationships, engagement with Enrollment Counselors, as well as agents and brokers. Ms. Nagashima handles the reporting and helps manage the temporary call center employees. Ms. Dickey has moved from her role as a Lead Program Specialist to a Solutions Architect role and the team is backfilling that position with a person more similarly mirrored to the other two Program Specialists. That role will focus on the carrier relationship and Ms. Stephanie Mathiesen has accepted that position and starts today.

The tier two positions, Consumer Support Specialists, include Ms. Rose and Ms. Sandretto who have been on board since last fall. There are also two open heads, with one of those hopefully being bilingual. These two will work open tickets, handle complex cases, and support open enrollment and special enrollment periods. These hires have been pushed out to make sure they are needed with all temp workers going away in April.

One additional headcount would be in the area of Process Improvement and this person has been extended an offer. This role will work across DHW, YHI and GI and will focus on operational improvements across those three organizations. This person will report directly to the Executive Director but will not be a leadership role. This will ensure that they are not part of a specific team, but instead will work across all the teams.

Mr. Kelly finished by saying that is how the 25 headcount is reached.

Director Armstrong voiced his support of the Process Improvement position and said that the more efficient the organization is, the less the cost allocation to YHI from DHW for eligibility shared services will be. Ms. Geyer-Sylvia said it is difficult to comment on actual staffing needs but is curious if the Committee is looking at headcount or a dollar amount and would like that clarified. The Chair said the issue is exactly that and said that the Finance Committee decides on the budget and this is not part of the Personnel Committee Charter.

Mr. Kelly said this Committee does review annual staffing plans and this is the spirit in which this was brought before this Committee.

Motion: Mr. Kreiling moved that the Personnel Committee recommend the personnel related budget items with the compensation plan at \$90,000 which includes the change in dependent coverage contribution rates at 60% employer paid and 40% employee paid, and includes the spot bonus and team incentive plan as well as the annual Executive Director variable pay and the general discussion on the staffing plan to the Finance Committee for inclusion in the operational budget for Fiscal Year 2016.

Second: Mr. Settles.

The motion carried.

9. EXECUTIVE DIRECTOR REVIEW PROCESS

The Chair noted the two documents included in the packet, one document regarding incentive pay and one regarding evaluation. Ms. Ball said last year she received feedback on the evaluation process for the Executive Director. The process is the same and will be based on fiscal year. There is a bullet point added in section 3 (e) to get general feedback from the direct reports. The direct reports will receive a shorter version of the questionnaire, with 3 or 4 open-ended questions, which will then be aggregated with the larger document containing the Board evaluations. Ms. Geyer-Sylvia suggested that it might be more effective for the Chair to do a skip review and just sit down and talk to the direct reports. Ms. Ball said there is a way to make sure it is anonymous simply by combining the feedback into some general comments. Ms. Vauk contemplated reaching out to all staff, and Ms. Ball said it is more effective to do direct reports and the entire staff will have opportunity to voice concerns in the employee satisfaction surveys. Mr. Settles and Ms. Geyer-Sylvia noted their preference for conversations with the Board Chair.


The second update in the performance evaluation form for the Executive Director was the incorporation of the terminology of the overall strategic goals, the six FY15 annual goals and some minor updates of competencies to streamline the document. The next steps include a decision on the timeline for the Performance Evaluation process for allowing time for staff and

the Board to respond as well as making sure it is completed in time for the July Board meeting. The Chair suggested this be sent out in June and be completed and ready in July.

10. ADJOURN

The Committee adjourned at 9:26 am.

Signed and respectfully submitted,



Ms. Margaret Henbest, Committee Chair