

IDAHO HEALTH INSURANCE EXCHANGE DBA YOUR HEALTH IDAHO BOARD MEETING MINUTES

October 22, 2013

Hawley Troxell Offices (Summit Room)
877 Main Street Suite 1000, Boise, Idaho

Chair Stephen Weeg called the meeting to order at 11:03am, and explained that due to the unavailability of the Lincoln Auditorium, the meeting was being held at Hawley Troxell.

Hyatt Erstad provided the roll call.

Members Present:

Stephen Weeg, Dave Self, Zelda Geyer-Silvia, Hyatt Erstad, Tom Shores, Jeff Agenbroad, Fernando Veloz, John Livingston, Kevin Settles, Margaret Henbest, Jim Rice, John Rusche, Bill Deal, Dick Armstrong.

Mark Estess and Kelley Packer via telephone.

Scott Kreiling and Karen Vauk absent.

Chair Stephen Weeg reviewed the Agenda items and asked if there were any changes.

Motion: Kelly Packer moved to amend the agenda to include an option to move to Executive Session as necessary to review of personnel matters.

Second: Jim Rice, motion carried.

Chair Stephen Weeg provided an overview of the setup of the exchange, the tight timeframes that YHI is operating under and the expediency required in handling some matters. He said the achievements had been great, although there had been bumps along the way. He said he takes blame for some decisions and hoped that the Governor still had faith in him. He said YHI still has huge challenges at the moment; we are not seeing huge numbers of people enrolling, we have been pressed by time since the beginning, and we need to know how to move forward. Yesterday Frank Chan of Applied Computing chose to exercise his right to cancel a recently awarded contract (within the 30 day window). He has also resigned from his position on the board, and as Chair of the IT sub-committee; this leaves a large gap in the structure. In addition, we now need a replacement IT person, a review member and IT subcommittee member. We may have to move into Executive Session to discuss some of these items. We need to address these and other issues in a way that earns the confidence of the Idaho people.

Amy Dowd explained to the board that she made the decision to contract with Applied Computing because they have the background and experience needed for this project – the questions that have been raised indicate that this decision should have been made different way.

Amy went on to state that YHI faces incredibly tight timelines and great pressure to implement an Idaho health insurance exchange. We are operating with the understanding that if we do not meet our timelines in establishing the exchange, the consequence is to have the Federal Government intervene.

Amy reiterated that she understands the scrutiny YHI is under; she appreciates the concerns that have been expressed this past week. She continued that she has learned from this process, and is hopeful that the experiences of these last few days will help inform a policy and process that will allow us to meet our very tight timelines while building and maintaining the trust of the people of Idaho over the long term. She concluded that she was open to board input. Chair Stephen Weeg asked if there were any questions or concerns.

Kevin Settles stated that although he was out of town, he thought that this meeting was important enough to attend. He said he does not think that Amy's decision was done out of ill will, and the rate that was negotiated was not unreasonable as State agencies pay those kind of rates all the time. I know in my industry if I was looking at paying a consultant, I would love to get them for \$180/hour. He said he is sad that unfortunately we will not have his services going forward and feels that we are dog piling on this decision.

Jim Rice stated that the legislature did not intend that a person could assume a position on this board with a goal of obtaining employment with YHI. It is also the negotiations prior to the resignation that Idahoans do not like. At the same time YHI has to deal with reality. He stated that he does not think YHI can continue to negotiate or work with Frank Chan.

Margaret Henbest stated that YHI was asked to keep as much work in Idaho as it could. As we move forward, we need to negotiate what is important to Idaho. Board governance is something else that needs reflection. We have to look at ourselves, policies and procedures, and step back from the idea that we are a 'normal' board, because we are a new entity and some of our decisions have been far from 'normal'.

Tom Shores said that he believed there was a flaw in the process that led up to the award of the contract, and alarms should have been raised. He asked the Board members how YHI moves forward.

Kelly Packer asked for a comparison of Frank Chan's contract and how it would differ from what YHI contract staff member Rick Moran is doing. She said that she does not understand the difference.

Amy Dowd explained that the primary role intended to be filled by Applied Computing is coordinating all IT vendor roles and timelines, ensuring they are met and that contracts are adhered to. This roles need to be able to speak the technical language of all IT resources during implementation, and Frank had that knowledge. Also there is a lot of documentation involved. Part of Rick's role is to coordinate with the Department of Health and Welfare, manage the CCIIO grant, and liaison with CCIIO for phase gate and implementation reviews.

Kelly Packer asked about the time period for each position. Amy Dowd replied that they are contract positions that are funded with grant money. She continued that she continues to evaluate how long these contract individuals will be needed to continue the implementation of the system, but believes the person in the IT Lead role will be needed for about a year.

Zelda Geyer-Silvia asked that, in the PCG contract framework, there were was a group that was supposed to perform a project manager function. She asked why YHI would need both of these functions.

Amy responded that YHI has not decided yet on a project management organization strategy, that PCG has been assisting with our procurement process and the IPA program, and that YHI will need additional outsourcing for the remainder of the contract, extending into next year.

Zelda replied that she finds the situation confusing because it is her understanding that the PCG contract covered that function, and that Amy may have been premature in pursuing additional IT support.

Amy stated that the IT position she intended to fill through the Applied Computing contract is not the same as the PMO function.

Chair Weeg said he believes the YHI Board should delve into functions required for successful operations more at a later board meeting.

Zelda replied that she believes the Board still needs to address the RFP issues and to reinstitute the Board Committee structure, because lack of detailed knowledge is inhibiting us from these discussions.

Rep. Rusche stated that he agreed with the earlier comment by Margaret Henbest that the Board has not provided the kind of consultation and guidance it should have. He believes the Board has failed as body corporate and politic, and that we do need to have a clarification of the IT process and what is required. We need to be responsible. We also need to make those improvements that a state-based exchange can make to the web site in order to provide information and make up for the failings of the federal marketplace.

Hyatt Erstad said that he spoke with Dr. Livingston, Chairman of the Operations Committee, and that there was a blank in the dollar amount in the interim procurement policy, and made a motion that the Board insert \$15K for each category, so that procurements in excess of that amount would come to the board and give the Board additional accountability.

The motion was seconded and discussion began.

Dave Self said the \$15K seemed reasonable and asked if there was a basis for the figure. Hyatt said they looked at approval levels for other organizations (like school boards) as a reference and that the figure could be adjusted going forward.

Chair Weeg clarified that the way the policy would read is the executive director could approve contracts up to \$15K and would have to come to the Board for contracts over \$15K.

Rep. Rusche asked if the board would have to authorize the Executive Committee to be able to approve contracts over \$15K. Kevin Settles asked if the board would be able to email in their vote.

Mike Stoddard responded that as we have a public meeting requirement, it would cause some complications. A special meeting could be called and members could call in or be present. Chair Weeg added that the YHI Board needs to be very careful about adhering to its public meeting requirements

Zelda Geyer-Silvia commented that she was confused about the specifics of the motion related to the interim procurement policy.

Chair Weeg clarified that the motion is that Item 5 in the interim policy has a blank, Item 6 has 2 blanks, and Item 9 has a Blank. The idea is to insert \$15K into each spot.

Mike Stoddard added that the interim policy was approved in May, and the interim policy did not have a price.

Dr. Livingston agreed that the interim policy did not include a dollar figure, and that the intent was to leave this up to the Board.

Zelda commented that she didn't recall the board taking this action, and that the YHI internal shared file site includes a different version.

Mike Stoddard clarified that the other policy on the site was a draft that the board decided to not approve, and that we have been operating under the interim policy from May. He added that the YHI Board has approved a couple of contracts that were noted as being exceptions to the policy. A question was raised by Senator Rice as to whether the Board actually approved the interim policy with blanks, and Dr. Livingston said as Chair of the Operations Committee he should have brought the Board a new policy with blanks filled in earlier in October.

Chair Weeg summarized the discussion by saying we should take a two-step process to add a cap and to then send to the appropriate committee to tighten the policy even further and make whatever changes we need to get to a policy the Board can support.

Senator Rice thinks the confusion arose when we were in discussion about both RFP's and the procurement policies, and that he supported an interim step to add a dollar amount and then take a harder look at the policy.

Dave Self asked Hyatt Erstad if he would modify his motion to include a date by which the interim policy would be reviewed. Hyatt said he'd be happy to. The revised motion is to add to the interim procurement policy a \$15K limit, and that the revised policy would be provided for board approval, with final approval to the board by December 15, 2013 for decision prior to year end.

Several members commented that this was too loose and pushed for an earlier date. Margaret Henbest suggested that a rough draft be prepared and that a call or email exchange could allow refinements prior to the board meeting schedule for 10/30/13.

Senator Rice asked if concerns could be submitted in time for discussion at the next Operations committee - prior to Thursday at 5pm. The meeting will be Friday 10/25/13.

Kevin Settles asked about the magnitude of the envisioned changes. Zelda Geyer-Silvia said that we don't need to make wholesale changes but that we need to separate policies for RFPs and sole-source contracts. She added that the \$15K is fine, but that Item 9 is problematic because we do not yet have a budget. She is not clear what we do when there is not a budget. She asked that the Operations Committee look at this.

Mike Stoddard said that YHI had not yet finalized its policy in part because of the lack of a budget, and that the new policy will be built into the Operations Committee plans.

Chair Weeg said this issue should be an Agenda item for the planned October 30th Board meeting. Another Board meeting is scheduled for mid-November. There was some general discussion of dates and timing for Board meetings.

Hyatt Erstad amended the motion to amend the procurement policy to include the \$15K limit and that the Operations committee will meet and have a revised draft available for the 10/30/13 meeting.

Second: Kevin Settles, motion carried

Chair Weeg discussed the desire to meet later in October (10/30) to discuss what YHI can do in terms of contingencies to make up for the federal marketplace failures. After general discussion of Board meeting timing he asked if other members had comments about the contract situation.

Dr. Livingston commented that he believes Amy operated in a way that went above and beyond what was required in the policy, and sought counsel from board members, the chairman of the

board, legal counsel, and the Governor's office to have this item concluded in a timely manner. He thought this was very important to get out.

Margaret Henbest reiterated Zelda's comment about the importance of finalizing the committee structure and what each committee is responsible for doing.

Zelda Geyer-Silvia raised a question about the Committee structure and when Board members can go to particular committees. She is also confused about what is a board meeting is and a committee meeting and when can we speak.

Chair Weeg said he and the YHI staff will try to get this roughed out and information out to the Board prior to 10/30/13.

Mike Stoddard clarified that last week the Chair had asked to streamline the sub-committees. Some members were not exposed to the Executive Meeting and unaware of those recommendations.

Chair Weeg said that the discussion Mike referred to was in Executive Committee, and that his desire is to present a proposal to the board at the next meeting. Mike pointed out that, since several Board meetings missed the discussion at the Executive Committee, they may need to be brought up to speed on the discussion. Dave Self voiced a desire to provide some input as the proposed revised Committee structure is developed. He also thanked Hyatt for taking good notes.

Tom Shores stated that we need to expedite this process so we can get people signed up; our timeline is getting crunched.

Chair Weeg agreed and said this is why the Board will meet next week to evaluate contingencies and outreach/education plans. The goal is to have structures and plans in place to review at that meeting.

Zelda Geyer-Silvia commented that it is important that we get the stakeholders involved in contingency planning. Providers and brokers we were not involved in any contingency discussions. Carrier staff and others can be helpful.

Amy Dowd responded that the plan is to get the providers and others involved in the contingency planning effort. Chair Weeg said that the providers and others will get notified before next week.

Alberto Gonzalez expanded on Amy's remarks to clarify that after we YHI staff was tasked with developing high level ideas it first consulted with CCIIO, which happened yesterday. He added that they are looking to get ideas out to stakeholders ASAP.

Tom Shores expressed a concern that agents and brokers can't always just drop everything and come into a meeting next week. Alberto added that YHI staff was looking at a quick action that

would include development of a .pdf with plan info as a short-term resource while better and more time-consuming options are implemented. Rep. Rusche asked if it was possible to prepare a .pdf with disclaimers that could be done quickly to give people an idea of plans and subsidies.

Zelda expressed her view that there are ways to do this that are better than a pdf that could give people more real-time information.

Susannah Buckley-Green noted that last night Jody Olson did reach out to all carriers to have a direct link. We received some responses and are waiting for responses from the others. We are also exploring other solutions.

Hyatt Erstad added a follow on from the Executive Meeting last week, asking why can't we have an easy link for the public to just click a link to get information without divulging too much information.

Alberto Gonzalez responded that we are looking to get these items addressed ASAP, including a tool that will allow people to calculate plan costs and subsidies.

Motion: Senator Rice commented that we are getting far afield from the agenda, so as a housekeeping matter he moved that we amend the agenda to cover discussion of directions going forward, and scheduling of meetings of the Operations committee and Board meetings. The good faith reason for the agenda change is that we anticipated a narrower focus on the board meeting today, but it has become necessary to address some of these other matters.

Second: Margaret Henbest, motion carried

Chair Weeg returned to the original agenda and asked for additional comments about processes.

Rep. Rusche asked for clarification on actions taken this far in the meeting and on the contract. Chair Weeg summarized the actions as the contract being canceled yesterday, put a \$15K limit in the procurement policy, and have not taken any other actions.

Senator Rice asked if the cancellation of the contract is already effective.

Amy Dowd responded that there is a 30 day cancellation clause in the contract, and that Frank has offered to support YHI during that 30 day period.

Motion: Senator Rice moved to make the contract cancellation effective immediately. Chairman Weeg asked a clarifying question as to whether that was allowed under the contract. Mike Stoddard responded that it wouldn't be allowed under the contract language, but that the Board had the right to specify the work to be performed under the contract and could choose to assign no work to Applied Computing.

Second: Zelda Geyer-Silvia

Dave Self asked a clarifying question as to whether payment would be made for work performed to date.

After a clarification from Mike Stoddard, Senator Rice amended his motion that there will be no further work completed within the 30 day timeframe covered by the contract

Second: Zelda Geyer-Silvia

Rep. Rusche asked who will complete the work not being conducted by Applied Computing; if we don't have their services we may need to find someone else.

Zelda Geyer-Silvia stated that we don't need someone to coordinate vendors, as we don't have many vendors. Mr. Moran can do this job for now.

Chair Weeg asked what Frank Chan was doing for us at this time.

Amy Dowd responded that he started working a few hours a week on the contingency plan, and that his hours would ramp up over time. Amy stated the RFP Team should be able to continue as planned, , and she has arranged for the contingency work to be covered by overtime within an existing vendor contract and overtime.

Rep. Rusche commented that as Chair of IT committee, he believes an evaluation of the IT team and the position need to be addressed, but not as part of the motion. We can do overtime under existing contracts in the short-term but need a long-term answer. We also now have vacancies at the head of the IT Committee and a board member on the RFP evaluation team.

Senator Rice agreed that those items don't need to be addressed in the motion, and that the RFP situation can be addressed at the meeting on 10/30/13.

Amy Dowd commented that we would need a replacement for the RFP position by Thursday due to the need for that person to undergo training scheduled for 10/25/13.

Jeff Agenbroad commented that he does not like the 30 day window. Could we approach him with a contract that allows for immediate cancellation? Senator Rice observed that Frank Chan has been amicable and we may not need to do anything more. Jeff replied that we may be able to approach him for an immediate cancellation so this issue can be closed.

Chair Weeg said he believes Frank Chan understands where we stand, and that the board can tell him that we need to go in our direction.

The board voted on the motion by Senator Rice. The motion passed.

Chair Weeg continued that we have identified a potential need for a new Board member to participate on the RFP review team. Senator Rice pointed out that we need a motion to amend the agenda to add discussion of naming a new board RFP review team replacement person.

Rep. Packer offered the motion, which was seconded by Margaret Henbest.

Chair Weeg stated that the purpose of the amendment to the agenda is to respond to the very recent action to terminate the contract and the resulting vacancy in the RFP team.

Zelda Geyer-Silvia commented that she is not sure the Board needs to be represented on the RFP review team, and that normal process is for a recommendation come from the IT Committee.

Dave Self agreed, and wanted clarification regarding the possible incorporation of the IT Committees functions into the Operations Committee, which may negate the need for an IT Chair.

Margaret Henbest observed that Frank Chan brought some technical expertise to the process.

Kevin Settles expressed a concern that if we don't have a board member involved in the contract review, how is the Board going to understand the proposal? Our problem is that we don't trust the process right now.

Zelda Geyer-Silvia said she believes that the board needs to have a committee structure where the Board feels comfortable it has full understanding of all that is going on with YHI and the committees.

Chair Weeg asked if the board would be comfortable not having a person assigned to the RFP review team, and instead using the committee structure to review the work of the RFP team.

A motion to adopt this approach was offered by Dave Self and seconded by Senator Rice.

Rep. Packer asked if she first needed to remove her motion from the table to allow this motion to proceed. The Board instead voted to approve the motion by Rep. Packer to add the RFP discussion item to the agenda.

Motion: Dave Self then moved to accept recommendations for the RFP review process from staff and route those recommendations through the appropriate committee to bring to the board.

Second: Senator Rice, motion carried.

In response to a question from Tom Shores about the Board vacancy, Chair Weeg clarified that the Governor has the discretion to have board membership changed.

Zelda Geyer-Silvia commented that if YHI changes its committee structure it would also need to change its bylaws.

Chair Weeg asked if there were any other questions or comments at this point.

Hearing none, he noted the possibility raised earlier about the need to go into Executive Session.

Fernando Veloz asked at what point the Board would discuss a replacement or give a recommendation for the position that was going to be taken by Frank Chan.

Chair Weeg responded that recommendations could be given to the Governor through Tammy Perkins.

Motion: Kelley Packer made a motion to move into Executive Session to consider personnel matters as pursuant to Idaho Code 67-2345(1)(a) & (b). The good faith explanation is that this item was not on the published agenda, and matters came to the attention of the board after the formal agenda was published.

Second: Senator Rice

Roll call was completed and the motion was approved; the board moved to Executive Session at 12:38pm.

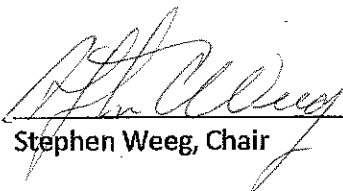
The Board returned from Executive Session at 1:56pm and Chair Stephen Weeg stated that they would now move into public session; and that no decisions or deliberations were made during the Executive Session.

Motion: Senator Rice moved to hire an independent attorney for a full review of the events involving the contract and report to the board by 10/30/13, if possible

Second: Hyatt Erstad, motion carried

Adjourned: There being no further business to come before the Exchange Board, Chair, Stephen Weeg adjourned the meeting at 1:58pm.

Respectfully signed and submitted by



Stephen Weeg, Chair