

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

**YOUR HEALTH IDAHO BOARD  
MINUTES  
FRIDAY, DECEMBER 15, 2017**

**1. BOARD MEMBERS PRESENT**

- Mr. Stephen Weeg, Chair
- Mr. Kevin Settles, Treasurer
- Mr. Hyatt Erstad, Secretary
- Mr. Tom Shores (via teleconference)
- Dr. John Rusche
- Mr. Dave Jeppesen
- Dr. John Livingston
- Ms. Margaret Henbest
- Mr. Jerry Edgington
- Ms. Janice Fulkerson (via teleconference)
- Senator Jim Rice
- Rep. Kelley Packer (via teleconference)
- Rep. Mat Erpelding (via teleconference)
- Wes Trexler (for Director Dean Cameron)
- Director Russ Barron

**2. OTHERS PRESENT**

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Karla Haun, Your Health Idaho
- Ms. Alanee DeRouen, Your Health Idaho
- Ms. Frances Nagashima, Your Health Idaho
- Ms. Megan Bauer, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Robin Donovan, Your Health Idaho
- Ms. Cheryl Fulton, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell
- Ms. Tresa Ball, HR Precision
- Ms. Lori Wolff, Department of Health & Welfare
- Mr. Peter Sorensen, Blue Cross of Idaho
- Mr. Mike Reynoldson, Blue Cross of Idaho
- Ms. Moriah Nelson, IPCA
- Ms. Tammy Perkins, Office of Governor C.L. "Butch" Otter
- Mr. Jeremy Pisca, Risch Pisca
- Ms. Emily Patchin, Risch Pisca
- Mr. Mitch Toryanski, Regence Blue Shield
- Ms. Marnie Packard, SelectHealth
- Mr. Norm Varin, Pacific Source Health Plans

### 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 9:03 a.m., Friday, December 15, 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. Erstad called roll and determined that The Chair, Mr. Settles, Mr. Shores (via teleconference), Dr. Rusche, Mr. Jeppesen, Dr. Livingston, Ms. Henbest, Mr. Edgington, Ms. Fulkerson (via teleconference), Senator Rice, Rep. Packer (via teleconference), Rep. Erpelding (via teleconference), Wes Trexler (for Director Cameron), and Director Barron were present, resulting in a quorum. Ms. Vauk and Mr. Veloz were absent.

### 5. PUBLIC COMMENT PERIOD

The Chair asked for public comments, and there were none.

### 6. PRIOR MEETING MINUTES

**Motion:** Mr. Erstad moved to approve the meeting minutes from the September 15, 2017, Board meeting as presented today. **Second:** Ms. Henbest. **The motion carried.**

### 7. REVIEW OF AGENDA

There were no changes made to the agenda.

### 8. 2018 OPEN ENROLLMENT UPDATE

Mr. Kelly said today is the last day of Open Enrollment and we will review our enrollment data and the success factors that lead up to this OE. We have made improvements to our online system and today we will show how that has enhanced the Customer Experience. We have also made significant efforts to strengthen our consumer connectors through training and other outreach activities. We will also review proposed federal policy and operational changes, and we will also provide an update on the dual waivers. We will review and consider for approval the first quarter of fiscal year 2018 financial statements, and we will also discuss the role of the Finance Committee. And lastly, we will provide a Governance update and present our Plan of Operations for approval.

#### a) Customer Experience

Mr. Kelly said Your Health Idaho is very pleased with the growth in quality and responsiveness of our support center. Call volume is up and email volume is down slightly, and both have increased response times. We believe a major factor for that is the early recruitment and effective training of YHI's seasonal workforce who helped us through this compressed timeframe. We saw record web traffic this year, but the time that

our customers are spending on the site was down and that points to an improved ease of use.

We are also seeing positive results in shorter turnaround time for appeals. As expected, the number of appeals did increase, but that is due to new validation requirements and verifications that were implemented for qualifying life events and special enrollment periods. The good news is that those appeals are being resolved more quickly. One of our biggest success indicators has been the positive feedback from our agent and broker community. They are receiving better and quicker service than ever before.

#### **b) Support Center Performance**

Mr. Kelly said looking more closely at calls handled, there has been an increase of nearly 14 percent for the Tier 1 Support Center. We have also seen an increase of nearly 40 percent for the Tier 2 escalations team. All of this while increasing our service levels. The increase in escalation calls should not cause concern, but instead is an indication of better call routing, which means getting the call to the right customer service representative to resolve the consumer's issue the first time. Despite the higher volumes in Tier 1 and Tier 2 escalations, we have been able to increase quality scores by 15 percent compared to last year. This means that not only are we handling more calls, but we are handling them better and faster while creating better satisfaction among our customers. The level of expertise of our team is bringing customer service to a new level at YHI and this has been noted by our agents, our customers, and even our returning seasonal workforce, who have noticed a drastic change from a year ago.

#### **c) Web Stats**

Mr. Kelly said in addition to the higher call volumes we have had record traffic to the website. We have had over 13,000 visitors per day this week, an all-time high. As mentioned earlier, time consumers spend on site is down, which indicates ease of use, and where they spend their time appears to be focused on decision making. We have seen that users are spending their time on site dealing with plan selection and eligibility. This demonstrates a focus on enrollment, plan selection, and fewer theater goers on the website.

#### **d) Enrollment Update**

Mr. Kelly said YHI's goal in enrollments is to be flat year-over-year, and it is within reach. When we look at average enrollments for 2017 of around 90,000 Idahoan's, we appear to be ahead of that for 2018. As of this morning, we have almost 96,000 enrollments. This week alone, we have gained over 6,000 enrollments, way ahead of our growth for the same time last year. We also had well over 2,100 calls into the support center yesterday.

We have seen a lot of customer behavior around shopping and, of course, the usual rush at the end of open enrollment which is tonight. The lack of federal Cost Sharing Reductions, or CSR's, has caused some shifts in the silver plans and the other metal tiers. We have seen a 14-point movement from silver to gold and bronze. As of this morning,

that increased 18 points, meaning about 18 percent of our customers from last year have moved from silver to bronze or gold. Bronze is up 13 points and gold is up 5 points. That is a high indication that increased tax credits made gold more affordable and resulted in some zero-cost premiums for bronze plans.

The Chair asked why the catastrophic plans don't really move at all. Mr. Kelly said we did see an increase this year, but the total numbers are so small relative to the overall enrollment. As of November, we had 600 people on catastrophic plans and in January we anticipate over 1,000.

Mr. Trexler added that once you hit 30 years old, you are rolled off catastrophic plans unless you can show hardship conditions.

Dr. Rusche said his concern is about the national message about the repeal and replace rhetoric in DC. He asked if there has been any confusion by customers. Mr. Kelly said the level of questions about whether or not the ACA is still in place has died down. It tends to be very reactive to news out of DC. We do think that the mandate is a smaller and smaller driver of the purchase decision here in Idaho. People purchasing insurance now understand the value proposition of having insurance via a monthly premium versus paying the penalty. We don't believe it to have zero impact, but we do believe it to be in the single-digit percentage points here in Idaho.

Mr. Erstad asked if we could provide some demographic breakouts for age and metal tiers. Mr. Kelly said yes. Mr. Erstad said with the mandate likely to go away, it would be good to see those numbers now.

Dr. Livingston said looking at these numbers, it appears there is little churn of patients going off and on plans. Do we know what that number might be? And do we have any idea how many people had insurance last year through their employers and this year are purchasing insurance through the Exchange? Mr. Kelly said in terms of those that are auto renewed, we are in the high 80's and last year we ended up with about 72 percent retention. In terms of those that are actively renewed and then actively reselect, we see that at about a quarter of our population that switch to another plan. Regarding the second question, we do not have the ability to track the impact of consumers moving between the Exchange and employer coverage.

Mr. Kelly said there has been some movement between carriers, but it is primarily in the space of the one carrier moving off the exchange and another moving out of specific geographic areas. BridgeSpan left the Exchange and has no enrollments for 2018, Blue Cross and Mountain Health Co-Op have increased, and SelectHealth is down slightly due to exiting some markets in southeast Idaho. We expect that to shift even more over the next few weeks, but feel it is more driven by the market decisions than any specific individual behavior.

**e) Appeals**

Mr. Kelly said YHI is now requiring additional documentations for special enrollments and that did drive the increase in appeals. However, the resolution time of these appeals has greatly improved. We did have one federal hearing and YHI's decision was upheld. One more federal hearing is awaiting a federal decision. What we have learned through the appeals process is that the decision-making ability has improved greatly, and this has resulted in the quicker turnaround for decisions. We will continue to learn in this area and use the appeals process to ameliorate the training in the support center and escalations.

**9. TECHNOLOGY UPDATE**

Mr. Kelly said it is clear from this data and the support center indicators that our system investments are paying off. Through our SEP validation efforts, we have prevented over 3,000 invalid enrollments in 2017. If we were to run our 1095 tax forms today, all but a few hundred would be delivered with over 90 percent accuracy. Our investments in technology and our intense efforts focusing on reconciliation with the carriers has driven these improvements. We have a dedicated team focused on the 1095 details and we will shift more resources from the support center to 1095's in January if it is needed. After four system upgrades, we experienced a dramatic drop of 75 percent in the number of consumers needing extensive technical support.

**a) Technology Performance**

Mr. Kelly said as we look ahead to 2018, we do have a system update later this month around the changes to our invoicing process and the change in our assessment fee that is effective January 1. Another update will take place January 16 and the dates after that in 2018 are currently tentative. The January update will continue to implement federal compliance requirement, fine-tune our reconciliation process, and will update the configuration to print the 1095's. Post open enrollment lessons learned will be gathered and will shape the final 2018 roadmap. Those items are expected to focus on self-service capabilities, enhance the shopping experience, and provide more effective tools to our partners.

**b) BOTs Discussion**

Mr. Kelly said we quietly rolled out a new self-service feature, allowing consumers to reset their passwords via mobile devices.

We have seen a 25% success rate since it was rolled out. And while that is much lower than we had hoped for, the success rate has improved each week. We review where those consumers are being hung up in the process and we make incremental changes to the process flows and that has resulted in those improved success rates each week. We will continue to monitor that and make adjustments as needed. We do think it will max out at around a 50 percent success rate simply because of the complexities involved in verifying a consumer's identity. We are very concerned about privacy & security and we want to ensure that when we do grant that password reset that it is the correct information matched to the correct consumer.

## 10. OUTREACH & EDUCATION UPDATE

### a) Consumer Connector Certification & Training

Mr. Kelly said agent training and certification is close to last year's level. We have over 800 fully certified as of December 10. We conducted live training events in September and October and held a status update in November.

A key difference with this year's training is that a high number of assistants attended the training. These are people who work in agencies but do not certify. What this means is we have an increased the breadth of knowledgeable help available to consumers.

To improve service with our agents and enrollment counselors, YHI expanded customer support by an hour each morning. We also added resources for email and written inquiries, dramatically reducing the wait times.

DHW deployed a tool called PDAP which allows consumer connectors and our support center to see eligibility history and results for APTC which has improved the efficiency of consumer assisters.

Another improvement we have seen this year is an increase in referrals from enrollment counselors to agents. This helps ensure that consumers complete the enrollment process efficiently. Consumer connectors have also given us positive feedback this year, with ease of use and improved response time at the top of the list. This means agents are able to spend more time with their clients and less time with systemic issues.

Dr. Rusche said our use of the agent and broker is somewhat unique in the exchange world. Has that been replicated elsewhere and will that continue into the future or will we continue to lead in this area? Mr. Kelly said since inception, Idaho stood apart in its engagement of the agent and broker community. We've see a strong connection with our enrollments and the agent/broker community with about 70 percent of our enrollments interacting with an agent/broker. What we have seen over time as other states looked to Idaho and the enrollment success that we had, they started to engage with their agent and broker community. Minnesota is one state that has stood out over time and their enrollment has grown dramatically as they have increased their engagement with the agent and broker community. There are certainly lessons learned across the country on this and our engagement with the agent and broker community has really stood out, and we do see other states now shifting to that model.

Mr. Shores said it used to be that he would see 25-30 emails a day from agents about all the problems they were having. This year he has received less than 10 emails from agents having problems, a dramatic improvement. He also applauded YHI for allowing support staff to call in and talk about a client.

Mr. Erstad said a year ago he had 15-20 producers call out of frustration, and this year not a single call. He added that he has seen some trade publication articles where states are engaging their agent and broker community.

## **b) Events & Outreach Efforts**

Mr. Kelly said we increased our marketing collateral creation and distribution for open enrollment. This includes promotional materials in both English and Spanish and highlighting the enrollment dates. Thanks to the Idaho Foodbank, we were able to distribute over 4,500 cards just via their statewide distribution centers alone. We conducted events prior to open enrollment with exposure to more than 20,000 people. During open enrollment, we have contacted faith-based organizations to offer materials and resources. Education outreach is a new area and it included work with the school of Social Work at Boise State and the Health Education department at Idaho State University.

Our outreach strategy has matured to a model of our new Outreach and Education manager and the assistance from a service organization. Our RFP process brought in three applicants and the award went to Atlas Strategic Communications. They will begin work in January to help us identify, target, and execute statewide education and outreach opportunities.

## **c) Media - Earned and Paid**

Mr. Kelly said this year we began measuring the favorability of news media. At this point, our coverage during open enrollment has been largely favorable at 82 percent.

Twitter has become a hot delivery tool for commentary and now has the highest volume among social media. Organic Facebook has grown significantly with an average increase of 45 percent.

When we look at paid media, we see increases as well. This year the campaign began nearly three weeks earlier than last year on October 23. For digital, we saw a decrease in impressions, but an increase in engagement. This means consumers took action on what they saw such as clicking on an ad.

Our television purchase is similar to last year, but we increased the use of radio, including live reads before open enrollment and at today's deadline.

We think that the combination of earlier paid advertising and broad media coverage has helped drive traffic to our website.

# **11. OTHER BUSINESS**

## **a) 2019 Proposed Rules**

Mr. Kelly reviewed the Proposed Payment Notice for 2019 that was released by CMS in late October. Most of the changes were centered on allowing states more flexibility and very few had direct impacts to YHI. There were two main operational items. The first is the decision around SHOP being direct enrollment, which does not impact us, as this has been our process since inception. The other decision allows YHI to have just one navigator in 2019, where we currently are required to have two. We will evaluate the

navigator needs as part of our fiscal '19 budget process and follow up with the Board with our recommendation as to how we pursue that.

Mr. Kelly said with respect to policy, there are a number of items that will need to be worked on and collaborated with the Department of Insurance and the carriers and we will continue to work with them through our policy steering team.

**b) Federal Policy**

Mr. Kelly said it is clear the federal policy bouncing ball continues to be an area we need to focus on, and it does change hourly or daily. There are two current concerns. The first is the repeal of the individual mandate and the second is the Cost Share Reduction funding (CSR's). It is worth noting, the repeal of the individual mandate may not have a significant impact on Idaho. Our estimates are around 5 to 7 percent of customers have a purchase decision that is heavily influenced by the mandate.

The Chair asked the carriers if their assessment of the repeal of the individual mandate is in line with our assessment.

Mr. Edgington said yes, and possibly lower. The penalty was low enough that people were more motivated by the carrot, or the value of the plans, than the stick, or the penalty. And the discussion of the mandate penalty being enforced for the past several months has cemented the notion that the mandate became less relevant.

Mr. Jeppesen concurred with Mr. Edgington. He thinks 5-7 percent is pretty high and that people are more motivated by the APTC and value of the plans.

Mr. Kelly said the second item is the funding of the Cost Share Reductions. If CSR's are funded or reinstated for 2018, there are a number of technology changes that would need to be implemented. And these could take up to 60 to 90 days to resolve and implement for our subsidized customers and it would pose many challenges to YHI and our customers. These things would include design, development, testing and deployment. If funding is reinstated between now and January 1, implementation would be as late as April 1. At the forefront of our mind is the consumer experience, but changes would also affect our agents and brokers, enrollment counselors, and carrier partners. There are also costs associated with these changes. They would include the costs of training of consumer connectors, noticing, as well as the temporary and seasonal workforce numbers. While we don't think the technology costs would result in a direct cost to YHI, there will certainly be significant opportunity costs as the team that would work on this development could not work on other planned technology improvements.

YHI will continue to work with our partners on plans for whatever comes next, and we do recognize that the Department of Insurance has to balance on and off exchange, subsidized and non-subsidized customers, and the impacts to each, and we will continue to work together to find an optimal solution. YHI believes that the optimal solution is reinstating CSR funding effective January 1, 2019.



Dr. Rusche said as he understands it, the CSR is a payment from the federal government to the carriers, and then the carriers are expected to offset deductibles, co-insurance, and any other out of pocket costs the insured might have. If they do decide to fund CSR's in say July 1, 2018, do we end up doing a special enrollment? Mr. Kelly said these are all the questions we have been working on since September with DHW and DOI. It is extremely difficult to scenario plan when there are so many potential scenarios. We do know that if we need to recalculate APTC's, it will take 60-90 days and have a significant negative impact on our customer experience.

Mr. Trexler said it is difficult to say as there are so many potential scenarios. This isn't something we created and many states are feeling the same unknown. Once we have some language to look at, we can move forward.

Mr. Erstad asked if when the carriers provided their rates for 2018 to the Department of Insurance, they were asked to submit rates that assumed no CSR in the funding of those rates. Mr. Trexler said yes, that's correct. And that is what we planned for. Even though there are no CSR's being funded, the customer is still receiving the benefit of the cost share reduction from the carrier. The premium rates would then need to be looked at and recalculated if they decide to fund CSR's. Mr. Kelly said the latest on this is that for the continuing resolution that is to be voted on, CSR funding won't be included, but that changes daily.

#### **c) Waivers**

Mr. Kelly updated the Board on the dual waiver program that has been developed by the Department of Health & Welfare, the Department of Insurance, and Your Health Idaho. There are two waivers: the 1115 waiver which is a Medicaid waiver and the 1332 which is an ACA waiver. There have been town hall meetings and public meetings throughout the state including Boise, Pocatello and Coeur d'Alene. Overall, the feedback has been very positive. The draft waivers have been submitted and we continue to have discussions with key stakeholders. Milliman has been studying financial impacts and we expect them to finalize those impacts in the coming weeks. We are also finalizing the conditions list for the 1115 waiver and expect it to be completed in the coming weeks. Lawmakers convene in January, and once the waivers are finalized with CMS, an implementation schedule will be finalized and we will move forward.

## **12. FINANCE AND BUDGET**

Mr. Settles said the Finance Committee is okay with the uncertainty. Revenues have gone up and we have managed to maintain our frugality. He assured the Committee that Mr. Bell is very good about keeping our Committee informed. The Committee is very comfortable with where we are and where we are going.

The Finance Committee did some training and to ensure proper scope with our Committee. We reviewed items including making sure we are adequately dealing with our audit and meeting with the audit team. We also ensure that we meet the requirements of our Charter. And then we also looked around to ensure we are covering everything. We talked a lot about security and making sure that people can't get into our system and found that there are so many backups and security

checks that it can't happen easily. Insurance is in good stead, financial controls are adequate, and we like where we are financially today.

**a) Financial Analysis of Results through September 30, 2017**

Mr. Kelly said the first quarter of FY'18 financial results show revenue slightly lower than planned at \$2.2M. Member months are slightly lower than budget, but average premium is higher. YHI's long term financial sustainability is very solid. Our current projections are showing higher than planned growth in the out years, and this is primarily driven by the higher than planned rate increase in plan year 2018. The average rate increase for 2018 is at 27 percent and that is about 20 points higher than what we had in the budget. In the out years, the compounding effects of those rate increases drive our increased cash balance, reflected in the sustainability graph in the lower part of this slide. We do expect the long-term outlook to fluctuate as we finalize our enrollments and as they effectuate for this plan year, and as we also work on our FY'19 expense budget, which is well underway.

Mr. Kelly shared the financial summary and said the detailed financial statements are in the appendix for the Boards review. Overall, net income is favorable by \$370K and this is driven by operating expense favorability by \$410k and that's offset by about \$40K of unfavorability in revenues. Assessment fee revenue is unfavorable by about \$64K for the quarter, but that is offset by favorability in our interest income and our digital ad sales totaling about \$25K. Operating Expenses are \$409K favorable, and that's primarily made up of employee and employee costs favorability, driven by timing of backfilling open positions and a lower than budgeted year-round headcount in the support center. There is also some favorability in DHW Eligibility and Shared Services at \$90K.

**b) FY'18 Forecast**

Mr. Kelly said our net ordinary income is projected to be favorable by \$2.1M, primarily driven by the rate increase. That revenue favorability and the expense favorability combined is how you come up with the net-ordinary income favorability. The expense favorability is primarily driven by employee and employee related costs and DHW shared services. It is important to keep in mind when the original budget was established almost a year ago, we had very few months of the support center under our belt and we are finding that the year-round headcount associated with the support center is not required to be as high as we had originally planned. We see similar trends with Eligibility and Shared Services performed by DHW. We expect to see these impacts more fully reflected in our FY'19 budgeting process.

The Chair asked if, because of changes in mandate or reduced enrollment over the next 6 months, this budget contains those contingencies. Mr. Kelly said this budget was done with business as usual viewpoint. Any change in the mandate is not reflected.

Mr. Settles said we talk about this all the time in Finance Committee. We are prepared for this and our cash reserves are good so we will have the time and resources to course correct as needed. Dr. Livingston added we do not have a reserve requirement for our exchange, but we do have the ability to see our reserves and use them if needed.

Mr. Kelly said that is correct and we don't have a formal policy for a cash reserve, but we do have an informal assumption of six to nine months of operating expenses in our cash reserves. We can adjust that as needed.

Dr. Rusche agreed and said if we have to run a second open enrollment, it will eat up some of that reserve. Prudence with the finances will serve us well.

**Motion:** Mr. Settles moved that the Board, as recommended by the Finance Committee, approve the 1st quarter financial statements for Fiscal Year 2018 through September 30, 2017, as presented today. **Second:** Dr. Rusche. **The motion carried.**

### 13. GOVERNANCE

Ms. Henbest said part of the responsibility of the Governance Committee is to approve the annual Plan of Operations. The Committee assessed the process used to review the Governance documents that make up the Plan of Operations and the Committee had a lively discussion about what that meant and what that process would look like. What the Committee decided was to ensure this review is handled in a credible manner while maintaining the integrity of the annual Plan of Operations and the success of that plan. We feel the review was thorough and the document revisions that take place throughout the year reflect the maturity of the organization. We are confident in making the recommendation to the Board that the review of the Plan of Operations including the changes to the Delegation of Authority and the Compensation Policy. We also recommend removal of the Governance Summary which was redundant given our roadmap and charters. And finally, one of the Governance Committees responsibilities is to review the annual Board Training Plan, and in that we recommend expanding the standard training by leveraging some training available through the NACD. The current plan is to review the final content of the training prior to the March 2018 Board meeting, which is when we will present the training. We also reviewed the need for a Security and Risk Assessment to enable our Authority to Operate and ensure that both YHI and our technology vendor, GetInsured, are safeguarding Idahoan's information. The Committee recommends the Board approve the Request for Proposal for these services. An additional responsibility for the Governance Committee now, due to the reorganization of Committees, is around personnel, and it was really good to hear that the YHI team, despite the pressures, are in good shape and good spirits. The staffing is appropriate, they will continue to receive training and opportunities for engagement, and we will be reviewing a wellness program as part of our annual budget process.

#### a) Plan of Operations

Mr. Kelly said the Plan of Operations governs the day to day activities at YHI. The Committee roadmaps articulate the cadence for specific document and policy review. For example, the Finance Committee reviews key accounting policies, the Procurement Policy, and the Travel Policy, and those are done leading up to the annual Audit. The Governance Committee reviews employee policies and practices, the Privacy & Security policies, as well as Conflict of Interest, Public Records, and Records Retention Policies. And each Committee reviews its own Charter as part of the annual self-assessment in the fall. The Your Health Idaho executive team also evaluates our operational practices to ensure compliance or, in the case of changes, provides recommended updates to the Committees. A good example of that is the Employee Handbook that we update

regularly, and will do so again in March as part of the budget process. We also have YHI's general counsel perform an annual review of our policies and practices compliance, and that includes looking at the Committee Charters.

How do all of these documents fit together and how do they form the Plan of Operations? First are the governing documents which include policies such as the Health Insurance Exchange Act and all the way through to the Employee Handbook. Second are the operational documents which includes the roadmaps for both the Board and the Committees and the budget. In the middle are the Board resolutions which together, with the governing documents and the operational documents form the Plan of Operations.

Mr. Kelly said updates to the documents over this last year have included changes to the Committee Charters, which changed the process for the Executive Director performance review and compensation. We also changed which Board members could be part of the appeals panel, and revised it to include all Board members, instead of just Governance Committee members. We also updated our Employee Handbook as well as Privacy & Security policies, and finally, our Compensation Policy. We then looked at all governance documents and proposed changes to the Roles and Responsibilities summary, that delineated responsibilities between the Board, the Committees, and the Executive Director. And those changes reflected the maturation of YHI's operations since that document originated in 2014. We also aligned the accounting policies to the previously approved Delegation of Authority spending limits. And finally, we are proposing removing one document, the Governance Summary, as it is duplicative with the roadmaps, the Charters and other governance documents. There is one new document for consideration, the Indemnification Agreement, that has been around since 2013, but not fully implemented.

Mr. Stoddard, YHI's Legal counsel, said this document was adopted in September of 2013 and was sent out to the Board members in October for execution. At that time, the Board was dealing with some other issues and it appears it was never signed and returned by the Board members. The theory behind the agreement is the statutory protections contained in YHI's statutes, and YHI's Bylaws also include some indemnification provisions. Because YHI is an independent body corporate and politic, it doesn't fall under all the corporate provisions that are in the Idaho corporate code, and the provisions in the Act are reasonably limited. The rationale behind the agreement, which is between the board members and YHI, is threefold. There was a lot of concern about how long YHI might be in existence, what the legislature might do to the statutes, and the Director of the Department of Insurance approved the Bylaws with little input from the board members. For all those reasons, the thought was to have an agreement between the Board members and YHI. Given that the Governance Committee thinks it still makes sense to keep this in place, we will go ahead and have each Board member sign one and keep it on file, to provide additional protections to the Board members. The Chair said that the Board members present today have their agreement in front of them and Ms. Fulton will email the agreements to the Board members that are on the phone or not present today. The agreements for Board members that were on the Board since its inception have documents that are dated September 16, 2013 (the date of Board approval). And the remaining Board members have dates that reflect when they became Board members.

**Motion:** Ms. Henbest moved that the Board, as recommended by the Governance Committee, approve the Annual Plan of Operations as presented today. **Second:** Mr. Erstad. **The motion carried.**

*The Board took a break at 10:25 a.m. and reconvened at 10:38 a.m.*

Ms. Henbest said in reviewing the motions, we made a motion to approve the Plan of Operations. Embedded in that are some decisions that the Committee made in terms of the Roles and Responsibilities document, the Financial Policy, and the removal of the Governance Summary. YHI tracks all of the decisions that the Boards and Committees make, so rather than embedding these documents in the Plan of Operations motion, it would be better to call out those decisions for tracking purposes.

**Motion:** Ms. Henbest moved to approve the changes to the Roles and Responsibilities document, the Financial Policy that was updated to reflect the current DoA spending authority, and removal of Governance Summary document, which is duplicative with the Roadmaps and Charters, as presented today. **Second:** Mr. Erstad. **The motion carried.**

**b) MARS-E Security Assessment RFP**

Mr. Kelly said in 2017, YHI received approval for its Authority to Connect. This Authority to Connect is required by the Federal Government in order for Your Health Idaho to operate as a state-based Marketplace. One component of the Authority to Connect is the annual assessment of YHI and Get Insured's infrastructure called a Security Assessment Report (SAR). This ensures that proper safeguards are in place to ensure the safekeeping of Idahoan's information. This security assessment report requires an independent third party review. The annual cost of this assessment requires an RFP to be issued in accordance with our procurement policy. The RFP for the external vendor covers a three-year period to align with the authority to connect, which would take us to 2020. The funding of the first year of the assessment is included in the approved fiscal '18 budget.

**Motion:** Ms. Henbest moved that the Board, as recommended by the Governance Committee, authorize the Governance Committee to 1) conduct an RFP for a MARS-E Security Assessment Report (SAR) services, 2) establish a Proposal Evaluation Team (PET) to evaluate the responses to the RFP, and 3) accept the recommendations of the PET; and that upon such acceptance the Executive Director and the Chair of the Governance Committee may negotiate and execute the contract with an amount not to exceed \$60,000 per year over a three year term, of which the current funds are included in the approved budget. **Second:** Dr. Rusche. **The motion carried.**

**c) Annual Board Training**

Mr. Kelly said the plan for this year's Board training is to cover the standard information on public records, open meeting laws, and key policies at YHI. We will also expand the training to include important elements from the Back to Basics presentation conducted by the National Association of Corporate Directors.

The Board's responsibilities are analogous to a private board. Responsibilities include Duty of Care, which includes discharging his or her duties as a director in good faith, using as a benchmark an ordinarily prudent person in a like position and how they would exercise judgment under similar circumstances, and also acting in a manner that he or she reasonably believes to be in the best interests of the organization. There is also a category called Duty of Loyalty, which involves misuse of position or information, conflicts of interest, as well as corporate and organizational opportunity which could arise from being a member of Your Health Idaho's Board. And finally, Duty of Attention which centers around meeting attendance, reviewing materials prior to meetings, and generally staying informed on organization changes and the industry in which we operate in. Mr. Kelly said that the combination of the traditional training and this augmented training will provide a robust training in March. It will be developed with the Governance Committee in March and then go to Board in March. The training will be conducted by YHI's legal counsel and perhaps Mr. Kane from the Attorney General's office.

#### 14. EXECUTIVE SESSION

**Motion:** The Chair moved that the Committee, pursuant to Idaho Code Section 74-206 (1), convene in Executive Session to consider records that are exempt from disclosure, including those documents covered under Your Health Idaho's Privacy and Security policies and public records policy pursuant to Idaho Code Section § 74-206 (1)(d).

**Executive Session Roll Call:** Mr. Erstad called roll and determined that The Chair, Mr. Settles, Mr. Shores (via teleconference), Dr. Rusche, Mr. Jeppesen, Dr. Livingston, Ms. Henbest, Mr. Edgington, Ms. Fulkerson (via teleconference), Senator Rice, Rep. Packer (via teleconference), and Rep. Erpelding (via teleconference), were present, resulting in a quorum.

The Committee entered into Executive Session at 10:45 a.m. and reconvened at 11:50 p.m. No final actions nor decisions were made while in Executive Session.

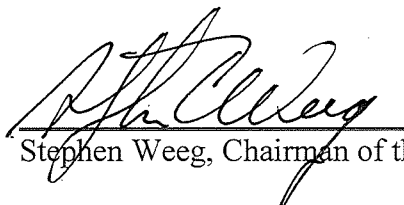
#### 15. NEXT MEETING

The Chair noted the vacancies on the Board. He said the next meeting will be held in March, however we may need to reconvene prior to that. Mr. Kelly said the next meeting will likely be on March 16.

#### 16. ADJOURN

There being no further business before the Board, the Chair adjourned the meeting at 11:58 a.m.

Signed and respectfully submitted,

  
Stephen Weeg, Chairman of the Board