beWellnm Board Meeting
Friday, March 15, 2019

CNM Workforce Training Center
1. Welcome, Roll Call, & Confirmation of Quorum

Chairman J.R. Damron, MD
2. Approval of Agenda

Chairman J.R. Damron, MD
3. Approval of Minutes of the January 25, 2019 beWellnm Board Meeting

Chairman J.R. Damron, MD
4. Chairman’s Remarks

Chairman J.R. Damron, MD
5. Matters from the CEO

Ms. Cheryl Gardner, CEO
Investment Update
• Audit engagement team
• Results of our audit
• Financial statement highlights and analysis
• Questions/comments
The audit engagement team:

- Laurel Shelton, CPA – Principal
- Jonathan Rothweiler, CPA – Manager
- Yvette Nunez – Senior Associate
- Cole Schnoor – Staff Associate
results of our audit.

Financial Statements

- Unmodified (clean) opinion
- Emphasized future operations in Note 1

Tests of Controls under Government Auditing Standards

- No significant deficiencies or material weaknesses in internal controls over financial reporting identified

Single Audit

- The Exchange did not incur federal grant expenditures in 2018; therefore, a single audit was not required to be performed.
Financial Highlights and Analysis
statement of net position (millions).

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2016</th>
<th>Dec. 31, 2017</th>
<th>Dec. 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$14.3</td>
<td>$16.8</td>
<td>$18.0</td>
</tr>
<tr>
<td>Liabilities</td>
<td>$2.0</td>
<td>$2.2</td>
<td>$1.2</td>
</tr>
<tr>
<td>Net Position</td>
<td>$12.3</td>
<td>$14.6</td>
<td>$16.8</td>
</tr>
</tbody>
</table>
liabilities by type (millions)

- Accounts Payable: $1.5, $1.6, $0.9
- Premiums Due to Carriers: $0.4, $0.5, $0.1
- Accrued Liabilities: $0.0, $0.1, $0.1
- Compensated Absences: $0.1, $0.1, $0.1

Dec. 31, 2016  Dec. 31, 2017  Dec. 31, 2018
statement of revenues, expenses, and change in net position (millions).

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2016</th>
<th>Dec. 31, 2017</th>
<th>Dec. 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$14.7</td>
<td>$17.2</td>
<td>$19.7</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$5.7</td>
<td>$7.2</td>
<td>$8.3</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$9.0</td>
<td>$9.0</td>
<td>$10.5</td>
</tr>
<tr>
<td>Nonoperating Revenues, net</td>
<td>$1.9</td>
<td>$2.3</td>
<td>$2.8</td>
</tr>
<tr>
<td>Transfers</td>
<td>$1.1</td>
<td>$1.2</td>
<td>$1.5</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>$3.3</td>
<td>$2.3</td>
<td>$2.2</td>
</tr>
</tbody>
</table>

- Dec. 31, 2016: $14.7, $5.7, $9.0, $1.9, $3.3
- Dec. 31, 2017: $17.2, $7.2, $9.0, $2.3, $2.3
- Dec. 31, 2018: $19.7, $8.3, $10.5, $2.8, $2.2
Consumer and Stakeholder Engagement and Support

Federal Platform User Fee

Salaries and Employee Benefits

Technology and Project Management

Operations

Other (Profession and Board, Plan Management & Other)

Dec. 31, 2016  Dec. 31, 2017  Dec. 31, 2018
statement of revenues, expenses, and changes in net position – expenses.

- Federal Platform User Fee: 35.5%
- Consumer and Stakeholder Engagement and Support: 22.8%
- Technology and Project Management: 18.2%
- Salaries and Employee Benefits: 14.3%
- Operations: 4.8%
- Professional Services and Board Plan Management: 2.9%
- Federal Platform User Fee: 35.5%
- Salaries and Employee Benefits: 14.3%
A liquidity ratio that measures an organization’s ability to pay short-term obligations as they come due with current assets.

Computed by dividing current assets by current liabilities.

Generally, the higher the ratio, the better.
• Defined as the estimated number of days an organization can meet operating expenses if no additional revenues were received.
• Computed by dividing total cash on hand by average daily expenditures (excluding depreciation expense).
• Given the nature of the Exchange’s revenue cycle, the number of days cash on hand is deemed appropriate.
Laurel Shelton, CPA, Principal
(505) 998-3270
LShelton@redw.com

Jonathan Rothweiler, CPA, Manager
(505) 998-3472
JRothweiler@redw.com
Financial Audit Report

- **Motion:** Move that the Board accept the 2018 Financial Statement Audit as presented here today.
CEO Update

- Federal Platform User Fee Budget Projection Methodology
  \[ \text{Fee} = \text{Prior Year Total Premium} \times \text{Estimated Average Rate Increase} \times 0.03 \]

- BeWellnm expects variation from projection to actual
  - Retroactive Adjustments
  - Plan Selection/Premium Revenue
  - Enrollment Shift

**Graph:**

Healthcare.gov User Fee Projection vs Actual

- Projected Fee
- Actual Fee

**Timeline:**
- 2016-0%
- 2017-1.5%
- 2018-2.0%
- 2019-3.0%
CEO Update

- Notice of Benefit & Payments Parameters for 2020
  - Proposed 2020 Rate: 2.5%
  - BeWellnm was informed that the rule was coming on January 18, 2019. Official rule was released January 24, 2019 per Federal Register.
  - Final Rule Expected: Q2 2019
  - 2020 Forecast: ~$10.1M @ 2.5% Rate with 12% Increase vs ~12.2M @ 3% Rate with 12% Increase

2.50% vs 3% SBM-FP Fee
CEO Update

- 2.5% Fee vs SBM Build

### SBM vs SBM-FP Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>SBM Estimated Cost</th>
<th>12% Increase</th>
<th>12% Increase/3% Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$5,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$10,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>$15,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>$20,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>$25,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>$30,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>$35,000,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Federal Rate Projections Data

### SBM-FP (2.5% & 3%) & SBM Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>2.5% SBM-FP Fee</th>
<th>3% SBM-FP Fee</th>
<th>SBM Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8% Average Premium Increase</td>
<td>12% Average Premium Increase</td>
<td>16% Average Premium Increase</td>
</tr>
<tr>
<td>2019</td>
<td>$10,900,004</td>
<td>$10,900,004</td>
<td>$10,900,004</td>
</tr>
<tr>
<td>2020</td>
<td>$9,810,004</td>
<td>$10,173,337</td>
<td>$10,536,671</td>
</tr>
<tr>
<td>2021</td>
<td>$10,594,804</td>
<td>$11,394,138</td>
<td>$12,222,538</td>
</tr>
<tr>
<td>2022</td>
<td>$11,442,388</td>
<td>$12,761,434</td>
<td>$14,178,144</td>
</tr>
<tr>
<td>2023</td>
<td>$12,357,780</td>
<td>$14,292,806</td>
<td>$16,446,647</td>
</tr>
<tr>
<td>2024</td>
<td>$13,346,402</td>
<td>$16,007,943</td>
<td>$19,078,111</td>
</tr>
<tr>
<td>2025</td>
<td>$14,414,114</td>
<td>$17,928,896</td>
<td>$22,130,609</td>
</tr>
<tr>
<td>2026</td>
<td>$15,567,243</td>
<td>$20,080,364</td>
<td>$25,671,506</td>
</tr>
<tr>
<td>2027</td>
<td>$16,812,623</td>
<td>$22,490,008</td>
<td>$29,778,947</td>
</tr>
<tr>
<td>2028</td>
<td>$18,157,632</td>
<td>$25,188,809</td>
<td>$34,543,578</td>
</tr>
<tr>
<td>2029</td>
<td>$19,610,243</td>
<td>$28,211,466</td>
<td>$40,070,551</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$153,013,237</td>
<td>$189,429,205</td>
<td>$235,557,306</td>
</tr>
</tbody>
</table>
CEO Update

- Enrollment
  - Final Plan Selection Enrollment: 45,001
  - Most Recent CMS Report to beWellnm: 44,420
    - Includes Effectuation & some enrollments during Special Enrollment Periods
    - Disenrollment Issue
  - Effectuation

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Apply and Eligible to Enroll/Renew → Select Plan → Effectuate (i.e., pay first premium) → Currently Enrolled (continue paying premiums)

Leave Enrollment Process
CEO Update

• RFP Update
  – Unique Innovation & Cost Sharing Features
    – Shared Services Model
      – Part of the opportunity of the Affordable Care Act are regional marketplaces
      – Other states interested
    – Multi-Contributor Premium Aggregation
      – Allows premium contribution from multiple sources
      – Supports state-level policy innovations
  – Link: https://bewellnm.com/about-us-1/vendors-employment/Vendor-RFPs-2019

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Released</td>
<td>March 1, 2019</td>
</tr>
<tr>
<td>Pre-Proposal Conference</td>
<td>March 11, 2019</td>
</tr>
<tr>
<td>Q&amp;A Released</td>
<td>March 15, 2019</td>
</tr>
<tr>
<td>RFP Responses Due</td>
<td>April 1, 2019</td>
</tr>
<tr>
<td>Optional Finalist Presentations</td>
<td>Week of April 22, 2019 (est.)</td>
</tr>
<tr>
<td>Optional Best and Final Offer (BAFO) Request</td>
<td>Week of April 22, 2019 (est.)</td>
</tr>
<tr>
<td>Notice of Intent to Award</td>
<td>May 18, 2019               Contingent upon Board Approval</td>
</tr>
</tbody>
</table>
6. Committee Reports
a. Matters from the Native American Committee

Director Teresa Gomez, Committee Chair
Certified Enrollment Counselors and Contact Info

**Indian Health Service Certified Contract Health Representatives/Patient Benefits Coordinator Locations**

- **Taos-Picuris Indian Health Center**
  1090 Goat Springs Rd, Taos, NM 87571

- **Santa Fe Indian Hospital**
  1700 Cerrillos Rd, Santa Fe, NM 87505

- **Albuquerque Indian Health Center**
  801 Vassar Dr NE, Albuquerque, NM 87106

- **Acoma-Canoneito-Laguna Hospital**
  80 Veterans Blvd, Acoma Pueblo, NM 87034

**Partner Locations - beWellnm Native American Enrollment Counselor**

- **Jicarilla Apache Nation (As needed)**
  Jicarilla Apache Nation Tribal Building
  Hawks Dr, Dulce, NM 87528

- **Farmington, NM**
  San Juan Center for Independence
  1204 San Juan Blvd, Farmington, NM 87401

- **Gallup, NM**
  Gallup McKinley County Chamber of Commerce
  106 Rte 66, Gallup, NM 87301

- **Mescalero Apache Tribe**
  Ruidoso Senior Center
  501 Sudderth Dr # A, Ruidoso, NM 88345
Native American Program
Outreach and Enrollment Update

- beWellnm for Native Americans
- January 1 – February 25
  - Total Visits: 389
  - Completed appointments: 259
  - QHP: 62 (6 NA)
  - Medicaid: 33 (2 NA)

Next Native American Advisory Committee Meeting
Tuesday, June 4, 2019
b. Matters from the Operations Committee

Vice Chair, David Shaw
Update

• SHOP Update
  – Solution working well
  – Monitoring phase

• Transition to New Location

• Project Work
  – IT Network Review
  – Security Review
  – IT Training
  – Legacy Hardware

• Open Operations Positions
  – Link: https://bewellnm.com/about-us/vendors-employment
SHOP Costs
Update

SHOP Costs 2013-2019

Totals are inclusive of Design, Development, & Implementation as well as Maintenance & Operations costs
Annual Meeting
## Plan of Operations-Annual Meeting

Per Section 4.4 of the Plan of Operations, “The Board shall convene an annual meeting in the first quarter of the calendar year, which may be held at the same time or in concurrence with a regular meeting. At the annual meeting the Board shall:”

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consider revisions to the plan of operations</td>
<td>Anticipated completion at the May 2019 Meeting</td>
</tr>
<tr>
<td>Review Board policies</td>
<td>Anticipated completion the March &amp; May 2019 Meetings</td>
</tr>
<tr>
<td>Consider any other matter as determined by the chair</td>
<td>Anticipated completion at the March 2019 Meeting</td>
</tr>
<tr>
<td>Review and monitor quality of care for coverage issued by health plans through the Exchange</td>
<td>MOU with Office of the Superintendent of Insurance to perform plan management function. ‘19 plan management update reported to Board of Directors September, 2018.</td>
</tr>
</tbody>
</table>
March 2019 Annual Meeting

Charters and policies are to be reviewed by committees & the Board for appropriateness and accuracy to the scope of organizational duties.

<table>
<thead>
<tr>
<th>Committee Marked if Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charter &amp; Policies</td>
</tr>
<tr>
<td>Charter</td>
</tr>
<tr>
<td>Plan of Operation</td>
</tr>
<tr>
<td>Communications Policy</td>
</tr>
<tr>
<td>Procurement Policy</td>
</tr>
<tr>
<td>Open Meetings Act Resolution</td>
</tr>
</tbody>
</table>

PRESENTED TO THE BOARD OF DIRECTORS FOR CONSIDERATION AT THE MARCH 15, 2019 BOARD MEETING
## Annual Meeting: Revisions

<table>
<thead>
<tr>
<th>Document</th>
<th>Recommended Changes</th>
</tr>
</thead>
</table>
| Plan of Operation               | • Changes to Assessment phrasing to more accurately state how beWellnm assesses carriers.  
  • The annual assessment shall be billed to health insurance issuers in January. beWellnm may permit health insurance issuers to pay the annual assessment in more than one installment, at beWellnm’s discretion. The annual assessment shall be subject to revision pursuant to paragraph 13.7.  
  • For each calendar year, beWellnm shall ensure that it holds cash equivalents, investments, or other similarly liquid funds sufficient for a reserve equal to approximately six months of the annual operating budget, provided that for purposes of calculating the reserve, beWellnm may exclude amounts budgeted for non-recurring capital expenditures if including such amounts would result in an unnecessarily large reserve. |
| 2019 Open Meetings Act Resolution | • Language updated for 2019.                                                                                                                                                                                        |
| Finance Committee Charter       | • Changed when budget must be passed by to July, from September.  
  • The Committee shall, “review and recommend an annual budget consistent with the beWellnm sustainability plan to the Board of Directors by no later than July of each year.” |
Annual Meeting

- **Motion**: Move that the Board recommend changes to the Plan of Operation as presented today and open a public comment period for April 2019.

- **Motion**: Move that the Board adopt the 2019 Open Meetings Act Resolution as presented today.

- **Motion**: Move that the Board adopt the Finance Committee Charter as presented today.
d. Matters from the Finance Committee

Director Patsy Romero, Treasurer
Assessment Update
# 2019 Assessment Collection Update

## beWellnm 2019 Assessment Collection Update, as of 3/14/2019

<table>
<thead>
<tr>
<th>NAIC#</th>
<th>INSURANCE COMPANY</th>
<th>2019 Assessment Invoiced</th>
<th>2019 Reserve Assessment Invoiced</th>
<th>Total Assessment Invoiced</th>
<th>Paid</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>11504</td>
<td>PRESBYTERIAN INSURANCE COMPANY</td>
<td>$ 19,673,026</td>
<td>-</td>
<td>$ 19,673,026</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13214</td>
<td>UNITEDHEALTHCARE OF NEW MEXICO INC</td>
<td>$ 397,739</td>
<td>-</td>
<td>$ 397,739</td>
<td>$ 397,739</td>
<td>$ -</td>
</tr>
<tr>
<td>14154</td>
<td>THE CHRISTUS HEALTH PLAN</td>
<td>47,247</td>
<td>-</td>
<td>47,247</td>
<td>47,247</td>
<td>-</td>
</tr>
<tr>
<td>15011</td>
<td>NEW MEXICO HEALTH CONNECTIONS</td>
<td>449,557</td>
<td>-</td>
<td>449,557</td>
<td>449,557</td>
<td>-</td>
</tr>
<tr>
<td>16281</td>
<td>TRUE HEALTH NEW MEXICO</td>
<td>349,656</td>
<td>-</td>
<td>349,656</td>
<td>349,656</td>
<td>-</td>
</tr>
<tr>
<td>16351</td>
<td>Western Sky Community Care (CENTENE)</td>
<td>1,337,058</td>
<td>-</td>
<td>1,337,058</td>
<td>1,337,058</td>
<td>-</td>
</tr>
<tr>
<td>60054</td>
<td>AETNA LIFE INSURANCE COMPANY</td>
<td>131,612</td>
<td>-</td>
<td>131,612</td>
<td>131,612</td>
<td>-</td>
</tr>
<tr>
<td>67369</td>
<td>CIGNA HEALTH AND LIFE INSURANCE CO</td>
<td>215,620</td>
<td>-</td>
<td>215,620</td>
<td>215,620</td>
<td>-</td>
</tr>
<tr>
<td>70670</td>
<td>HEALTH CARE SERVICE CORPORATION</td>
<td>1,032,170</td>
<td>-</td>
<td>1,032,170</td>
<td>-</td>
<td>1,032,170</td>
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<tr>
<td>78611</td>
<td>HCSC INSURANCE SERVICES COMPANY</td>
<td>5,206,223</td>
<td>-</td>
<td>5,206,223</td>
<td>5,206,223</td>
<td>-</td>
</tr>
<tr>
<td>79413</td>
<td>UNITEDHEALTHCARE INSURANCE COMPANY</td>
<td>732,723</td>
<td>-</td>
<td>732,723</td>
<td>732,723</td>
<td>-</td>
</tr>
<tr>
<td>95330</td>
<td>PRESBYTERIAN HEALTH PLAN INC</td>
<td>9,327,703</td>
<td>-</td>
<td>9,327,703</td>
<td>9,327,703</td>
<td>-</td>
</tr>
<tr>
<td>95739</td>
<td>MOLINA HEALTHCARE OF NEW MEXICO INC</td>
<td>445,718</td>
<td>-</td>
<td>445,718</td>
<td>445,718</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$ 19,673,026</strong></td>
<td>-</td>
<td><strong>$ 19,673,026</strong></td>
<td><strong>18,640,856</strong></td>
<td><strong>$ 1,032,170</strong></td>
</tr>
</tbody>
</table>

3/14/2019
c. Matters from the Outreach & Education Committee

Director Martin Hickey
## SHOP Potential Enrollment Proposed Policies

<table>
<thead>
<tr>
<th>Policy</th>
<th>Current State</th>
<th>Proposed State</th>
<th>Support</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vertical Plan Choice</td>
<td>Employer selects base metal level (i.e. silver). Employees can choose any plan from that metal level.</td>
<td>Employer selects base plan. Employees can choose any plan from any metal level.</td>
<td>Stakeholder Advisory &amp; Outreach Committees supports</td>
<td>$0*</td>
</tr>
<tr>
<td>Contribution Rate-Amount</td>
<td>Employer must cover at least 40% of employees' premium.</td>
<td>Employer can cover any mount of premium, including $0.</td>
<td>Stakeholder Advisory Committee took no stance. Marketing Committee supports.</td>
<td>$0*</td>
</tr>
<tr>
<td>Contribution Rate- Dollar Option</td>
<td>Employer's contribution is strictly calculated as a percent.</td>
<td>Employer can contribute either a percent or a set dollar amount to their employees' premium.</td>
<td>Stakeholder Advisory Committee &amp; Outreach Committees support.</td>
<td>$0*</td>
</tr>
</tbody>
</table>

* Functionality is ready at no cost with new SHOP technology solution.
### SHOP Potential Enrollment Proposed Policies

<table>
<thead>
<tr>
<th>Policy</th>
<th>Current State</th>
<th>Proposed State</th>
<th>Support</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation Rate</td>
<td>50% of a small business’ employees must participate to be eligible for coverage.</td>
<td>0% of a small business’ employees must participate to be eligible for coverage.</td>
<td>Stakeholder Advisory Committee took no stance. Outreach Committee took no stance, but recommended Board discussion.</td>
<td>$0*</td>
</tr>
</tbody>
</table>

* Functionality is ready at no cost with new SHOP technology solution.
• **Motion:** Move that the Board adopt the proposed changes to Contribution Rate and Vertical Plan Choice on the Small Business Platform as presented here today.

• **Motion:** Move that the Board adopt the proposed changes to the Participation Rate on the Small Business Platform as presented here today.
7. Discussion and Possible Action on Election of Officers
8. Discussion on Policy of Proceeding with Individual Market
9. Agency Reports
Agency Reports

- Matters from the Office of the Superintendent of Insurance (OSI)
  - Superintendent John Franchini
- Matters from the New Mexico Medical Insurance Pool (NMMIP)
  - Superintendent John Franchini
- Matters from New Mexico Human Services Department (HSD)
  - Secretary David Scrase
10. Public Comment
11. Other Board Business
12. Next beWellNm Board Meeting

Friday, May 17, 2019
CNM Workforce Training Center
13. Executive Session
14. Adjournment