

BeWellnm, New Mexico's Health Insurance Exchange
Board of Directors Meeting Minutes
Friday, March 15th, 2019, 8:30 AM-12:30 PM
CNM Workforce Training Center
5600 Eagle Rock Ave. NE, Albuquerque, NM 87113

<p>Board Members Present:</p> <ul style="list-style-type: none">• Dr. J.R. Damron• Mr. Damian Esquibel• Ms. Terriane Everhart• Mr. Dan Foley - via phone• Superintendent John Franchini• Ms. Patsy Romero• Dr. J. Deane Waldman• Dr. David Leachman• Ms. Teresa Gomez• Mr. Brandon Fryar• Mr. David Shaw• Dr. Martin Hickey• Secretary David Scrase	<p>Board Members Absent:</p>
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1. Welcome, Roll Call, and Confirmation of Quorum - Chairman J.R. Damron

The meeting was called to order at 8:32 a.m. Roll call was taken and a quorum was established.

2. Approval of Agenda - Chairman J.R. Damron

Motion: Chairman Damron

Second: Director Romero

The motion passed unanimously.

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

Director Romero requested an amendment to the minutes to reflect that she voted no on the motion to allow beWellnm staff to extend the current contract with HMA for policy and procedure development recommendations for procurement. Director Romero made the motion as the Chair, but voted no on the motion.

Motion: Director Everhart: Move that the Board approve Director Romero's requested amendment to the January 25, 2019 minutes.

Second: Director Scrase

The motion passed unanimously.

Motion: Director Gomez: Move to approve the January 25, 2019 minutes as amended.

Second: Director Romero

The motion passed unanimously.

4. Chairman's Remarks - Chairman J.R. Damron

Chairman Damron indicated that CEO Cheryl Gardner was not in attendance due to health reasons and that Mr. Jeffery Bustamante would deliver the CEO report in her absence.

Director Foley joined the meeting by phone.

Chairman Damron noted that because it was the annual meeting, the Board would need to address several items to stay in compliance with state statute and Plan of Operation. These items will be presented and voted on in standing committee reports.

The Board also needs to elect new officers, to take effect on April 29, 2019.

Director Romero and Chairman Damron are term limited.

Chairman Damron further stated that the Executive Committee recently met, and the Board will discuss the CEO's 2nd year performance and employment agreement extension in the Executive Session.

There had been an inquiry into the Board's policy decision to move away from the federal platform to a state-based exchange, which would be discussed as part of item 8 on the agenda.

Chairman Damron reminded the Directors of their obligation to identify and disclose any past or current potential or real conflicts of interest to the Chair, CEO, or legal counsel before engaging in discussion on any item giving rise to the conflict.

5. Matters from the CEO – Mr. Jeffery Bustamante (in Mrs. Cheryl Gardner's absence)

Bank of America provided an investment update for 2018, a summary of asset allocation, and a summary of investment objectives. Cash investments for 2018 were slightly positive; 10-year treasuries were slightly negative; and overall bond index was flat for the year. beWellnm's primary objective is to preserve principal; return objective is 3% annually. Bank of America did not recommend changes to the long-term investment strategy.

The Directors discussed whether a change in the conservative investment strategy is warranted, and current market conditions. They intend to continue with the current conservative investment approach.

Laurel Shelton and Jonathan Rothweiler with REDW presented the financial audit report. Ms. Shelton indicated there were no significant deficiencies or material weaknesses within internal controls. Mr. Rothweiler discussed trends over the last 3 years and noted that the net position (residual equity) of the Exchange "went up year over year." The income statement of the Exchange reflects a positive operating result. The federal platform user fee is the largest expense of the Exchange. The Exchange has a "very strong balance sheet" as of December 2018.

Mr. Rothweiler indicated no other matters significant to the oversight of the Exchange's financial reporting process had not been previously communicated.

Director Gomez inquired into the decrease in consumer and stakeholder engagement and support. Mr. Rothweiler noted that certain payments and contractual liabilities required to establish the Exchange no longer exist. Mrs. Schwing further noted that the Exchange was also spending grant funds, which were reduced after the Exchange became self-sustainable.

The Exchange has had four clean audits in a row.

Motion: Director Waldman: Move that the Board accept the 2018 Financial Statement Audit as presented.

Second: Director Romero.

The motion passed unanimously.

Mrs. Schwing discussed the formula for calculating the federal platform user fee when preparing the upcoming year's budget, and the difficulty in budgeting this line item. The formula for the budgeted fee is: the prior year total statewide premium sold through the individual Exchange multiplied by the estimated premium rate increase multiplied by the 3% user fee. Last year, the Exchange had to request additional funding because it budgeted "at the low end" using a 20% premium rate increase, which ultimately came in at 46%. This year, Mrs. Schwing used an 8% premium rate increase (which was conservative relative to prior year rate increase of 46%) absent any other information, resulting in a \$10.9 million figure for this line item. CMS is slow to process enrollments, resulting in a great deal of retroactivity that flows through the user fee file. This retroactivity may result in a lower line item figure because the user fee for 2018 would be calculated at 2.5% rather than the current 3%. It is also difficult to predict which plan level enrollees will select.

The Directors and Mrs. Schwing discussed a pattern of enrollments falling off and people exiting plans purchased through the Exchange as the year goes on. They further discussed whether CMS will increase the federal platform user fee and of the variables that may affect the fee as well as premium rate increases.

Mr. Bustamante addressed the draft Notice of Benefit and Payment Parameters for 2020, which includes a proposed rate of 2.5% for state-based exchanges such as beWellnm (published on the Federal Register on January 24, 2019). Mr. Bustamante expects the final rule to be published in a few months.

Mr. Bustamante presented a graph comparing user fee costs at 2.5% vs. 3.0%, assuming flat enrollment and a using a 12% premium rate increase, which rate increase was based on meetings with carriers, who represented that a fair rate for long-term projection average would be 8-12%.

Discussion among the board of how premium rate increases are projected and the difficulty in calculating this figure.

Mr. Bustamante provided an update on enrollment, noting that there was a final plan selection of 45,001. A recent CMS report reflects 44,420 enrollees, which accounts for effectuation, some enrollments during special enrollment periods, and disenrollment issues.

The Directors discussed the number of uninsured New Mexicans, the reasons that New Mexicans either do not enroll or do not effectuate, and methods for tracking effectuation of enrollment.

Mr. Bustamante advised that the RFP that has been published. It seeks certain unique innovations, including a shared services model and cost-sharing features. The ACA allows for regional marketplaces and partnering among states, which allows the states to save money, especially regarding technology. The RFP seeks opportunities to save on technology costs. The RFP also includes the multi-contributor premium aggregation, which allows premium contribution from multiple sources and supports state-level policy innovations. The link to the RFP slides is on the beWellnm website.

Mr. Kevin Swinson presented the calendar for the build and indicated that the project is on track and moving forward.

Director Romero indicated she is not comfortable moving forward with the RFP for the state-based exchange at this time. She does not believe the Board was prudent and feels that there was insufficient discussion.

Motion: Director Romero: Move for the suspension of the state-based exchange pending further discussion and analysis by the Board.

Second: Director Everhart

Motion subsequently withdrawn.

Chairman Damron recommended that a special Board meeting be held to discuss the ramifications of moving to a pure state-based exchange rather than stopping the RFP process. Mr. Bustamante stated that the outstanding RFP does not obligate the Board to enter into a contract, and confirmed that there is essentially no additional cost to letting the RFP process play out.

The Directors discussed stopping the RFP vs. allowing the RFP process to play out pending a special Board meeting in April. They further discussed the questions and information to be addressed, including actuarial analysis on premium rates, the federal platform user fee, the administrative costs, the cost of the IT system, and the availability of Medicaid funding.

Chairman Damron indicated that the evaluation would go through the process and then be brought to the Board at the May 17th Board meeting. In the interim, a special Board meeting will be held in April to discuss the RFP.

Attorney Justin Miller stated that per the Open Meetings Act, items under consideration must be properly noticed. He counseled the Directors to address the matter at a special Board meeting after proper notice.

Director Romero withdrew her motion pending a special Board meeting in April.

6. Committee Reports

a. **Matters from the Native American Committee** - Director Teresa Gomez

Ms. Manring presented the update. She presented a graph reflecting the locations of the Native American enrollment counselors. There are 8 enrollment counselors positioned among 23 tribes, 19 pueblos and 3 reservations in the state, which is at least 1-2 positioned in health clinics or facilities within the reservation areas in the state, not including the Native American team within Menaul.

From January 1–February 25, the outreach and education team made 389 visits and completed 258 appointments. Sixty-two New Mexicans were enrolled in QHPs, and 33 were enrolled in Medicaid.

The Native American population is roughly 200,000. The Directors discussed the various methods that Native Americans may obtain insurance and other health care and how to deliver more value to the Native American population.

b. Matters from the Operations Committee - Vice Chairman David Shaw

Director Shaw stated that the committee did not look at the Procurement Policy as it is currently under review, and will be taken up for consideration at the next meeting.

Mr. Swinson indicated that the SHOP update solution is moving forward, going well, and in a monitoring phase. Collections and terminations have been moved from the Operations Specialist to the billing and finance team, resulting in a segregation of duties. The transition of the call center from the Menaul location to the Jefferson location is also going smoothly. Internet and cabling are going in at the new location, and there will be improved call center functionality. The new location has a good infrastructure.

Second quarter project goals include an IT networking review with Abba, a review of security policies and procedures, and training of beWellnm staff. The Exchange is retiring some Legacy hardware and adopting standardized purchasing of computers going forward. There are 3 open IT and Security positions.

Mr. Bustamante indicated that the current annual SHOP cost is \$715,000.00, with added functionality, compared to the prior estimated SHOP cost of roughly \$1.532 million.

Mr. Bustamante explained the annual policy review process for the benefit of new Board members. Specifically, at the annual meeting, the Board must consider revisions to the Plan of Operation, consider revisions to policies, consider other matter as determined by the Chair, and review and monitor the quality of care and coverage issued by health plans through the Exchange. Superintendent Franchini has presented over the years on plan management. Revisions to the Plan of Operations will be finalized in May. Each committee reviewed policies and procedures that correspond with the committee and the Operations Committee reviewed all policies. The Communications Policy was reviewed by the Operating Committee and the Outreach and Education Committee. Neither committee had revisions. The Open Meetings Act Resolution was reviewed by the Operations Committee. The Procurement Policy was deferred until May.

Mr. Bustamante went over two recommended changes to the Plan of Operation: (1) language added

that the annual assessment will be billed in January, and the Exchange may permit a carrier to pay the assessment in more than one installment; and (2) language added regarding a reserve for the annual operating budget, indicating that if a technology build does not require a reserve, it would be inappropriate for the Exchange to maintain an unnecessarily large reserve.

Director Fryar requested clarification that there is one annual assessment made in January, but the Exchange can allow carriers to pay in 2 separate installments.

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

Second: Director Waldman

The motion passed unanimously.

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

Second: Director Romero

The motion passed unanimously.

Motion: Director Shaw: Move that the Board adopt the Finance Committee Charter as presented today.

Second: Director Scrase

The motion passed unanimously.

c. **Matters from the Finance Committee** - Director Patsy Romero, Treasurer

Mrs. Schwing provided an update on the collection of the first assessments for 2019. All carriers except for one made timely payments. Director Waldman indicated that the financial audit was successful.

d. **Matters from the Outreach and Education Committee** - Director Martin Hickey

Mrs. Manring addressed the new SHOP technology platform and presented 3 proposed changes, all at no cost from a technology perspective:

1. that the new system allow for a vertical plan choice;
2. That employers have the opportunity to go to a zero-dollar contribution level;
3. That employers be allowed to allocate a dollar amount, rather than a percentage, towards the contribution rate dollar.

Motion: Director Hickey: Move that the Board adopt the proposed changes to the contribution rate and vertical plan choice on the Small Business Platform as presented.

Second: Director Waldman

The motion passed unanimously.

Motion: Director Hickey: Move that the Board adopt the proposed changes to the participation rate on the Small Business Platform as presented here today.

Second: Director Shaw

The motion passed unanimously.

e. Matters from the Executive Committee - Chairman J.R. Damron

Chairman Damron indicated that the discussion of the CEO evaluation for the 2nd year will be discussed in the Executive Session.

f. Matters from the Legislative Affairs Committee - Director Foley

Chairman Damron indicated that Senate Bill 294 has passed the Senate and is currently pending in the House of Representatives. If it passes, it would subject the Exchange to the state procurement code. Director Hickey indicated that audit provisions were removed from the bill.

The Directors discussed the origins and potential consequences of Senate Bill 294.

Mr. Bustamante indicated that Al Park, beWellnm's lobbyist, was hired to track legislation and potential legislation. Director Hickey indicated that Mr. Park also worked to remove the auditing component of Senate Bill 294.

Directors Foley, Hickey, and Chairman Damron requested that the Board be kept informed on lobbyist hires and activities.

Director Hickey stated that he did not advocate on behalf of the Board, but simply provided information regarding the effect of Senate Bill 294 on the Exchange.

7. Discussion and Possible Action on Election Officer Terms

Chairman Damron discussed the importance of a diverse board of directors and officers. He also indicated that, given the need for new officers, he had discussed their role with the potential candidates. Chairman Damron proposed that his recommended panel be approved for each role, unless someone would like to also be nominated in which case each officer would be handled separately.

Motion: Chairman Damron: Move that the Board elect Director David Shaw as Chairman, Director Teresa Gomez as Vice Chair, and Director Bryan Fryar as Treasurer.

Second: Director Foley

The motion passed unanimously. The new positions will take effect on April 29, 2019.

8. Discussion on Policy of Proceeding with Individual Market

Chairman Damron indicated that this matter was discussed at the beginning of the meeting. A Special Board Meeting will be set for the second or third week of April of 2019.

9. Agency Reports

a. **Matters from the Office of the Superintendent of Insurance** - Superintendent John Franchini

Superintendent Franchini indicated that NMOSI has been very successful this legislative session, and indicated that the pre-existing condition and short-term limited liability policy bills passed and are at the Governor's office. He noted that both of the bills help stabilize the marketplace; they allow more choices for individual citizens and guarantee the same kind of coverages that individuals get on the marketplace. The regulation clean-up bill is also at the Governor's office.

b. **Matters from the New Mexico Medical Insurance Pool** - Superintendent John Franchini

Superintendent Franchini indicated that the NMMIP is becoming more transparent and more responsive to government. The court is looking at how much the auditor can demand from a semi-public organization, which may have implications for the Exchange.

Director Gomez indicated the NMMIP is taking a critical look at care coordination and how it improves the well-being and health outcomes of New Mexicans.

Director Hickey stated that there was a decrease in the budget for 2018 from \$90 million (projected) to \$82 million (actual) due to effective care management and board leadership.

c. **Matters from New Mexico Human Service Department**- Secretary David Scrase

Secretary Scrase reported that the HSD is focused on (1) indicated there has been no per member/per month cost increase in Medicaid over the last 5 years, putting a strain on quality and access (health care leaders must balance cost, quality, access) (looking at directly addressing provider reimbursement to ease tension. (2) priority is to focus on operations and (3) implementing giant information system.

10. Public Comment

No public comment

11. Other Board Business - Directors and Mrs. Cheryl Gardner, CEO

Chairman Damron thanked the members of the Board and public for allowing him to serve for the last six years.

12. Next Board Meeting - May 17, 2019 at the CNM Workforce Training Center

The next Regular Board Meeting will be held on May 17, 2019. A Special Board Meeting will be held the second or third week in April.

Motion: Move that Board enter into closed Executive Session for discussion of limited personal matters as identified in the Agenda and authorized by NMSA 1978, 10-15-18(2).

Roll Call Vote: Chairman Damron, Director Esquibel, Director Everhart, Director Foley, Superintendent Franchini, Director Fryar, Director Gomez, Director Hickey, Director Leachman, Director Romero, Director Shaw, Secretary Scrase, Director Waldman.

13. Executive Session

Chairman Damron confirmed that the Board met in Executive Session. He stated that the matters discussed were limited to those specified in the motion for closure. No final action was taken.

Motion: Chairman Damron: Move that the Board does not extend the employment agreement with the CEO and direct the Chair to assure transition.

Second: Director Romero

The motion passed with 12 Ayes (Director Damron, Director Waldman, Director Everhart, Director Hickey, Director Scrase, Director Esquibel, Director Brock, Director Romero, Director Shaw, Director Gomez, Director Fryer, and Director Leachman) and 1 Nay (Director Foley)

Motion Passed.

14. Adjournment

Motion: Director Waldman

Second: Director Shaw

The motion passed unanimously.