

The New Mexico Health Insurance Exchange  
beWellnm  
Special Board Meeting Minutes  
Friday, March 20, 2020, 9:30AM-10:30AM  
Digitally/Telephonically  
Albuquerque, New Mexico

Board Members Present:	Board Members Absent:
<ul style="list-style-type: none"><li>• Mr. Colin Baillio - Via Phone</li><li>• Dr. Mark Epstein -Via phone</li><li>• Ms. Terriane Everhart - Via Phone</li><li>• Mr. Dan Foley - Via Phone</li><li>• Superintendent Russell Toal -Via Phone</li><li>• Mr. Brandon Fryar - Via Phone</li><li>• Ms. Mona Ghattas - Via Phone</li><li>• Ms. Teresa Gomez - Via Phone</li><li>• Ms. Janice Torrez - Via Phone</li><li>• Dr. David Leachman-Via Phone</li><li>• Ms. Patsy Romero - Via Phone</li><li>• Mr. David Shaw - Via Phone</li><li>• Ms. Nicole Comeaux on behalf of Secretary David Scrase</li></ul>	

**1. Welcome, Roll Call, and Confirmation of Quorum** - Chairman David Shaw

The meeting was called to order at 9:02 a.m. Roll call was taken and a quorum was established.

**2. Approval of Agenda** - Chairman David Shaw

**Motion:** Director Romero

**Second:** Director Gomez

**The motion passed unanimously.**

**3. Chairman’s Remarks** - Chairman David Shaw

**4. Matters from the CEO** - Mr. Jeffery Bustamante, CEO

Mr. Bustamante introduced the audit team from REDW who will present the 2019 Financial Statement Audit.

**2019 Financial Statement Audit**

Ms. Laurel Shelton and Mr. Jonathan Rothweiler from REDW presented the 2019 Financial Statement audit. The audit requirement comes from CMS, and audits are performed under Government Auditing Standards. The Exchange received a clean opinion, and there were no significant deficiencies or material weaknesses in internal controls.

With the implementation of the Governmental Accounting Standards Board (GASB) 84, the assets held in the Exchange's 401(k) defined contribution plan are now included in the financial statements, even though the assets are not available for use by the Exchange. GASB 84 is in a comment period and will be refined, and the requirement that the 401(k) plan assets be included in financial statements may be eliminated. REDW revised the retirement plan footnote.

REDW included the passage of House Bill 100 in the financial statement due to its financial implications for the Exchange. The audit also addresses the evolution of the COVID-19 pandemic and its potential impact.

Mr. Rothweiler, REDW Audit Manager, discussed the financial statement highlights and provided an analysis. He noted that there was a significant increase in the assets over a three-year period, with approximately \$21.2 million in assets on December 31, 2019. Liabilities were relatively comparable over the three-year period although there was an approximately \$1 million increase in liabilities. There was a steady increase in the net position, at approximately \$19.0 million at its highest over the three-year trend.

Cash/cash equivalents and investments are the two largest assets of the Exchange. They have steadily increased over a three-year period. The remaining assets of the Exchange, including receivables, prepaids and other capital assets, have remained relatively comparable.

Accounts payable increased from 2018 to 2019, primarily due to several expense accruals related to marketing and outreach as well as the software development of the individual Exchange. Premiums due to carriers, accrued liabilities, and contemplated absences were fairly consistent.

Operating revenues and expenses both steadily increased over the three-year trend. The operating income was roughly \$1 million in 2019, which was down slightly from 2018. Non-operating revenues increased by approximately \$1.3 million from 2018, mostly due to the income from the Exchange's investment portfolio. This resulted in a \$2.2 million change in net position, which was very consistent over the three-year trend.

The federal platform user fee significantly increased over the three-year period, and was about \$6.8 million at the end of 2019, the highest it's been. The rate charged to the Exchange was 3% in 2019 and 2% in 2018. Technology and project management increased due to expenses related to the individual Exchange build, such as project management, office services, IV&V, and the SHOP premium billing vendor. Consumer and stakeholder engagement and support expenses remained consistent. Salary and employee benefits increased over the three-year trend, with

several full-time employees added in 2019. Operational, professional, Board and plan management expenses have remained consistent.

The composition of operating expenses includes the federal platform user fee (36%); technology and project management (20%); consumer and stakeholder engagement and support expenses; and salary and employee benefits (15%).

Mr. Rothweiler explained that the Exchange's liquidity ratio, which reflects the Exchange's ability to pay short term obligations, was about 9.3 as of December 31, 2019. The Exchange Balance Sheet is very liquid and the Exchange is in a strong position to pay obligations as they come due. On December 31, 2019, the Exchange's cash on hand was sufficient for almost six months of operations.

GASB 87 deals with leases and is a new accounting standard, effective for fiscal year 2020. It requires the Exchange to report any lease arrangements on its Balance Sheet. REDW recommends that the Exchange keep an inventory of its leasing arrangements, including sublease agreements.

**Motion: Move that the Board approve the financial audit as presented.**

**Motion:** Director Fryar

**Second:** Director Romero

**The motion passed unanimously.**

Mr. Bustamante discussed the Exchange's response to COVID-19. The Exchange will remain open, with the contact center at full functionality. However, the majority of staff will work from home. The Exchange has asked CMS to open a Special Enrollment Period (SEP). However, there is no commitment by CMS to do so at this time. Mr. Bustamante noted that some individuals will qualify for a SEP regardless, due to loss of employment or other economic circumstances resulting from the pandemic. The Exchange is engaging in focused outreach efforts to inform consumers and its network of partners about qualifications for a SEP.

Chairman Shaw suggested that the Exchange get information to businesses engaged in layoffs regarding coverage options for employees.

Ms. Comeaux indicated that HSD, OSI and the Exchange intend to consolidate outreach efforts to consumers who may lose insurance through their employers as a result of the pandemic. Mr. Bustamante acknowledged the Governor's office, Director Comeaux, and Superintendent Toal for communicating clearly and quickly during this time. The Exchange is working to connect consumers with coverage, even if it is not through the Exchange.

Director Epstein expressed his support for an emergent SEP. He recommended that the Board advocate for enhanced premium assistance for individuals who are currently enrolled as well as those who have lost coverage, with the goal of removing barriers to coverage. Director Ghattas agreed. Director Baillio agreed and noted that CMS may be limited in its ability to provide

enhanced assistance and the Board may want to also flag the issue for the congressional delegation. He requested that the Board include the idea of a rolling SEP for anyone who has been diagnosed with COVID-19. Director Romero agreed with requesting an emergent SEP.

Director Baillio suggested that the Board include in its letter to CMS a request that tax credit reconciliation for 2020 be suspended. He requested that the Exchange have a strong presence on social media and provide information regarding telehealth services as well as OSI regulations on waiving cost sharing requirements for COVID-19 testing and treatment.

Superintendent Toal requested that the outreach team pay close attention to the Navajo Nation due to the high rate of COVID-19 infection.

## **5. Agency Reports-**

### **a. Matters from the Office of the Superintendent of Insurance- Superintendent Russell Toal**

Superintendent Toal expressed his hope that CMS will move quickly on HSD's request to allow the state to extend Medicaid eligibility, possibly up to 200% of the Federal Poverty Level (FPL) FPL for adults and 400% for children.

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

Director Comeaux provided the update on behalf of Secretary David Scrase. She indicated that HSD has taken a number of steps to ease access into the Medicaid program and remove barriers to care for those in the program. HSD submitted a comprehensive package of authority waivers to CMS and also issued a letter of direction to the Medicaid Managed Care Organizations (MCOs). HSD will send a supplement to providers impacted by the direction.

HSD is eliminating, at least temporarily, the automatic redetermination process to avoid having Medicaid enrollees roll off of the program. This will affect 15,000-20,000 individuals who fall off Medicaid rolls every month. An 1135 waiver would offer the opportunity for HSD to expand the FPL at which people would become eligible for Medicaid.

Director Comeaux indicated that the waivers seek an exhaustive list of authorities that HSD may want to utilize, such as extending the timelines for filing an appeal, extending level of care authorizations, limiting face-to-face visits and allowing telephonic visits for behavioral health and other physical health services. HSD has updated codes, waived prior authorization requirements, and required MCOs to extend current prior authorizations through the termination of the declaration of emergency. HSD has applied to allow licensed out-of-state providers to render care and telephonic visits to New Mexicans who live near state borders. HSD has also asked for authority to temporarily suspend sanctions for hospitals and provider facilities who may divert non-emergent patients to testing facilities.

Director Comeaux stated that New Mexico has about 49,000 uninsured who are under 138% of the FPL, approximately 10,000 of whom are children. There are approximately 17,000 uninsured who fall between 138% and 200% of the FPL, 5,000 of whom are children. There are an additional 4,000 uninsured children between 200% and 400% of the FPL. She noted that the enhanced Medicaid benefit would be temporary, for the duration of the emergency. Director Epstein recommended that the Exchange be prepared to help transition members who currently qualify for APTC but may fall under an expanded FPL. Mr. Bustamante confirmed that the Exchange will continue to work with enrollment partners so they are in a position to help New Mexicans understand their coverage options.

Superintendent Toal and Mr. Bustamante discussed how Exchange members will verify current income when enrolling in coverage during a SEP. Mr. Bustamante confirmed that individuals must provide information to substantiate their change of income. Some states have also done a letter of attestation regarding income qualifications.

Ms. Jane Wishner, the Governor's Health Policy Advisor, noted that the SEP is about both a change of income and a loss of coverage. She indicated that information regarding trends seen by the Exchange will be important for developing solutions. She noted that it will be a challenge for those who lose employer coverage and may not be able to obtain coverage without increased APTC assistance. She is monitoring the federal packages and looking at available funding options for states beyond Medicaid assistance. Ms. Maureen Manring indicated that many consumers are concerned about making premium payments, and are calling brokers to discuss adjusting their incomes to qualify for greater APTC contribution.

#### **6. Public Comment (1-2 minutes/participant)**

No public comment.

#### **7. Adjournment**

**Motion:** Director Romero

**Second:** Director Gomez

**The motion passed unanimously.**