

**Board Meeting Minutes**  
*Connect for Health Colorado Meeting Room*  
*East Tower, Suite 1025*  
*3773 Cherry Creek N Dr., Denver, CO 80209*  
**May 9, 2016**  
**8:30 AM – 12:00 PM**

**Board Members Present:** Steve ErkenBrack, Davis Fansler, Adela Flores-Brennan, Eric Grossman, Jay Norris, Sharon O’Hara, David Padrino, and Marguerite Salazar

**Board Members Joining via Phone:** Marc Reece and Nathan Wilkes

**Board Members Absent:** Sue Birch and Denise O’Leary

**Staff Present:** Gabriela Aguilar, Brian Braun, Luke Clarke, Christine Gavin, Kate Harris, Caren Henderson, Cheryl Ierna, Patti Meyer, John Neumeier, Kevin Patterson, Taylor Roddy, Alan Schmitz, Lisa Sevier and James Turner

Approximately 7 guests attended the meeting in-person and the conference line was available for people to join by phone.

**I. Call to Order**

- Board Chair Adela Flores-Brennan, called the meeting to order at 8:30 am and welcomed those in attendance, both in-person and on the phone.

**II. Executive Session**

Ms. Flores-Brennan entertained a motion to move into Executive Session to discuss a matters concerning sensitive and confidential issues around a personnel matter. A vote was called for and passed with unanimous approval.

The Executive Session is permitted pursuant to CRS §24-6-402(4)(f).

The Board returned from Executive Session at 9:09 am.

**III. Business Agenda**

- The minutes from the April 11, 2016 Board meeting were voted on and approved.
- The agenda was reviewed and no changes were made.
- Disclosure of Conflicts of Interest: none.

**IV. Board Retreat**

Connect for Health Colorado CEO, Kevin Patterson, reviewed the results of the April Board Retreat. The organization’s next steps include:

- Input from stakeholders
- Impact analysis of proposals and implementation
- Plan draft for Board review

### Action Item

- *Define the data analysis to be completed around the available market, the uninsured, churn and the cost of doing business.*

## V. Committee Reports Finance & Operations

Brian Braun, CFO, gave an overview of the 3<sup>rd</sup> quarter FY 2016 financial report.

Key Metrics:

- 178,908 cumulative plan selections.
- Calls answered in 300 seconds or less = 84% last quarter/75% over the plan year to date.
- Net Operating Ratio is at -15% (baseline was -12%).
- Average monthly operation expense per effectuated enrollee is \$37.23. (The final effectuated number is still being worked on and may go up).

While revenues are coming in lower than expected, expenditures continue to be under budget, making budget to actual close to bottom-line, and with the effectuated number possibly coming in higher, this will place the financials closer to the baseline.

The initial FY 2017 budget was reviewed. Mr. Braun reminded the Board that the final budget will be presented to Finance & Operations Committee at the end of the month, then sent to the legislative oversight committee and finally brought to the Board in June for final approval.

The draft of the budget reflects streamlining operations and vendors for cost reductions, with major assumptions being:

- Carrier fee continues at 3.5%
- The special assessment fee will end December 31, 2016
- Effectuated enrollment for calendar year 2016 is estimated at 120,000 with an increase in 2017 to 135,000 covered lives
- Assisted Network grant funds expected to continue
- Modest growth assumption in SHOP
- Not assuming any new revenue sources
- Not assuming Medicaid funds/cost allocation plan
- Capital expenditure reserve establishment

It was noted that Medicaid cost recovery was not included in the budget revenue assumptions due to the timing and variances that could occur. Any income from cost recovery will help fund capital projects.

The FY 2017 budget reflects a twelve percent reduction in operating expenses, primarily in the technology and customer service center. Based on the assumptions, the FY 2017 draft budget puts the Marketplace in the position to go beyond breaking even. This is with cost savings and additional revenue sources.

A request was presented to the Board to proceed with a procurement of services to support the design, development, coding, testing and implementation of projects from existing vendors to enhance

and improve systems for open enrollment four (OE4). The staff believes the project included in the request will have a high impact on improving the customer experience. The total for the request is \$1,472,000.

Eric Grossman made a motion to approve the procurement request, not to exceed \$1,472,000. Davis Fansler seconded the motion.

Ms. Flores-Brennan called the procurement request to a vote. The request was passed as follows:

**Yes:** Steve ErkenBrack, Davis Fansler, Adela Flores-Brennan, Eric Grossman, Jay Norris, Sharon O’Hara, Marc Reece and Nathan Wilkes.

**No:** None

**Abstain:** None

#### **Action Item**

- *Once the strategic plan has been finalized, create a list of projects that tie into the strategic plan and show the direct effect they will have on the customer experience.*
- *Management will track savings and/or revenue impacts resulting from the current capital projects.*

#### **Policy**

Ms. Flores-Brennan announced that Sharon O’Hara will now chair the Policy Committee.

The Policy Committee discussed the implementation of HB 1148 and the structure and use of advisory groups. The possible group formats and actions requiring public interest were reviewed with plans to create a policy. Discussion will continue at the next Policy Committee Meeting in May. Written feedback and comments can be provided to the Board at [Board@connectforhealthco.com](mailto:Board@connectforhealthco.com).

#### **Public Benefit Corporation**

Alan Schmitz, General Council, updated the Board on the Public Benefit Corporation. As required, Barbara Yondorf has been engaged as a third party, to determine the criteria that will be used to identify the public benefit going forward. Stakeholder meetings will be held to provide input around how the public benefit will be measured, products defined and how they will be administered.

#### **VI. Community Based Assistance Program Update**

Gabriela Aguilar, Director of Community Based Assistance Programs, gave an update on the Assistance Network. Applications have been accepted from current partners who wish to work with Connect for Health Colorado as part of its Assistance Network for a contract period effective July 1, 2016 - June 30, 2017. The formalized process for evaluating network partners for continued funding has been based on the following criteria:

- Geographical coverage and overlap with other enrollment services
- Efficient use of funds
- Specific community needs
- Evaluation of any gaps in enrollment services across the state based on the initial application process

Planned projects for OE4 include:

- Certified Application Counselor Designated Organization Application/Recertification
- Enhanced LMS Training / HCG and CAC Certification Integration
- Data Reporting Metrics Workgroup
- Colorado Connector
- “Deep Dive” Regional Training

#### **VII. Fee Structure Update**

Mr. Schmitz explained that the carrier processing fee of 3.5% and the special fee assessment of \$1.80 run-through dates had not been appropriately documented during the vote that occurred the previous year.

In order to clarify the dates of the fees, Sharon O’Hara made a motion for the Board to approve the carrier processing fee to continue through the 2017 calendar year and the special fee assessment to continue through to the end of the 2016 calendar year. Eric Grossman seconded the motion.

Ms. Flores-Brennan called for public comment. There was none.

Ms. Flores-Brennan called the motion to a vote. The motion was passed as follows:

**Yes:** Davis Fansler, Adela Flores-Brennan, Eric Grossman, Jay Norris, Sharon O’Hara and Nathan Wilkes.

**No:** None

**Abstain:** Steve ErkenBrack and Marc Reece due to a conflict of interest.

#### **VIII. CEO Report**

Kevin Patterson, CEO, reviewed the Board’s requested action items from previous Board meetings. The action items are being tracked and will be reviewed during each Board meeting and, once reviewed as complete, will drop from the tracking list. Among the items reviewed were:

- Plan Enrollment Chart
- Intensity Map
- Enrollments during the special enrollment period

#### **IX. Outside Auditor Report**

Steve Corder & Tiffany Knight from Kunding, Corder & Engle provided a report on the recently completed FY 2015 external annual audit for Connect for Health Colorado. Mr. Corder stated that the report has been issued in its final form and submitted to the federal government in compliance with the rules.

Ms. Knight reviewed the audit findings:

- Audit adjustments -
  - Prior period adjustment of \$2.2 million dollars to reclassify 2014 expenses to capital assets.
  - An adjustment of \$2.7 million dollars was made to remove costs from the current year activity for work that was scheduled to be completed in FY 2016.

- An adjustment of \$610,200 was made to properly expense technology support costs which had been capitalized. Additionally \$114,413 in recognized depreciation on the costs was reversed.
  - An adjustment of \$651,254.00 was made to reduce the carrier fees receivable and the premiums payable to carriers. The adjustment had no effect on net income.
- Allowable costs, cash management and reporting - The auditors concluded controls were not in place to identify unallowable costs in a timely manner.
- Sub recipient monitoring - controls have improved in this area since FY 2014. However, there were two areas that needed improvement. The recommendation is that the Marketplace should establish internal control procedures that ensure sub recipient audits are properly reviewed to ensure compliance with OMB Circular A-133.
- Under the Federal Funding Accountability and Transparency Act (FFATA) you are required to file a FFATA sub-award report by the end of the month following the month in which the direct recipient awards and sub-grant are greater than or equal to \$25,000.
- Procurement, suspension and debarment - Recommendation is that the Marketplace should implement proper procedures that allow for thorough documentation of the procurement process, in accordance with OMB Circular A-110.

It was recognized that current leadership was not in place during FY 2015 and current leadership has taken measures to alleviate many of the issues.

As a 501(c)(3) Corporation, Connect for Health Colorado is required to file a form 990 return. The final due date for the return is May 15<sup>th</sup>. The form 990 return was presented to the Board in accordance with policy and reviewed.

Jay Norris motioned for Board approval of the annual audit and financials. Eric Grossman seconded the motion.

Ms. Flores-Brennan called the motion to a vote. The motion was passed as follows:

**Yes:** Steve ErkenBrack, Davis Fansler, Adela Flores-Brennan, Eric Grossman, Jay Norris, Sharon O’Hara, Marc Reece and Nathan Wilkes.

**No:** None

**Abstain:** None

**X. Public Comment**

Meeting adjourned at 11:23 am.

Respectfully submitted,

Davis Fansler  
Secretary

**Next Meeting**



June 13, 2016 from 8:30 am – 12:00 pm

