

**Board Meeting Minutes**  
*Connect for Health Colorado Meeting Room*  
*East Tower, Suite 1025*  
*3773 Cherry Creek N Dr., Denver, CO 80209*  
**September 11, 2017**  
**8:30 AM – 11:30 AM**

**Board Members Present:** Kyle Brown, Mike Conway, Steve ErkenBrack, Davis Fansler, Adela Flores-Brennan, Jay Norris, Sharon O’Hara, Denise O’Leary and Nathan Wilkes

**Board Members Joining via Phone:** Sue Birch and Marc Reece

**Board Members Absent:** None

**Staff Present:** Brian Braun, Traci Butzen, Luke Clarke, Kelly Davies, Claudia Farnham-Wittner, Kate Harris, Caren Henderson, Kevin Patterson, Carolyn Pickton, Alan Schmitz and Lisa Sevier

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 matters concerning sensitive and confidential issues around a contractual matter and 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)(e), (c) and (f).

The Board returned from Executive Session at 9:18 am.

**III. Business Agenda**

- The minutes from the July 10, 2017 meeting were voted on and approved with the following amendment:
  - Board member Sue Birch was added as attending the meeting by phone.
- There were no changes to the agenda.
- Disclosure of Conflicts of Interest: none.

**IV. Board Report**

Rates Update

Mike Conway, Deputy Commissioner of Insurance, with the Division of Insurance (DOI), updated the board about the recently released insurance rate increases:

- The average rate increase in the individual market is 26.7%
- The average rate increase in the small group market is 6.6%
- There will be a 14% additional increase to rates if the Cost Sharing Reductions (CSR) subsidies are not approved by congress.
- There will be coverage throughout the state, with at least one insurance carrier in every county

More information on the rates for the 2018 plan will be provided by end of the month.

Ms. Flores-Brennan acknowledged the ongoing partnership between the brokers and the organization; emphasizing the brokers important part in the launching and sustainability of the exchange. While Connect for Health Colorado recognizes that the brokers are dealing with multiple carriers deciding not to provide commissions for plans purchased on the exchange, there are statutory limitations that prevent the organization from taking any action to alter the current situation.

Mr. Conway stated that the DOI does not have the authority to require the carriers to provide commissions to the brokers. However, the DOI has investigated possible solutions and noted that any action would require statutory changes.

#### **V. CEO Report**

##### South & Western Slope Tour Feedback

Kevin Patterson, Chief Executive Officer, gave an update of feedback he received during his annual tour of southern Colorado and the western slope. During the tour Kevin met with health care workers, brokers, health coverage guides, carriers and providers. The purpose of the tour is to provide a different level of engagement to communities, to help build a partnership with the communities and Connect for Health Colorado.

The organization is committed to working with the communities to find ways to better support the communities and their insurance needs.

#### **VI. Finance Committee Report**

##### 2017 Auditor Approval

Chief Financial Officer, Brian Braun, presented the board with an engagement letter for Kunding, Corder & Engle, P.C. to audit the financial statements for Connect for Health Colorado for the fiscal year (FY) 2017. In prior years the organization had both a financial and a single audit due to funds received from the federal government. The current engagement request does not include a single audit; however, a single audit will be necessary once the reimbursement funds from the Colorado Benefits Management System (CBMS) are received.

The organization has decided to continue using Kunding, Corder & Engle, P.C., because of the audit firm's knowledge and familiarity with the organization.

The Finance & Operations Committee recommended the board approve the audit firm for the financial audit of FY 2017.

Ms. Flores-Brennan called for public comment. There was no public comment.

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

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

**No:** None

**Abstain:** None

#### Quarterly Financial Review

Mr. Braun gave a report on the FY 2017 financials ending June 30<sup>th</sup> 2017. The organization exceeded expectations for the year. Revenues came in 7.5% over budget, while expenses came in slightly below budget, resulting in earnings being \$3.2MM higher than budgeted. Average effectuated enrollment for the year was 10% over the expected target.

Key measures include:

- Per member per month (pmpm) income came in a better than expected
- Per member per month operating expense was lower than budgeted
- Days cash on hand is at over 200 days vs. industry average of 120 days

Based on the recent fiscal year budgeting process the financial projections were revised for the 24 months ending June 30, 2019. The key assumptions made in the budget projections include:

- No changes in the federal and state rules impacting the organization over the plan period.
- Enrollment projection is based on budgeted effectuation levels that average 145,000 through the 24-month projection period.
- Average medical premiums grow by 10% for next plan year (2018) – 50% of prior year’s increase.
- Operating expenses are assumed to increase by 3% in fiscal year 2019 over the 2018 fiscal year budgeted expenditures.

Overall the projection shows cash balances remaining at an acceptable average of \$20MM. Operating income also remains positive over the 24-month period. Changes to projections will be reported against this baseline in subsequent quarterly reports to provide an early indicator of any expected changes in financial condition.

#### Updated Articles of Governance

Alan Schmitz, General Counsel, reviewed suggested changes to Connect for Health Colorado’s Articles of Governance (bylaws). Primarily the changes included:

- Elimination of obsolete or outdated language
- Updated language reflecting the current legislative oversight committee
- Provided clarification around the board’s delegation of authority to sub committees
- Highlighted the board’s ability to create investment accounts

- Eliminated references to an annual meeting, since the organization does not have an annual meeting
- Changes in the manner of how minutes are taken and approved

The bylaws, including the proposed changes, were publicly posted for the full 30-day comment period during which Connect for Health Colorado received no changes.

Staff is seeking acceptance of the changes to the bylaws as stated.

Nathan Wilkes made a motion to refer the bylaws recommended revisions to a bylaws committee for review prior to a full board vote. Steve ErkenBrack seconded the motion.

Ms. Flores-Brennan called for public comment. There was no public comment.

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

**Yes:** Steve ErkenBrack, Davis Fansler, Adela Flores-Brennan, Jay Norris, Sharon O’Hara, Denise O’Leary and Nathan Wilkes

**No:** None

**Abstain:** None

A committee was appointed, consisting of Nathan Wilkes, Sharon O’Hara and Adela Flores-Brennan to review and edit the bylaws and revisions. Once revisions have been agreed on by the committee, the bylaws will be noticed for 30-days for public comment before returning to the board for a vote.

#### SHOP

Connect for Health Colorado has been looking at ways to reduce costs while maintaining a similar level of service. Staff have reviewed four possible options for the Small Business Health Options Program (SHOP).

- Option 1 – Keep the status quo
- Option 2 – Identify a more advantageous model
- Option 3 – Provide steerage elsewhere
- Option 4 – Create a private exchange

Of the four options the staff recommends option 1, combined with appropriate cost reductions in the SHOP back office. Historically SHOP has been challenging operationally while it has not been cost effective; although having a SHOP marketplace is part of the organization’s mission.

Currently, for plan year 2018, there is only one carrier for SHOP. Board members noted that a part of the value proposition for SHOP has been choice; however, with only one carrier on the SHOP platform, the value of choice is not really valid any longer. This, combined with the high financial costs to run SHOP, raises the question of whether continuing with SHOP holds value with the organization.

The board asked staff members to engage with the business community, stakeholders and the legislative oversight committee to help determine the future of SHOP.

#### State Audit Review

The full performance audit report has been completed by the state auditors and published. The primary focus of the findings has been on sustainability, customer service, appeals and complaints.

There were five recommendations related to sustainability/financial and primarily involved procurement and contracting. There were three findings related to the appeals process and were related to policies and procedures. Customer service and complaints had two findings around the definition of a complaint, reporting and simplifying the ability to file a complaint.

Connect for Health Colorado has responded to the audit's recommendations, has appeared in front of the state audit committee and has started the process of implementing changes according to the recommendations, resolving to complete implementation by the end of the calendar year. Staff will keep the board updated on the status of recommended implementations; additionally, staff will work on a self-audit process to increase training and efficiency.

#### Media Buy Approval

Caren Henderson, Acting Director of Marketing & Outreach, gave an overview of the media buy plan for open enrollment 5 (OE5). This media buy has been based on what is currently known, if there are changes, due to new legislation and other market factors, the organization's plans will change according to what may be needed.

The media partners that will be engaged in the plan are Emico for \$700,000, Evolution Communications for \$141,250 and Burks Communications for \$56,500. For a total ask of \$897,750.

Last year the organization saw significant gains in the reduction of the eligible but not enrolled (EBNE) population and would like to continue with the same strategy for OE5. The plan will have statewide coverage, and will also focus on a campaign that is very targeted to areas of high unenrollment, particularly those that are eligible for financial assistance but unenrolled.

Media messaging will educate on the following:

- Income thresholds to qualify for financial help
- As premiums rise, so does the amount of premium tax credit
- Resources for enrollment help
- Open enrollment dates

Board members voiced concern that less money is being spent on media outreach and enrollment, especially at a time that the federal government has largely cut back on its funding for outreach and enrollment.

Davis Fansler moved to approve the OE5 media buy request for \$897,750. Included in this motion is \$565,000 budgeted dollars for Emico, plus an additional contingency amount of \$135,000 for Emico to address/counteract unforeseen impacts of activities in Washington D.C. through paid media.

Denise O'Leary seconded the motion.

Ms. Flores-Brennan called for public comment. There was no public comment.

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

**Yes:** Steve ErkenBrack, Davis Fansler, Adela Flores-Brennan, Jay Norris, Sharon O'Hara, Denise O'Leary, Marc Reece and Nathan Wilkes

**No:** None

**Abstain:** None

## VII. Policy Committee

Policy Committee chair, Sharon O'Hara shared that the Policy Committee has asked the Board Advisory Group to consider plan benefit design and meaningful choice, specifically around:

- Should plan benefit design be made available
- Should Connect for Health Colorado consider certifying and offering a limited number of plans
- Any other factors related to benefit design

The goals for this request is to help encourage carrier participation and to simplify choice for the consumer.

### Legislative Update

The Senate Health Committee met last week with insurance commissioners and again with state governors. Both groups that met with the committee had similar requests including:

- Cost Sharing Reduction (CSR) subsidies with multiple years of funding.
- A federal reinsurance fund
- Flexibility on 1332s

A bill text is expected towards the end of the week.

The text of the Graham-Cassidy repeal bill, which relies on block grant funding combining advanced premium tax credit (APTC), CSR and Medicaid expansion funding, is expected this week. This bill would cut funding by 17% starting in 2020.

The senate parliamentarian has ruled that the fiscal year 2017 reconciliation vehicle has to be used by September 30<sup>th</sup>, in order to pass a bill with a majority vote.

Currently there is no clear vehicle that the Children's Health Insurance Program (CHIP) is attached to. It may be packaged into a bill in December.

**VIII. Public Comment**

The following members of the public gave comment:

Melanie Herman, Broker

Emily Dewey, Outreach Manager for the Small Business Majority

Meeting adjourned at 11:20 am.

Respectfully submitted,

Davis Fansler

Secretary

**Next Meeting**

October 9, 2017 from 8:30 am – 12:00 pm