

MINUTES

ARKANSAS HEALTH INSURANCE MARKETPLACE BOARD OF DIRECTORS

U of A System, B. Alan Sugg Board Room

2404 North University Avenue, Little Rock, Arkansas

Friday, September 20, 2013

The Arkansas Health Insurance Marketplace (AHIM) Board of Directors met Friday, September 20, 2013, at 9:00 a.m., at the University of Arkansas System, B. Alan Sugg Board Room in Little Rock, Arkansas.

Board members present: Ms. Sherrill Wise, Chairman; Mr. Steve Faris, Vice Chairman; Mr. Fred Bean, Mr. Mike Castleberry, Ms. Cynthia Crone (for Jay Bradford), Mr. John Denery, Mr. Greg Hatcher, Mr. Jerry D. Jones, Mr. Chris Parker (via conference call), Mr. John Selig, and Ms. Annabelle Imber Tuck.

Legislators attending: Representative Mark Biviano

Ms. Wise called the meeting to order.

CONSIDERATION TO ADOPT SEPTEMBER 12, 2013, MEETING MINUTES [EXHIBIT C]
Upon motion by Mr. Castleberry and second by Ms. Tuck, the Minutes from the September 12, 2013, meeting were approved.

DISCUSSION OF ARTICLES OF INCORPORATION, BYLAWS, AND OPERATING RULES

Ms. Jessica Middleton-Kurylo, Attorney, Bureau of Legislative Research (BLR) presented Versions A and B of the Articles of Incorporation, Bylaws, and Operating Rules, noting both versions reflect changes requested at the Board's last meeting. In addition, Version B of the Articles of Incorporation, Bylaws, and Operating Rules incorporate the suggestions of the Board received by the BLR after the last Board meeting and required public discussion.

DISCUSSION OF ARTICLES OF INCORPORATION

[HANDOUTS 1 & 2]

Ms. Middleton-Kurylo presented Versions A and B of AHIM Articles of Incorporation, noting both versions reflect changes requested at the Board's last meeting and the addition of an individual as the registered agent. Ms. Middleton-Kurylo noted that Version B of the Articles of Incorporation also differed from Version A concerning the dissolution of the AHIM (p. 2) and the indemnification of AHIM's directors, employees, and agents (p. 3). The Board discussed both versions at length. Ms. Tuck noted "Annabelle" is misspelled in the list of Board members (p. 3).

DISCUSSION OF BYLAWS

[HANDOUTS 3 & 4]

Ms. Middleton-Kurylo presented Versions A and B of AHIM Bylaws, citing distinguishing differences concerning the call of a meeting (p. 5), amendments to the Bylaws (p. 7), and the requirement that the members of the Board provide the AHIM with updated contact information (p. 5). The Board addressed language needing attention and discussed policy changes in detail.

DISCUSSION OF OPERATING RULES

[HANDOUTS 5, 6, & 7]

Ms. Middleton-Kurylo presented Versions A and B of AHIM's Operating Rules and stated both versions reflect the Board's suggested changes. She noted that Version B of the Operating Rules differed from Version A concerning the indemnification of AHIM's directors, directors, employees, and agents (p. 6) and the call of a meeting (p. 6-7). She also noted that these provisions must coincide with provisions in the Bylaws. Ms. Tuck recommended reviewing the Board's policies annually to ensure flexibility.

Ms. Middleton-Kurylo summarized the additional changes needed in Version B of the AHIM's Articles of Incorporation; Bylaws; and Operating Rules based on the Board's discussion, citing:

- Articles of Incorporation: Correct spelling of "Annabelle" (p. 3).
- Bylaws and Operating Rules: Change "Special Meeting" minimum notice to two business days. Incorporate provisions, in the event of a required emergency meeting the Board will comply with Freedom of Information Act requirements.

Mr. Faris made a motion to adopt Versions B, as modified, of the Articles of Incorporation and Bylaws. Mr. Castleberry seconded the motion and the motion passed.

Ms. Tuck made a motion to adopt the Statement of Necessity for Emergency Rule Promulgation. Mr. Bean seconded the motion and the motion passed.

Mr. Faris made a motion to adopt the Operating Rules (Version B), as modified, pursuant to the Emergency Rule Procedure, for reasons stated in the Statement of Necessity for Emergency Promulgation (Handout 7). Mr. Jones seconded the motion and the motion passed.

Ms. Middleton-Kurylo noted BLR staff will assist the Board with:

- filing Articles of Incorporation with the Secretary of State
- filing Articles of Incorporation and Bylaws with the AHIM Legislative Oversight Committee
- publishing the Emergency Operating Rules on the AHIM website in a timely manner
- filing the Emergency Operating Rules with the AHIM Legislative Oversight Committee, Arkansas Secretary of State, Arkansas State Library, and BLR

Mr. Jones made a motion to commence the permanent promulgation process concerning the Operating Rules. Mr. Bean seconded the motion and the motion passed.

UPDATE ON AHIM WEBSITE

Mr. Jim Schratz, Chief Information Officer, BLR, stated he is developing content for the AHIM website and will collect information from members for inclusion on the site. The site is expected to "go live" within one week.

PRESENTATION ON ARKANSAS HEALTH CONNECTOR [HANDOUT 8]

Ms. Debbie Willhite, Chief Operating Officer, Arkansas Health Connector Program, Arkansas Insurance Department (AID), provided an overview of AID's Arkansas Health Connector Division and shared details about organizing new health-insurance marketplaces and various Marketplace model options. She noted federal funds are important resources when creating state-based infrastructures.

Ms. Cynthia Crone, Deputy Commissioner, AID, discussed key differences between federal and state-based exchange programs. Arkansas's State Partnership Marketplace partially complies with four of the thirteen federal requirements for state-based marketplaces. She noted the 2.5% premium fee on every insurance plan sold in Arkansas and the 3.5% federal charge for federal partnership participation. The 3.5% federal fee would go away if Arkansas implements a state-based exchange, but so would federal monetary support for functions.

Ms. Crone explained federal-based exchanges are 100% federally funded every year. If a state changes to a state-based exchange, federal funds can provide 100% of the new exchange's support during its first year of operation if funds are requested by October 15, 2014, and awarded by December 31, 2014. Current legislation requires state-based plans to be self-sufficient within twelve months of startup. When

requesting federal grant funds for exchange establishment, states can forecast their intent to convert to a state-based plan, and specify a year for the change. Ms. Crone said, AID recommends the Board seek federal funding in November 2013 to begin exploring transition to a State-Based Exchange; and earmark the money for planning a state-based exchange. Currently, the estimated startup cost for a state-based exchange would be more than the \$55 million awarded and pending for establishment of Arkansas's State Partnership Marketplace.

Arkansas's first-year exchange enrollment projections are 211,000 people enrolling with tax credits and 230,000-250,000 participating in the private option. Individuals applying for enrollment in the exchange must provide their social security number and authorize income verification. Individuals can apply via internet, mail, telephone, or at local county Health Department and Human Services Department offices. The Board was provided "Quick Facts" on state exchanges, and statutes regarding liability of political subdivisions and indemnification [Handouts 10-12].

11/15 GRANT SUBMISSION

[HANDOUT 9]

Ms. Wise suggested appointing Ms. Tuck, Mr. Bradford (or his designee), Mr. Hatcher, Mr. Jones and Mr. Parker to serve on the AHIM Board of Directors Grant Committee, with Mr. Parker serving as Committee Chair. **Upon motion by Mr. Faris and second by Mr. Bean, the Grant Committee was created as stated.**

Ms. Wise advised AID is willing to engage a consulting firm on the Board's behalf, provided the Board pays a portion of the consultant's fee(s). The Memorandum of Understanding (MOU), authorizes the AHIM Board of Directors and AID to enter into such agreement.

Upon motion by Mr. Bean and second by Mr. Denery, the AHIM Board of Directors agreed to enter into the MOU with AID with an effective ending date of June 30, 2017.

Ms. Wise stated AID has a history of working with the First Data consulting firm, headquartered in Chicago. A representative is available to meet with the Grant Committee next week. The Grant Committee members agreed to meet with the consultant on Wednesday, September 25, 2013, from 1:00-3:00 p.m., at the AID Office in Little Rock.

FORMATION OF SEARCH COMMITTEE

Ms. Wise suggested appointing Mr. Castleberry, Mr. Denery, Mr. Selig, Mr. Bean, and Mr. Fairs to serve on the AHIM Board of Directors Search Committee, with Mr. Faris serving as Committee Chair.

Upon motion by Ms. Tuck and second by Mr. Jones, the Search Committee was created as stated.

NEXT MEETING

The next AHIM Board meeting is Wednesday, October 2, 2013, at 8:30 a.m. Topics will include "Marketplace Facts and Myths" as well as an educational session, which is to be given each meeting. Ms. Crone noted information on rates and shopping portals will be available by then.

Upon motion by Mr. Faris and second by Mr. Bean, the meeting adjourned at 11:15 a.m.