

MINUTES  
**SENATE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Tuesday, January 28, 2014

**TIME:** 1:30 P.M.

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Tippetts, Vice Chairman Patrick, Senators Cameron, Goedde, Guthrie, Martin, Lakey, Schmidt and Ward-Engelking

**ABSENT/ EXCUSED:** None

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Tippetts** called the meeting to order at 1:30 p.m.

**MOTION:** **Senator Lakey** moved to approve the Minutes of January 14, 2014. **Senator Cameron** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL APPOINTMENT & VOTE:** The appointment of Margaret Henbest of Boise, Idaho, to the Idaho Health Insurance Exchange Board, to serve a term commencing April 10, 2013 and expiring April 10, 2017.

**Margaret Henbest** thanked the Committee for their time. She thanked the Governor and said she was honored to be appointed to the Idaho Health Insurance Exchange Board (Board). She said she is the Executive Director of two related nursing professional organizations, the Nurse Leaders of Idaho, and its foundation, Idaho Alliance of Leaders in Nursing. For over two decades she has been involved both professionally and as an elected official in advocating for the health care needs of Idahoans. She was first elected to the Idaho House of Representatives in 1996 and served for 12 years where she worked to address the needs of the uninsured and to improve the safety, quality and affordability of the care citizens receive. She was a member of the Joint Finance-Appropriations Committee (JFAC) and served on the Health Care Task Force for a number of years. Her experiences have helped her define her role on the Board. **Ms. Henbest** said she is committed to nursing, her community, and the State of Idaho.

**Vice Chairman Patrick** commented that he also served with Ms. Henbest in the House and she had good ideas related to the medical field. **Chairman Tippetts** asked Ms. Henbest, as President of the Mountain States Group, how she would handle potential conflicts if they arose. **Ms. Henbest** said she would declare a conflict of interest and would abstain from any voting.

**MOTION:**

**Senator Martin** moved to send the gubernatorial appointment of Margaret Henbest to the Idaho Health Insurance Exchange Board to the floor with the recommendation that she be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**. Senator Cameron will carry the appointment on the floor of the Senate.

**Senator Cameron** commented that Ms. Henbest has been a friend of his for a long time, that she works very hard, does her homework and has saved the State millions of dollars because of her work with Representative Wood. He continued that she has been instrumental in helping Idahoans and is an outstanding appointment by the Governor.

**Senator Goedde** agreed with Senator Cameron and said he has served with Ms. Henbest and appreciated her point-of-view.

**GUBERNATORIAL  
APPOINTMENT &  
VOTE:**

The appointment of Dr. John Livingston of Boise, Idaho, to the Idaho Health Insurance Exchange Board to serve a term commencing April 10, 2013 and expiring April 10, 2017.

**Dr. Livingston** thanked the Committee for their time and consideration. At St. Alphonsus Hospital, **Dr. Livingston** stated he started the trauma service program. Currently he is in private practice in Boise. He belongs to many professional organizations and committees. He said he has been a practicing general trauma surgeon for 38 years. When he was head of trauma at St. Alphonsus Hospital, he was able to participate in the backside issues regarding insurance companies, contracting carriers and providers, from both the perspective of the physician and the hospital.

After teaching a trauma course called "Combined Combat Casualty Care", two of his students from his class who were doctors in Texas, became involved in forming (along with the broker community) a private health insurance exchange. He was never a party to or a principle in any of those exchanges, nor was he an investor. He was privy to many of the start-up discussions and came to understand the efficacy and efficiency of an insurance exchange.

**Dr. Livingston** said he serves on the Operations Committee for Your Health Idaho (YHI) and felt it would be appropriate to make a few comments about his participation. On May 9, documents that were prescribed in the legislation regarding operations, bylaws, procurement documents, and conflict of interest were written. Those documents were never intended to be permanent documents. In October the Board had an incident with a "no bid contract" and they asked for outside counsel to make some recommendations regarding how to proceed. The Board took steps to fix the problem with the advice of the outside counsel. The Board proceeded to form an organization based on a charter system. Each committee has its own charter and will decide on the issues germane to each committee. The draft of the bylaws will be completed by February 7 and is available to anyone. The Board has taken great pains to be transparent and open to the public. **Dr. Livingston** said he takes partial responsibility for not having the proper documents in place when the problem occurred, but the Board took the proper steps to move forward and to continue running the Idaho Health Insurance Exchange (Exchange).

**Dr. Livingston** said he envisions the Exchange could continue to run as an independent body, as it is currently. He said the Exchange could also become a division of the Department of Insurance or the Exchange could morph someday into a private exchange.

**Senator Lakey** asked Dr. Livingston to describe what he identified as the contractual problem, what he learned and how he fixed the problem. **Dr. Livingston** said the problem was identified immediately. He commented that the actual procurement document had been completely written out from the operations document that was in place. There was not a threshold sum of money that was identified and there was a blank line that was not filled in.

**Senator Schmidt** commented that when he looked at the statutes in which the Board designated categories that appointees are to satisfy, he assumed Dr. Livingston was one of the two members on the Board representing health care providers. He said the Committee needed to make sure that area was covered. **Dr. Livingston** responded he has been a trauma surgeon since 1988 and believed he was appointed to fill that position.

**Senator Martin** commented that he was concerned about the activities of the Board. He appreciated the opportunity to communicate with those involved and he said the system worked. **Dr. Livingston** thanked Senator Martin for his comments and said that this was an example of how an Idaho board functions to take care of Idaho people.

**MOTION:**

**Senator Guthrie** moved to send the gubernatorial appointment of Dr. John Livingston to the Idaho Health Insurance Exchange Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Cameron** seconded the motion. The motion carried by **voice vote**. Senator Schmidt will carry the appointment on the floor of the Senate.

**GUBERNATORIAL APPOINTMENT & VOTE:**

The appointment of Jeff Agenbroad of Nampa, Idaho, to the Idaho Health Insurance Exchange Board, to serve a term commencing April 10, 2013 and expiring April 10, 2017.

**Jeff Agenbroad** thanked the Committee for their time and consideration. He said he was an experienced, enthusiastic and dedicated executive with over 25 years of experience leading successful teams. Currently, he is Vice President of Zions Bank, where he is responsible for large credit commercial and agricultural credit underwriting, credit management, deposit acquisition, marketing and business development. In addition, he is President, Chief Executive Officer, co-founder and owner of a small business holding company. He is active in many business and community activities, including being a board member for St. Alphonsus Regional Medical Center and the Idaho Stampede.

**Senator Lakey** thanked Mr. Agenbroad for his service. He asked Mr. Agenbroad to describe the advantages of having an Idaho-based board instead of a federal board. **Mr. Agenbroad** responded the Legislature took a law and brought it under the control of Idahoans. He further commented that the technology was Idaho-driven. **Senator Lakey** expressed a concern about the security of the data. **Mr. Agenbroad** answered that the security of data was always a concern for the Board. He stated to date, the data was as secure as the Medicare system.

**Senator Schmidt** asked Mr. Agenbroad how many people he employed. **Mr. Agenbroad** said he had between 11 and 25 employees.

**MOTION:**

**Senator Schmidt** moved to send the gubernatorial appointment of Jeff Agenbroad to the Idaho Health Insurance Exchange Board to the floor with the recommendation that he be confirmed by the Senate. **Vice Chairman Patrick** seconded the motion. The motion carried by **voice vote**. Senator Lakey will carry the appointment on the floor of the Senate.

**GUBERNATORIAL  
APPOINTMENT &  
VOTE:**

The appointment of Tom Shores of Boise, Idaho, to the Idaho Health Insurance Exchange Board, to serve a term commencing April 10, 2013 and expiring April 10, 2017.

**Tom Shores** said he started in the insurance industry in October 1994 and he works with small businesses, individuals and Medicare. He has been involved in the National Association of Health Underwriters for the State of Idaho and with organizations at local levels. He currently is completing a term as State President for Health Underwriters. In addition, he has served as the local president of the National Association of Insurance and Financial Advisors (NAIFA), Boise for 2011 and 2012. He is currently serving as the Legislative Chair for this board. He has been very active in making sure that every agent is prepared to provide the people of Idaho the very best information about how the Exchange works. He stated that when Idahoans work with Idahoans to solve problems, they always do well.

**Senator Martin** stated that he heard from Director Weeg last week that presently the Exchange is not using Navigators. In the future, however, the federal government will require states to use Navigators. **Mr. Shores** responded by saying the Exchange is using In Person Assistants (IPA), who go through over 80 hours of training and background checks. **Mr. Shores** said he thought that IPA could fill the requirement of the federal government.

**Senator Lakey** asked Mr. Shores if he had seen the benefit of an Idaho exchange rather than a federally-run exchange to the agent/broker community. **Mr. Shores** replied that he did see the benefit. He stated the enrollment process used to enroll people does not work as well as the Board would like. There were some glitches the Board had to work around to get people enrolled. For example, there were people who didn't have ordinary insurance in the past or there were individuals who currently have policies that were cancelled due to the Affordable Care Act. The Board had to find a way to actually better meet their needs.

**MOTION:**

**Senator Goedde** moved to send the gubernatorial appointment of Tom Shores to the Idaho Health Insurance Exchange Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Cameron** seconded the motion. The motion carried by **voice vote**. Senator Goedde will carry the appointment on the floor of the Senate.

**GUBERNATORIAL  
APPOINTMENT &  
VOTE:**

The appointment of Fernando Veloz of Meridian, Idaho, to the Idaho Health Insurance Exchange Board, to serve a term commencing April 10, 2013 and expiring April 10, 2017.

**Fernando Veloz** thanked the Committee for their time and consideration. He said he has more than 15 years of experience as a financial professional with health care and managerial experience. His experience includes health care, employer consulting, profit and loss methodology, financial reports, Personal Computer (PC) based databases and platforms, planning and reporting, performance measurements, coordinating development of business marketing goals, accounting controls, budgeting and generally accepted accounting principles. Currently he is the Chief Financial Officer/Controller for a company called M S Administrative Services, Inc. in Boise. He is a Certified Public Accountant. He is also the Chairman of the Employer Health Coalition of Idaho (Coalition). The Coalition provides for education and the dissemination of information about health care for employers in the valley. This group is made up of employers from small companies, mid-sized groups and large companies.

He said the key points for YHI is that the plan design is a state-based solution unique to the State of Idaho.

He stressed key points of local control, accountability, plan design, job creation, IPA, call centers, education of agents and brokers, and low cost of administering plans. He is affiliated with several professional groups. He said he wants to make sure the program is administered with the highest integrity and that the program and data are reliable and a quality product.

**MOTION:**

**Senator Schmidt** moved to send the gubernatorial appointment of Fernando Veloz to the Idaho Health Insurance Exchange Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Cameron** seconded the motion. The motion carried by **voice vote**. Chairman Tippetts will carry the appointment on the floor of the Senate.

**GUBERNATORIAL  
APPOINTMENT &  
VOTE:**

The appointment of Stephen Weeg of Pocatello, Idaho, to the Idaho Health Insurance Exchange Board, to serve a term commencing April 10, 2013 and expiring April 10, 2017.

**Stephen Weeg** thanked the Committee for their time and consideration. He said currently he is retired, but has a consulting practice. Prior to that he was the Executive Director of Health West, which is a Migrant and Community Health Center with primary and preventive care clinics in six medically underserved areas of southeast Idaho. He has been a member of several associations and has done many presentations. He said that there is 100 percent commitment by this Board. He further stated that what we do can make a difference.

**Senator Cameron** said that Mr. Weeg covered his role as Chairman of the Board when he was before the Committee last week during his presentation of the YHI Annual Report. He asked Mr. Weeg to explain his role in the process of issuing the "no bid" contract. **Mr. Weeg** said he was involved in the misstep but he was also part of the corrective action. The solution was due in part to the expertise that was made available to the Board. He said the Board identified the problem quickly and discussed how to solve the problem decisively and thoughtfully, without jumping to conclusions. **Senator Cameron** said the full weight of any decision weighs on Mr. Weeg as the Chairman of the Board, and he wanted to know what role Mr. Weeg played in the misstep and what he learned so this wouldn't happen. **Mr. Weeg** responded that he took full responsibility for the misstep, and he sent an e-mail to Chairman Tippetts indicating he took full ownership. He said he took a quality improvement approach, listed what they did and why, and put a number of steps in place to insure this wouldn't happen again. They severely strengthened the procurement policy. They put a limit of \$15,000 on the amount of contractual liability restricting how much money can be spent without Board approval. They created another policy and procedure specifying who can do what for various amounts of money. The Board put into place a one-year cooling off period so that no Board member can accept work from the Exchange within 12 months of being on the Board. They asked their personnel committee to look at how to review and evaluate the staff. They are also in the process of looking at how to re-evaluate themselves as a Board.

**Senator Cameron** commented that he wanted the Board and Committee to know the benefits of having a state-based exchange and to have access to the Board Chairman. He appreciated the responsiveness after a mistake was made. He said we all wish the mistake had not been made, but everyone has learned from the mistake. **Mr. Weeg** responded that he too wished the mistake had not been made.

**Senator Schmidt** asked Mr. Weeg if the changes made to the procurement policy are similar to statewide policies or if they are unique. **Mr. Weeg** indicated that when the law was passed, the Legislature told the Board they did not have to follow the state procurement policy, to make their own policy and to make their meetings accessible. He said the Board has looked at state models for procurement, but given they had five months to get something done, and that some of the processes take longer, the Legislature gave them some leeway. They have tried to align themselves with the state procurement policy, but have individualized their policy to fit the needs of the organization. He said they were in the final stages of their procurement policy for discretionary funds. This has been a multi-month process to review the Request for Proposal (RFP) and to review the best and final offers with their new vendor. **Senator Schmidt** asked if the one-year cooling off period was consistent with the policy of the State. **Mr. Weeg** stated he was not sure what the state policy was for a cooling off period.

**Senator Lakey** asked Mr. Weeg if the Exchange was going to be open by fall. **Mr. Weeg** indicated the Board was working with due diligence, and they were close to having their own platform. He said the biggest issue was to get a good vendor and to have the right oversight. They have a number of systems in place, so they don't make another mistake.

**MOTION:**

**Senator Martin** moved to send the gubernatorial appointment of Stephen Weeg to the Idaho Health Insurance Exchange Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**. Senator Schmidt will carry the appointment on the floor of the Senate.

**PASSED GAVEL:**

Chairman Tippetts passed the gavel to Vice Chairman Patrick.

**DOCKET NO.  
15-0401-1302**

**Rules of the Division of Human Resources and Personnel Commission** was presented by **David Fulkerson**, Interim Administrator, Division of Human Resources (DHR). He outlined the information contained in the rule. He said the DHR was adding definitions and clarifying rules so consistency would be achieved across agencies. Two different definitions were added, "Administrative Leave" and "Salary Equity Increase", as the terms were already addressed in Executive Policy or 2006 Agency Guidance Memorandum, but the purpose was not consistently understood and applied. Two definitions regarding veterans, "disabled veteran" and "veteran", were added to match the statute change to Idaho Code § 67-502(17), approved during the 2013 Legislative Session. Also, he added, the definitions of "Merit Increase" and "Underfill" were revised. Other DHR rules were updated to clarify verbiage. There is no fiscal impact.

**Chairman Tippetts** asked about the provision at the bottom of page 133. When an employee seeks a transfer, reemployment or promotion between agencies, the former agency must copy all performance evaluation documents. He pointed out there was no time limit on the requirement. He gave an example of someone who had been with an agency for 20 to 25 years, and asked if we really wanted to require an agency to copy all of those performance evaluations and send them to the new agency. **Mr. Fulkerson** said as written, that would be the rule. He said that some discretion would be advised for long-term employees. DHR would want to make sure that an agency had the ability to have all documents on the past performance of an employee, which would provide better evaluations going forward. **Chairman Tippetts** recommended that if that was not the intention, a time limit should be assigned for long-term employees. **Vice Chairman Patrick** agreed.

**Senator Lakey** asked Mr. Fulkerson to work on the redundant language in the rule relating to the definitions of service-rated disability, disabled veterans or Purple Heart recipients.

**Senator Guthrie** had a conversation with **Mr. Fulkerson** about language defining administrative temporary paid leave. **Senator Guthrie** asked why there was no time limit and why this language was in the rule. **Mr. Fulkerson** explained the reason there was no time limit for administrative leave was because the person was assumed innocent until proven guilty. **Senator Guthrie** asked if there were provisions to excuse the State from paying the wages while an employee was off if there was some sort of criminal intent on the part of the employee. **Mr. Fulkerson** said he was not completely sure but an investigation had to be done first.

**MOTION:**

**Senator Schmidt** moved to adopt **Docket No. 15-0401-1302**. Chairman Tippetts seconded the motion. The motion carried by **voice vote**.

**PASSED GAVEL:**

Vice Chairman Patrick passed the gavel to **Chairman Tippetts**.

**ADJOURNED:**

There being no further business, **Chairman Tippetts** adjourned the meeting at 2:37 p.m.

---

Senator Tippetts  
Chair

---

Linda Kambeitz  
Secretary