

MINUTES

SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 30, 2014

TIME: 1:30 P.M.

PLACE: Room WW54

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

ABSENT/ EXCUSED: Senator Goedde

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., welcomed everyone and went over the agenda.

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

Hyatt Erstad thanked the Committee and said it was a privilege to be considered for the Idaho Health Insurance Exchange Board (Board). He said he has had experience being either the chairman of the board or a board member for various organizations. He holds a Bachelor's Degree in General Business, is a registered representative with the National Association of Securities Dealers (NASD) and the Securities Exchange Commission (SEC), is a graduate of Massachusetts Mutual Career Development and Business and Estate Planning, and a graduate of the Life Underwriting Training Council. Currently, he is the Chairman of the Board of the Idaho High Risk Pool and the Idaho Small Employer Board of Directors. He said his role on the Board is that of producer. He mentioned his business works with small employers and helps them navigate legislation and rules. He currently chairs the high risk pool. He has seen that pool grow over the years. This pool has been a very challenging, solvent program which has given him a good background as we move forward with the Exchange.

Senator Patrick asked what was going to happen with the high risk pool with the institution of the Exchange. **Mr. Erstad** said that when the Affordable Care Act (ACA) was passed, the federal "pre-existing condition" high risk pool was included and was in conjunction with the state high risk pools. The Legislature elected not to implement the "pre-existing condition" high risk pools. Those were technically intended to be eliminated January 1. He noted that many states were winding their state pools down. Due to natural attrition, high risk individuals will migrate out to the Idaho Exchange. High risk pool plans are not quite as rich as the plans found in the markets for the Exchange now. The "pre-existing condition" high risk pools, which in Idaho were federally run, have been extended to March 31.

MOTION: **Senator Guthrie** moved to send the gubernatorial appointment of Hyatt Erstad 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 Cameron will carry the appointment on the floor of the Senate.

**GUBERNATORIAL
APPOINTMENT &
VOTE:**

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

Karen Vauk thanked the Committee for their time and stated it was an honor to represent Boise. She said that currently she is the President and Chief Executive Officer for the Idaho Food Bank. She explained that she is familiar with the financial challenges facing Idaho's low-income population and that medical expenses often create a significant burden. She said the learning curve was steep, and she was learning more every day.

She said she is a member of the Outreach and Education Committee. She explained that as she read through the Your Health Idaho (YHI) annual report, she was proud of the tasks they took on.

Senator Lakey asked Ms. Vauk to describe, from her perspective as a consumer, what the positives and the negatives of a state-based exchange were versus a federally-based exchange. **Ms. Vauk** responded that at the state level the Board can review and confirm state plans, manage the fee structure and be cost effective. She believes the local on-the-ground communication and the Consumer Connector's Program are significantly better than what we could do from a federal exchange standpoint. Consumers can interact with neighbors regarding health insurance issues. Having a state-based exchange makes it all about Idaho.

MOTION:

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

**GUBERNATORIAL
APPOINTMENT &
VOTE:**

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

David Self explained he was currently Senior Vice President and Regional Director for Idaho and Washington, for Pacific Source Health Plans. He said he oversees Idaho operations, lead sales with marketing and business development activities in commercial and government markets. In addition, he is the executive representative with regulatory entities, business partners, industry organizations, the business community and the media. He has spent 24 years as a health insurance and technology executive. Currently, he is on the Outreach Education Committee and the Outreach and Governance Committee. He and his colleagues have the unique opportunity to craft insurance for Idahoans without layers. He said he was grateful to have the opportunity to serve the people of Idaho.

Senator Cameron disclosed for the record (for this presenter and the next two presenters) that his office works with Pacific Source and Regence BlueShield.

MOTION:

Senator Lakey moved to send the gubernatorial appointment of David Self 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 Lodge will carry the appointment on the floor of the Senate.

**GUBERNATORIAL
APPOINTMENT &
VOTE:**

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

Scott Kreiling thanked the Committee for their time and said that he was proud to serve the State of Idaho. He said that currently he is President of Regence BlueShield of Idaho. He said his current responsibilities included leading and executing Regence BlueShield of Idaho strategies. He said he was responsible for directing and guiding statewide operations and market performance while representing and promoting Regence in business and civic arenas throughout the State. **Mr. Kreiling** said he was focused on what the Board can do for the consumer.

Senator Cameron disclosed for the record, that he had a potential conflict of interest. He said, for the record, that Mr. Kreiling was a class act and that we are fortunate to have this caliber of person on our Board. He asked Mr. Kreiling what direction he thought the Exchange was moving once Idaho took over its share of the Exchange. **Mr. Kreiling** said he was excited about getting off of the federal technology and happy to be working with the state's technology. He said we can continue to keep costs down, keep staffing to a minimum and provide a solution that is local and for Idaho.

Senator Cameron asked, from the perspective of a carrier, what are the advantages of a state-based exchange rather than a federal exchange. **Mr. Kreiling** responded that we are a local company and we are here in the marketplace. **Mr. Kreiling** said the Department of Insurance and the Legislature understands the challenges. The Exchange has the ability to adapt to accomplish things that make sense and preserve our values. In the near future, the Exchange has to be self-sustaining. The Board is ensuring that we have qualified people who have undergone an FBI check. We have brokers who truly understand Idaho and the consumer and can answer questions about health insurance.

Senator Guthrie wanted to know if other carriers had questioned Mr. Kreiling about the state exchange and whether he had any conversations with carriers in other states. **Mr. Kreiling** replied that he has spoken with others across the country who wished they had implemented a state-based exchange. By having a state-based exchange, broker relationships have been strengthened. Some states are in a position where they have no local control.

Senator Schmidt asked whether the Board has had a discussion about a succession plan for their four-year terms. **Mr. Kreiling** said the legislation did not address replacements, and the authority was up to the Governor, subject to Senate confirmation. He said the Board will take that issue under advisement.

MOTION:

Senator Guthrie moved to send the gubernatorial appointment of Scott Kreiling 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 Ward-Engelking will carry the appointment on the floor of the Senate.

**GUBERNATORIAL
APPOINTMENT &
VOTE:**

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

Kevin Settles thanked the Committee for their time and said it was a great privilege to be on the Board. He said he owns and operates the successful Bardenay Restaurant and distillery operations, with locations in Boise, Eagle and Coeur d'Alene. He explained he is a member of the National Restaurant Association Board of Directors, past president of the Idaho Lodging and Restaurant Associations Board of Directors, secretary of the Bogus Basin Recreational Association Board of Directors, and a Commissioner for the Idaho Human Rights Commission. **Mr. Settles** said he represents small businesses. Initially, he had great concerns about a state exchange. He said it was critical for a business to find out what was going on with the Exchange. He said he has learned a tremendous amount. His primary goal is to insure that YHI is efficient and cost effective.

MOTION:

Vice Chairman Patrick moved to send the gubernatorial appointment of Kevin Settles 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 Patrick will carry the appointment on the floor of the Senate.

GUBERNATORIAL APPOINTMENT & VOTE:

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

Mark Estess thanked the Committee for their time. He said he is the State Director of the American Association of Retired Persons (AARP), Idaho, and has had over two decades of leadership, strategic executive management, government relations and consumer affairs experience from the association, corporate, non-profit and public policymaking arenas. He is a team-oriented manager, effective at utilizing a consensus solution-oriented approach, building coalitions, and fostering understanding, compromise and broad agreement among stakeholders with diverse and often divergent interests. He said he has worked on health insurance policy and state and federal regulatory issues for some of the largest health care providers and public pension funds in the country with regional and national operations. He noted that he is an effective advocate at the community, state and national levels, having worked in and with the legislative, executive and judicial branches of government, on both sides of the federal-state relationship in Idaho and Washington, D.C.

His role on the Board is to fill the consumers role. He serves as Chair of the Product Committee or the Marketplace Committee, formerly known as the Technology Committee. He said he has made efforts to build awareness and to market the Exchange to Idahoans. His Committee has focused on setting up the Information Technology (IT) systems and processes associated with building the Exchange from the IT standpoint.

He said he wanted to share his perspective. He said the difference between a state-based exchange and a federal exchange is that it is about the people. He said the state-based Exchange really cares about the welfare of Idahoans. The Board has afforded the opportunity to create from the outset a very inclusive, transparent process that is really balanced. People have the opportunity to come in and provide their opinions and perspectives, which really influences the outcome of the decisions that the Board makes. Agents and brokers have the opportunity to get a look and a feel of what the Exchange looks like. They can decide if it is cumbersome or too complicated, and whether it make sense. They are going to be able to give real and meaningful input, as practitioners who live and work in Idaho, into the overall architecture of the Exchange. We now find ourselves with a competitive advantage. The question is how do we build a state-based exchange that is viable. **Senator Guthrie** commented that

he appreciated the outreach and the answers to questions that Mr. Estess provided.

MOTION:

Senator Lakey moved to send the gubernatorial appointment of Mark Estess to the Idaho Health Insurance Exchange Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Martin** seconded the motion. The motion carried by **voice vote**. Senator Guthrie will carry the appointment on the floor of the Senate.

ADJOURNED:

There being no further business, **Chairman Tippetts** adjourned the meeting at 2:06 p.m.

Senator Tippetts
Chair

Linda Kambeitz
Secretary