

Establishment of An Exchange

Governance Through a Quasi-Governmental Non-Profit Entity

A. *Establishment of Exchange.* -

- (1) The [insert official title of the Exchange] is hereby established as a quasi-governmental, non-profit entity.
- (2) (i) The Exchange shall be governed by a board of directors.
 - (ii) The board consists of [thirteen members] appointed as follows:
 - (a) [three] members shall be individuals who are affiliated with a health benefit plan issuer authorized to write qualified health benefit plans in this state;
 - (b) [two] members shall be consumer representatives who have purchased policies through the Exchange or are reasonably expected to purchase policies through the Exchange;
 - (c) [three] members of the board shall be health care providers;
 - (d) [three] members of the board shall be representatives of employer groups; and
 - (e) [two] members of the board shall be insurance agents or brokers.

Note: The language in [brackets] is variable language. The number of board members per se is not critical, but it is important to maintain an odd number to avoid board deadlock, and to ensure broad stakeholder participation.

(3) Circumstances Requiring Recusal

- (a) The Board is required to adopt conflict of interest rules and recusal procedures. Such rules and procedures must include the requirement that a Board member recuse himself or herself from an official matter if he or she had any financial involvement or interest in that matter, prior to the commencement of Board service.
 - (b) PROCEDURES FOR RECUSAL- All recusals must be in advance, in writing and specify the reason and date of the recusal.
- (4) The board of directors shall be appointed by the Governor [Insurance Commissioner].
 - (i) Members of the board serve staggered six-year terms.

(ii) Vacancies on the board shall be filled by the Governor [Insurance Commissioner].

(iii) The board shall annually designate one individual to serve as presiding officer.

(5) A member of the board is entitled to:

(i) a per diem in the amount provided by the General Appropriations Act for state officials for each day the member performs duties as a board member; and

(ii) reimbursement of expenses incurred while performing duties as a board member in the amount provided by the General Appropriations Act for state officials.

(6) A member of the board is not liable for an act or omission made in good faith in the performance of powers and duties under this Act.

(7) The Exchange may employ and set the compensation of any persons necessary to assist it in carrying out its responsibilities and functions.

(8) The Exchange may appoint appropriate legal, actuarial, and other committees necessary to provide technical assistance in its operations and performing any of the functions of the Exchange.

B. The Exchange shall:

(1) Facilitate the purchase and sale of qualified health plans;

(2) Provide for the establishment of a SHOP Exchange that is designed to assist qualified small employers in this State in facilitating the enrollment of their employees in one or more qualified health plans offered in the small group market in this State; and

(3) Meet the requirements of this Act and any regulations implemented under this Act.

C. The Exchange shall report to the Legislature on an annual basis, a report on the activities and financial health of the Exchange along with recommendations about any legislative modifications that would improve Exchange operations.