BOARD OF DIRECTORS TRANSITION OF AUTHORITY

Overview

MNsure enabling legislation was signed into law on March 20, 2013 by Governor Mark Dayton. Per the legislation, MNsure is constituted as a state board governed by a seven member board that includes the Commissioner of the Minnesota Department of Human Services and six additional members who are appointed by the Governor and confirmed by the Minnesota House of Representatives and the Minnesota Senate.

Board members were appointed by Governor Dayton in April 2013. Under MNsure's enabling legislation, the Board has 180 days from the March 20, 2013 date of enactment to establish its governing policies and procedures. The board met eight times between May and August 2013 and developed a number of policies and procedures:

- Charter and bylaws
- Code of ethics and business conduct
- Public comment policy
- Advisory committee policy and charters
- Delegation of authority
- Procurement policy
- Fiscal policy
- Tribal consultation policy
- Reporting, measurement and evaluation for MNsure
- Reporting, measurement and evaluation for board of directors
- Conflict of interest

MNsure

BOARD OF DIRECTORS TRANSITION OF AUTHORITY

Whereas, pursuant to Laws of Minnesota 2013, Chapter 9, Section 14, Paragraph (a), the Commissioner of Management and Budget is authorized to exercise all authorities and responsibilities of the MNsure Board identified in Minnesota Statutes, Sections 62V.03 and 62V.05 until the Board has established bylaws, policies and procedures governing the operations of MNsure;

Whereas, pursuant to Minnesota Statutes, Section 62V.05, Paragraph (d), the individuals appointed to the MNsure Board under Minnesota Statutes, Section 62V.04, Subdivision 2, have been directed, within 180 days of the enactment of Laws of Minnesota 2013, Chapter 9, to establish bylaws, policies, and procedures governing the operations of MNsure; and

Whereas, pursuant to Laws of Minnesota 2013, Chapter 9, Section 14, Paragraph (b), upon establishment of bylaws, policies and procedures governing the operations of MNsure, all personnel, assets, contracts, obligations, and funds managed by the Commissioner of Management and Budget for the design and development of MNsure shall be transferred to the MNsure Board.

Now, therefore, it is agreed by the Commissioner of Management and Budget and by the individuals appointed to the MNsure Board that:

1. The individuals appointed to the MNsure Board under Minnesota Statutes, Section 62V.04, Subdivision 2, have established bylaws, policies, and procedures governing the operations of MNsure;
2. The Commissioner of Management and Budget shall no longer exercise the authorities and responsibilities of the MNsure Board under Minnesota Statutes, Sections 62V.03 and 62V.05 and all of these authorities and responsibilities shall be fully vested in the MNsure Board; and
3. The Commissioner of Management and Budget shall transfer any of his existing management authority over personnel, assets, contracts, obligations, and funds related to the design and development of MNsure to the MNsure Board, including the transfer of any authority or assets identified in Minnesota Statutes, Section 15.039, as applicable.

James Schowalter
Commissioner, Minnesota
Management and Budget

5/21/13
Date

Brian Beutner
Chair, MNsure Board of Directors

8/21/13
Date

CHARTER and BYLAWS

ARTICLE 1

Charter

Section 1.1 Name. This organization will be known as MNsure. The organization operates as a board (as defined in Minn. Stat. §15.012), and is created pursuant to the Minnesota Insurance Marketplace Act, Minn. Stat. Chapter 62V ("the Act").

Section 1.2 Purpose. The purpose of the organization is to ensure that every Minnesota resident and small business, regardless of health status, can easily find, choose, and purchase a health insurance product that they value and does not consume a disproportionate share of their income.

Section 1.3 Goals Established by Legislature. The organization was created by the Minnesota Legislature to accomplish the following:

A. promote informed consumer choice, innovation, competition, quality, value, market participation, affordability, suitable and meaningful choices, health improvement, care management, reduction of health disparities, and portability of health plans;

B. facilitate and simplify the comparison, choice, enrollment, and purchase of health plans for individuals purchasing in the individual market and for employees and employers purchasing in the small group market;

C. assist small employers with access to small business health insurance tax credits and to assist individuals with access to public health care programs, premium assistance tax credits and cost-sharing reductions, and certificates of exemption from individual responsibility requirements; and

D. facilitate the integration and transition of individuals between public health care programs and health plans in the individual or group market and develop processes that, to the maximum extent possible, provide for continuous coverage.

ARTICLE 2

Bylaws

Section 2.1 Legal Governance. The organization will perform its functions in accordance with the Act, these Bylaws, other state laws, and federal laws and regulations governing the operation of a health insurance exchange.

Section 2.2 Governance Principles. In governing the organization, the Board of Directors will observe the following governance principles. It will:

A. be open in sharing its decision making process with stakeholders and the public;

B. encourage the expression of diverse viewpoints, and make decisions based on advancing the Purpose of the organization;

C. encourage candid discourse, and foster an environment in which respectful disagreement is supported;

D. support innovation in the work of the organization both internally and where it impacts stakeholders;

E. actively and continually seek input from the community, especially the organization's stakeholders;

F. provide diligent financial oversight to ensure that the organization's financial condition is sound and that it has sufficient resources to accomplish its Purpose; and

G. maintain a clear distinction between the Board and Executive Director roles, and will focus on strategic direction rather than administrative detail.

ARTICLE 3

Board of Directors

Section 3.1 General Powers. Except as otherwise specifically provided for in these Bylaws and in the Act, the business of the organization will be managed exclusively by the Board of Directors. The policy-making powers of the organization will be vested in

the Board of Directors, including the powers enumerated in the Act. The Board of Directors may from time to time delegate such authority and responsibility as it may determine to one or more committees or officers, and to the Executive Director.

Section 3.2 Number, Appointment. The Board will consist of seven Directors, six appointed as required by Minn. Stat. §62V.04, Subdivision 2, and the Commissioner of Human Services or a designee.

Section 3.3 Term. Following the appointment of the initial Board of Directors, subsequent directors will be appointed to serve four-year terms. Directors may serve a maximum of two consecutive terms. If a Director is appointed to fill a vacancy and serves for more than half of the unexpired term, the Director will be eligible for appointment to only one additional consecutive term.

Section 3.4 Resignation and Removal. Any Director may resign at any time by giving written notice to the Chair (on behalf of the Board). A Director may be removed as provided in Minn. Stat. §62V.04, Subd. 9.

Section 3.5 Vacancies. Vacancies on the Board will be filled as provided in Minn. Stat. §62V.04, Subd. 8.

Section 3.6 Compensation. Members of the Board will be compensated as provided in Minn. Stat. §62V.04, Subd. 12.

Section 3.7 Quorum and Voting. A majority of the Directors constitutes a quorum, and the affirmative vote of a majority of Directors is necessary and sufficient for action taken by the Board. Directors are not permitted to vote by proxy, nor may they satisfy their attendance obligations by sending a proxy to attend meetings.

Section 3.8 Regular Meetings. The Board will meet at least quarterly at a place, day and hour to be determined by the Board. With the approval of all members present at a given meeting, any scheduled meeting may be advanced or postponed to another date. All meetings must comply with the Minnesota Open Meeting Law, Minn. Stat.§13D, except as otherwise provided in the Act. The Board may meet by telephone or other electronic means, or by interactive television, as provided by Minn. Stat. §§13D.015 and 13D.02. The Board may close any board meeting in accordance with the provisions of the Open Meeting Law.

Section 3.9 Special Meetings. Special meetings of the Board may be called by the Chair of the Board, the Vice Chair when serving as acting Chair of the Board, or by a majority of the Board. The Executive Director must give no less than one (1) day notice

of any special meeting to Directors by personal delivery, facsimile or electronic transmission. Notice of special meetings must also be provided as required by the Minnesota Open Meeting Law.

Section 3.10 Rules of Order. The Board will conduct its meetings through discussion, consensus building and informal meeting procedures to the extent possible. The Board may adopt such procedural rules of order as it may find useful from time to time to facilitate its business, and in the absence of any such rules will follow Robert's Rules of Order.

Section 3.11 Officers. The elected officers of the Board will be a chair and a vice-chair. Each of the elected officers will serve a one (1) year term. The Board will elect its officers annually at its regular second quarter meeting. Nominations will be taken from members of the Board according to a process determined by the Chair. Officers may serve no more than two consecutive terms and an officer who has served for more than one-half of a term will be deemed to have served a full term. The elected officers of the Board are subject to removal by the Board at any time, with or without cause, by a vote of a majority of the Board. Any officer may resign his or her office by giving written notice to the Board. The Board will elect a replacement to serve the unexpired portion of the term of the resigning officer.

A. The Chair will preside over all meetings of the Board, provide such guidance to and oversight of the Executive Director as may be necessary between meetings of the Board, and generally ensure that all actions of the Board are carried into effect by the Executive Director or the responsible Board committee. The Chair will perform such other duties as are incident to the office of Chair.

B. The Vice-Chair will preside over meetings of the Board when the Chair is absent and will have the powers, rights and obligations of the Chair when the Chair is temporarily unable to act. The Vice-Chair will have such other duties as may be assigned by the Chair or the Board. In the event of permanent absence or disability of the Chair, the Vice-Chair will immediately call a meeting of the Board for the sole purpose of electing a new Chair. The Vice-Chair will preside over this meeting until the vacancy is filled by election and the successor Chair assumes office.

C. The Executive Director will ensure that minutes are kept of all meetings of the Board, Board committees, and technical and advisory committees, that

records of proceedings are kept as required by the Minnesota Open Meeting Law, and that the minutes are accurate.

Section 3.12 Governance Policies. The Board may create policies that describe governance structure, decision making processes, and other relevant board processes.

ARTICLE 4

Delegation of Authority

Section 4.1 Executive Director. The Board will appoint an Executive Director to administer the organization. The Executive Director will be responsible for the day-to-day operations of the organization, in accordance with the policies and guidelines delineated by the Board. The Executive Director will report directly to the Board.

Section 4.2 Contracts. The Board may delegate to the Executive Director the authority to execute and deliver contracts on behalf of the organization. The Board will establish by policy the Executive Director's level of authority to bind the organization, and the procedures to be followed in doing so.

ARTICLE 5

Committees

The Board may create one or more standing or ad-hoc committees. Each committee will have the authority given by the Board at its creation. Upon the creation of a committee, the Board will appoint a committee chair, who must be a Director. The Board may appoint individuals who are not Directors to Board committees. Board committees are subject to the Minnesota Open Meeting Law.

ARTICLE 6

Technical and Advisory Committees

The Board will establish and maintain advisory committees as required by Minn. Stat. §62V.04, Subdivision 13. Upon the creation of a committee, the Board will appoint a

Board member to serve as liaison to each committee, and will also appoint a committee chair, who need not be a Board member. Such advisory committees are subject to the Minnesota Open Meeting Law.

ARTICLE 7

Conflicts of Interest

Section 7.1 Statutory Criteria. The Board will observe the statutory provisions regarding conflicts of interest set forth in Minn. Stat. §62V.04, Subdivision 4.

Section 7.2 Policy and Procedure. The Board will adopt and maintain a policy and procedure to ensure that conflicts of interest are properly addressed at all times.

ARTICLE 8

Protection from Liability

Section 8.1 Statutory Protection for Liability. For any act performed within the course and scope of authority under the Act, the Board, the individual members of the Board and the employees and agents of the Board will be entitled to the immunity granted pursuant to Minn. Stat. §§3.736 and 466.03, Subd. 6, subject to the limitations set forth therein.

Section 8.2 Additional Indemnification. The organization may provide such other indemnification as may be permitted by law if the Board reasonably believes such indemnification to be in the best interests of the organization.

ARTICLE 9

Amendment

The organization's Charter and Bylaws may be amended only by the affirmative vote of a majority of the entire Board of Directors. In the event the Board proposes to consider an amendment at a Board meeting, notice of the meeting must state that a proposed amendment will be considered at the meeting, and must also give notice of the

proposed amendment(s). All such notices must comply with Minnesota's Open Meeting Law. No amendment may be adopted that would conflict with the provisions of the Act relative to the governance of the organization. This Charter and Bylaws will be deemed automatically amended in the event of any amendment to the Act subsequent to the date of adoption hereof, to the extent necessary to bring the Charter and Bylaws into compliance with the amended provisions of the Act.

BOARD CHAIR APPROVAL

Date 6/25/13 Signature Brian K Beaty

MNsure

BOARD OF DIRECTORS
CODE OF ETHICS AND BUSINESS CONDUCT

The Board of Directors of MNsure has adopted this Code of Ethics and Business Conduct to help foster and support a culture of honesty and accountability among members of the Board of Directors. This Code of Ethics and Business Conduct applies to all directors and board committee members, and for purposes of this code, the term "Director" is deemed to include committee members. Directors are encouraged to bring questions or concerns about particular circumstances to the Chair for discussion.

1. Diligence: Directors must exercise appropriate diligence in overseeing the management of MNsure and in making decisions. In furtherance of this obligation, Directors should:

    a. Prepare for and attend board and committee meetings: Directors should devote appropriate time to studying materials furnished in advance of board and committee meetings. Directors are expected to attend board and committee meetings, absent extenuating circumstances.

    b. Become and remain educated about MNsure's operations and market: Directors should exercise reasonable efforts to become educated about MNsure's operations and about the health care marketplace within which it operates.

    c. Make inquiries: Directors should inquire about concerns that come to their attention and continue to follow up until they are reasonably satisfied that management is addressing them appropriately. Directors are entitled to rely on committees, management and professional advisors unless they have knowledge that such reliance is unwarranted.

2. Loyalty: Directors must act in good faith and in furtherance of MNsure's mission. Directors should not use their positions as such for personal gain. The duty of loyalty is relevant to conflicts of interest and organizational opportunities, discussed below.

a. Conflict of Interest: Directors must comply with MNsure's Conflict of Interest Policy and participate in an annual conflict of interest disclosure process.

b. Organizational Opportunities: Directors are prohibited from: (a) using MNsure's property, information, or position for personal gain; or (b) competing with MNsure for business opportunities.

3. Confidentiality: Directors should maintain the confidentiality of all non-public information relating to MNsure. All information discussed in non-public board or committee meetings is presumed to be non-public unless it is known by the director to be otherwise.

4. Integrity: Directors should act with integrity and in an ethical manner, including the following:

a. Compliance with Laws, Rules and Regulations: Directors must comply, and oversee compliance by employees, officers and other directors of MNsure, with all laws, rules and regulations applicable to MNsure.

b. Acceptance of Gifts and Entertainment: Directors are prohibited from accepting gifts except as provided in Minn. Stat. §10A.071.

c. Encouraging Reporting: Directors should promote an ethical culture in which employees are encouraged to report suspected wrongdoing and will not incur retaliation for reports made in good faith.

5. Director Compliance with Code: Directors should notify the Chair of any suspected violations of this Code. Violations will be investigated by the board or persons designated by the board and appropriate action will be taken. Waivers will be considered by the Chair and will be granted only in exceptional circumstances.

BOARD CHAIR APPROVAL

Date 6/25/13 Signature Brian K Bentz

PUBLIC COMMENT POLICY

1) Purpose. The Board of Directors believes that public involvement in the policymaking process is the best way to develop sound policy and encourage public understanding of and participation in MNsure's activities. To that end, this policy provides a process by which MNsure may solicit public comment when solicitation of public comment is not required by law.

2) Applicability. This policy applies when MNsure desires to seek public comment. However, when the MNsure Board is considering adopting a policy, procedure or other statement that would qualify as a "rule," as defined in Minn. Stat. § 14.02, subd. 4, it must follow the process outlined in Minn. Stat. § 62V.05, subd. 8 prior to adoption of the rule.

3) Roles and Responsibilities. The Board or the Executive Director may determine when to seek public comment with respect to a matter that is subject to this Public Comment Policy. If the Executive Director seeks public comment under this Policy, (s)he will determine whether to present the matter to the Board for its review prior to publishing the request for public comment.

4) Public Comment at Board Meetings.

   a) Anticipation of the Need for Public Comment at Board Meetings. In developing the agenda for any Board meeting, the Board will consider whether any proposed agenda items would benefit from public comment during the Board meeting. Whenever possible, the Board will notify the public of its intentions to seek public comment when giving notice of the meeting.
   b) Procedure. The Board of Directors of MNsure may devote a portion of each Board meeting to public comment or may call meetings designated specifically for receiving comments from the public on issues relevant to MNsure. The Chair of the Board and the Executive Director will establish the amount of time to be devoted to public comment, if any, at each Board meeting and whether meetings should be called to specifically collect comments from the public on particular issues.

5) Other Methods of Gathering Public Comment:

   a) Notice to the Public. The Board and/or Executive Director may, in their discretion, seek public input on any matter using any method that is convenient and meets the MNsure's time constraints relative to the decision under consideration. Permissible methods include, but are not limited to:
      i) Publishing the question, issue, or policy on the MNsure website and soliciting comments within a specified time frame;

ii) Publishing the question, issue, or policy through the state register and soliciting comments within a specified time frame;
iii) Posing the question via the MNsure listserv and soliciting comments within a specified time frame;
iv) Convening a public meeting of interested stakeholders; and/or
v) Using social media sources (e.g., Twitter, Facebook) to solicit public comment.

b) Collecting or Receiving Public Comments. For all public comments solicited under this policy other than those provided during a meeting, MNsure will accept comments by email, fax, or hard copy. However, MNsure will encourage members of the public to provide comments through an online portal on the MNsure website or through a centralized comment submission procedure, such as an email address created for that purpose.

c) Consideration of Comments. When comments are submitted in writing, the Executive Director will assign a member of MNsure's staff to read and consider every comment submitted and post all comments received on its website within 7 days of the end of the comment time frame specified in the request, unless the Executive Director grants an extension for good cause. At the Board's request, the Executive Director will assign a member of MNsure's staff to prepare a written summary of such comments.

d) Unsolicited Public Comments. The Board, together with the Executive Director, will provide a mechanism whereby consumers may give feedback on any matter relevant to MNsure. When a member of the public provides unsolicited feedback, the Executive Director (or his/her designee) may decide how to handle those comments.

BOARD CHAIR APPROVAL

Date _____ Signature Brian K Beck

POLICY ON ADVISORY COMMITTEES

ARTICLE 1
Advisory Committees Generally

Section 1.1 Purpose

The Board of Directors of MNsure (the "Board") will establish, define the responsibilities of, consult regularly with, and receive recommendations from advisory committees to assist the Board and MNsure in carrying out its purposes. Advisory committee members serve in an advisory capacity to the Board, and do not have a vote on Board matters.

Section 1.2 Statutorily-Required Advisory Committees

The Board is required to create advisory committees representing insurance producers, health care providers, the health care industry, consumers and other stakeholders (the "Required Stakeholders") pursuant to Minn. Stat. § 62V.04, subd. 13(a). Initially, the Board will establish two advisory committees, the Health Industry Advisory Committee and the Consumer and Small Employer Advisory Committee, to meet this obligation. The Board may dissolve, reconstitute and/or reorganize these advisory committees at any time, provided that it give 30 days' notice to the public if planning to reorganize a committee, and provided that it always maintains advisory committees that include the Required Stakeholders.

Section 1.3 Optional Advisory Committees

The Board may establish additional advisory committees under this Section to gather and provide information to the Board to facilitate the operation of MNsure as either ad hoc committees with a specified expiration date, or as standing committees that may be dissolved by the Board at its discretion.

Section 1.4 Appointment

The Board (or a subcommittee thereof) will appoint members of advisory committees following the application process described in this Section:

A. The Board will appoint a Board member to serve as liaison to each committee, and will also appoint a committee chair, who need not be a Board member.

B. Any advisory committee vacancies will be published on the MNsure website for 30 days prior to being filled. Each posting will include a list of qualifications for the vacant position.
C. The Board will observe the nomination provisions of Minn. Stat. § 15.0597, subd. 5.
D. The Board (or its designee) and the Executive Director will review all applications received for a particular vacancy.
E. The Board (or its designee) will consider the Executive Director's input when making its final appointment.
F. The Board (or its designee) will ensure that each committee has members representing diverse geographic areas, socioeconomic groups and ethnic groups.

Section 1.5 Number

Each advisory committee will consist of a minimum of 3, and a maximum of 17, members. The Board will determine the size of a specific advisory committee after consideration of stakeholder groups to be included on that advisory committee.

Section 1.6 Compensation

Members of this committee may be compensated and provided with expense reimbursement as provided in Minn. Stat. § 15.059, subd. 3.

Section 1.7 Resignation and Removal

Any advisory committee member may resign at any time by giving written notice to the chairperson of the committee. An advisory committee member may be removed by a majority vote of the Board.

Section 1.8 Regular Meetings

Advisory committees will meet at least quarterly, unless a different meeting frequency is listed in an advisory committee's charter, at a predetermined place and time to discuss issues related to MNsure and to make recommendations to the Board. The requirements of the Minnesota Open Meeting Law, Minn. Stat. ch. 13D, apply to meetings of advisory committees as they would apply to a meeting of the Board.

Section 1.9 Special Meetings

The Board may call a special meeting of an advisory committee at any time that it would like input from a particular advisory committee. The chairperson of the committee must

give no less than one (1) day notice of any special meeting to committee members by personal delivery, facsimile or electronic transmission.

Section 1.10 Support

Staff of MNsure, as designated by its Executive Director, will provide secretarial and logistical support services to the advisory committees and will oversee and coordinate the overall management of advisory committees.

Section 1.11 Communication to the Board

Advisory committees must provide written summaries of their discussions and advice to the Board. All communication with the Board must be directed through the chairperson of the advisory committee. When invited by the Chair of the Board, the chairperson of the committee (or another member of the committee at the invitation of the Chair) may present information to the Board at Board meetings.

Section 1.12 Advisory Committee Charters

Each advisory committee will have a written charter that includes:

a) Scope of Activities
b) Description of Duties
c) Composition of Committee
d) Term Length and Term Limits for committee members

BOARD CHAIR APPROVAL

Date 7/18/13 Signature Brian K Beck

MNsure

CONSUMER AND SMALL EMPLOYER ADVISORY COMMITTEE CHARTER

Authority. The official designation of this advisory committee is the Consumer and Small Employer Advisory Committee (the "Committee"). This article constitutes the charter for the Committee pursuant to the provisions of Minnesota Statute § 62V.04, subdivision 13(a). The Committee is established by the MNsure Board of Directors (the "Board").

Scope of Activities. The Committee will provide appropriate and relevant advice and counsel on MNsure's duties and operations and other related issues for the benefit of the Board.

Description of Duties. When the Board or staff of MNsure request consumer or small-employer guidance on a question or issue, the Committee is charged with providing opinions, analyzing issues and utilizing their own experiences to facilitate discussion and present to the Board diverse consumer and small-employer perspectives related to MNsure. The Committee will be responsible for gathering broad consumer input from social media sources and considering that input in formulating its advice. When directed by the Board, the Committee may be asked to provide recommendations on specific issues identified by the Board. The Committee may have such other duties and responsibilities as the Board assigns to it. At any time, the Committee may provide input to the Board on key policy and relevant operations decisions, both prospectively and retrospectively. When the Committee provides input that is not in response to a specific request from the Board, it should be as specific as possible, and should provide direction that is intended to ensure that MNsure is successful.

Composition. The Committee will consist of consumers, including consumers enrolled in public programs, self-employed individuals, representatives of small businesses (under 50 employees), a member with the skills necessary to gather broad consumer input from social media sources, and other experts in consumer and health care market issues.

Term Length and Limits. Committee members will be appointed to serve two-year terms with possible reappointment to a second term. Members may serve a maximum of two consecutive terms, for a maximum of four years of consecutive service.

BOARD CHAIR APPROVAL

Date 7/18/13 Signature Brian K Beaulo

MNsure

HEALTH INDUSTRY ADVISORY COMMITTEE CHARTER

Authority. The official designation of this advisory committee is the Health Industry Advisory Committee (the "Committee"). This article constitutes the charter for the Committee pursuant to the provisions of Minnesota Statute § 62V.04, subdivision 13(a). The Committee is established by the MNsure Board of Directors (the "Board").

Scope of Activities. The Committee will provide appropriate and relevant advice and counsel on MNsure's duties and operations and other related issues for the benefit of the Board.

Description of Duties. The Committee will have the following duties:

a) The Board and staff of MNsure may seek advice from the Committee that contributes to its strategic decision-making. When the Board requests health-industry guidance on a question or issue, the Committee should analyze issues utilizing its members' experiences and technical expertise to facilitate discussion. It should then provide the Board with analysis and advice that reflects health-industry perspectives related to the question at hand.
b) When directed by the Board, the Committee may be asked to provide recommendations on specific issues identified by the Board.
c) At any time, the Committee may provide input to the Board on key policy and relevant operations decisions, both prospectively and retrospectively. When the Committee provides input that is not in response to a specific request from the Board, it should be as specific as possible, and should provide direction that is intended to ensure that MNsure is successful.
d) The Committee may have such other duties and responsibilities as the Board assigns to it.

Composition. The Committee will consist of representatives of insurance producers, health plans, health care providers, and other experts in the healthcare industry.

Term Length and Limits. Committee members will be appointed to serve two-year terms with possible reappointment to a second term. Members may serve a maximum of two consecutive terms, for a maximum of four years of consecutive service.

BOARD CHAIR APPROVAL

Date 7/18/13 Signature Brian Beck

DELEGATION OF AUTHORITY & AUTHORITY LIMITS

1) BACKGROUND AND INTRODUCTION

MNsure is a state board established by the Minnesota Insurance Marketplace Act (the "Act.") The Board of Directors of MNsure is responsible for providing diligent oversight to ensure that the organization's financial condition is sound, that it has sufficient resources to accomplish its Purpose, and that it can effectively carry out its responsibilities as defined in the Act, and in its Charter and Bylaws. The Board is committed to ensuring effective delegation within the organization to foster consistent good business practices and governance. The principal objectives of this policy are to establish:

A. Authorities reserved to the Board of Directors; and

B. Authority limits appropriate to empower the Executive Director and organization staff to act effectively and make key decisions in relation to the organization's activities.

2) APPLICATION

This policy applies to all members of the MNsure Board, the Executive Director, and those members of the organization's staff who have been delegated authorities by the Executive Director. It establishes the authority of each of these groups to make decisions and commitments on behalf of the organization.

3) POLICY

A. The Board of Directors reserves to itself authority over significant matters of policy and finance affecting MNsure, including those matters requiring Board approval as described in Appendix A.

B. The Board of Directors delegates day-to-day management of the organization to the Executive Director, subject to its reserved authorities as outlined in Appendix A. The Board may, by resolution, modify or remove the Executive Director's authority limits to address specific situations on a case-

by-case basis.

C. All staff members are expected to be familiar with their authorization limits, as well as those of their direct reports, to operate within them, and to exercise care with respect to decisions made and commitments entered into on behalf of the organization. All delegations by the Executive Director to subordinate staff members must be made in writing and must include start and end dates. Documentation must be maintained for all delegations.

4) PROCEDURE

A. Definitions. Terms used in this Policy and Procedure are defined as follows:

i. **Approving Authority** means the individual or body designated in Appendix A to approve a decision or transaction.

ii. **Premium withhold** means a portion of premiums for plans sold through MNsure that is retained to fund the operations of the organization.

B. General

iii. Combining Transactions. Dividing a commitment or transaction into two or more parts or payments to evade a limit of authority under this Policy is not permitted. Any two or more series of reasonably related transactions which, in the sole opinion of the approving authority, are related, will be considered as a single transaction for the purpose of determining approval and authority levels required by this Policy.

iv. Compliance Documentation. Individuals executing contracts and approving transactions on behalf of MNsure must ensure that all approvals and reviews required by this Policy, and other MNsure policies and procedures, have been followed, and are responsible for obtaining and maintaining appropriate documentation of such approvals.

v. Nature of Delegation. Unless otherwise specified, powers are delegated to a position, not to a person, and the authority delegated extends to any person acting in the position.

vi. Further Delegation. Except as to authorities specifically delegated in

Appendix A, the Executive Director is permitted to delegate authority to his/her direct reports. For all authorities delegated in Appendix A, when the individual with authority is temporarily unavailable due to vacation, illness, travel, or unforeseen event, their authority must be delegated to ensure the continuation of business.

vii. Approval Process. Electronic (e-mail) sign-off is an acceptable form of approval.

C. Travel and Business Expense Reports.

viii. MNsure will not reimburse employees for travel and business expenses without the prior written approval of the Executive Director.

ix. The Executive Director's travel and expense report must be approved by the Board Chair or, if the Board Chair chooses to delegate, by the CFO.

D. **Specific Authorities.** The attached Appendix A defines authorities reserved to the Board, those delegated to the Executive Director, and those the Executive Director may delegate to other staff. Appendix A also establishes the types and maximum amounts of obligations that may be approved by individuals.

DELEGATION OF AUTHORITY & AUTHORITY LIMITS

Appendix A

Matters Requiring Board Approval or Notification			
		Approval	Notification, Approval Delegated to Executive Director
Strategic Planning	Establishment and, if necessary, modification of the organization's mission and vision statements in service to its statutory Purpose	X	
	Adopting long-term objectives and strategies, including strategic plan	X	
	Material expansion or contraction of the organization's business	X	
Governance	Changes to the governance structure, including by-laws and the establishment or disbanding of Committees	X	
	Selection of Board leadership, including election of the Chair and Vice-Chair and appointment of Committee Chairs	X	
	Advisory committee member compensation	X	
	Removal of Board Member (with Governor)	X	
	Appointment, evaluation, compensation and termination, if necessary, of the Executive Director	X	
	Board policies	X	
	Organization's compensation plan	X	
	Hiring, discharging, and changes related to all managerial positions within the organization		X
Financial and Budgets	Approval of annual operating budget and expenditure plan (see fiscal policy) and any subsequent changes above Delegated Authority Limits	X	

Matters Requiring Board Approval or Notification

		Approval	Notification, Approval Delegated to Executive Director
	Approval of changes to budget and expenditure plan (see fiscal policy) within Delegated Authority Limits		X
	Establishment of premium withhold levels for organizational funding	X	
	Incurrence of debt through short or long term loans	X	
	Leases above Delegated Authority Limits	X	
	Leases within Delegated Authority Limits		X
	Grant applications above Delegated Authority Limits	X	
	Grant applications within Delegated Authority Limits		X
	Acceptance of material gifts and donations	X	
	Contracts and Purchases not categorized in annual budget plan above Delegated Authority Limits	X	
	Contracts and Purchases not categorized in annual budget plan within Delegated Authority Limits		X
Operations	Process for selection of health plans to be offered by organization	X	
	Strategic plan for navigator, in-person assister, and insurance producer programs	X	
	Decertification of health plans	X	
	Strategic plan for appeals process	X	
	Strategic plan for marketing and outreach	X	

Matters Requiring Board Approval or Notification			
		Approval	Notification, Approval Delegated to Executive Director
Agreements	Interagency agreements not categorized in annual budget plan within Delegated Authority Limits		X, Delegation limited to Executive Director and CFO
	Interagency agreements not categorized in annual budget plan above Delegated Authority Limits	X	
	Federal agreements and attestations		X, Delegation limited to Executive Director and CFO
	Other Agreements not categorized in annual budget plan, within Delegated Authority Limits		See Procurement Policy
	Other Agreements not categorized in annual budget plan, above Delegated Authority Limits	X	
Reports	Reports to be submitted to the legislature pursuant to the Act	X	
Litigation	Legal action instituted by the organization	X	
	Legal action instituted against the organization, including updates and outcomes		X
	Settlement of litigation within Delegated Authority Limits		X
	Settlement of litigation above Delegated Authority Limits	X	

Matters Requiring Board Approval or Notification

		Approval	Notification, Approval Delegated to Executive Director
Legislative	Annual legislative plan, including significant legislative initiatives	X	
Employment Related	Long-term Consulting Agreements/Contract employees not categorized in annual budget plan above Delegated Authority Limits	X	
	Long-term Consulting Agreements/Contract employees not categorized in annual budget plan within Delegated Authority Limits		X
	Compensation consultant	X	
	Engagement of Recruitment firm (managerial positions)		X
Data Practices	State and Federal information-sharing agreements		X
	Role-based authorization to enter, update, or access not public data		X
	Revocation of access to not public data	X	

Delegated Authority Limits

(NOTE: refers to maximum aggregate potential expenditure, without regard to cost-sharing with other agencies, e.g., DHS)

Item	Executive Director	Comments
Changes to Budget and Expenditure Plan	$500,000	
Leases	$500,000	
Grant Applications	$1,000,000	
Contracts and Purchases not categorized within Budget and Expenditure Plan (see fiscal policy)	$500,000	
Settlement of Litigation	$50,000	
Debt Forgiveness	$10,000	
Long-term Consulting Agreements/Contract Employees not categorized in within Budget and Expenditure Plan	$500,000	
Interagency agreements not categorized within Budget and Expenditure Plan	$500,000	
Other agreements not categorized within Budget and Expenditure Plan	$500,000	

Board Chair Approval

Date 7/9/13 Signature Brian Beck

PROCUREMENT POLICY

Section 1

Statement of Purpose

These procurement policies and procedures are intended to establish an open, competitive and transparent procurement process for MNsure that: a) promotes public confidence in MNsure's procurements; b) ensures the fair and equitable treatment of all persons and entities that participate in MNsure's procurement processes; c) fosters appropriate competition and provides safeguards for maintaining a procurement system of quality and integrity; d) promotes MNsure's increased economic efficiency and responsibility; e) achieves the best value for MNsure's purchasing power; and f) provides clarity and simplicity in the procedures governing MNsure's procurements.

Section 2

Statutory Authority

These Procurement Policies and Procedures, and provisions of Minnesota procurement law from which MNsure has not been exempted in Minnesota Statute ch. 62V, govern MNsure's acquisition of all goods, services, and utilities. These Policies and Procedures have been crafted in consultation with the commissioner of administration, as contemplated by Minnesota Statutes section 62V.03, subdivision 2(d)(2).

Section 3

Definitions

For purposes of this policy, the following terms and phrases are defined as follows:

3.1 "Best value" describes the result intended in all procurement processes. Price and performance criteria must be used to determine best value, but additional criteria may also be used to determine best value, including, but not limited to: the quality of the vendor's or contractor's performance on previous projects; the timeliness of the vendor's or contractor's performance on previous projects; the level of customer satisfaction with the vendor's or contractor's performance on previous projects; the vendor's or contractor's record of performing previous projects on budget and ability to minimize cost overruns; the vendor's or contractor's ability to minimize change orders; the vendor's or contractor's ability to prepare appropriate project plans; the vendor's or contractor's technical capacities; the individual qualifications of the contractor's key

personnel; the vendor's or contractor's ability to assess and minimize risk; or the vendor's ongoing compliance with those provisions of the Patient Protection and Affordable Care Act related to the provision of health insurance to their employees.

3.2 "Organizational conflict of interest" means that because of existing or planned activities or because of relationships with other persons: the vendor is unable or potentially unable to render impartial assistance or advice to the state; the vendor's objectivity in performing the contract work is or might be otherwise impaired; or the vendor has an unfair advantage.

Section 4

Conflicts of Interest

The acquisition of goods, services and utilities by MNsure must be free of all direct conflicts of interest, and all reasonable efforts must be made to avoid, mitigate, or neutralize any organizational conflicts of interest. The Executive Director and MNsure staff will observe the requirements of the code of ethics in Minnesota Statutes, section 43A.38 and the MNsure Conflicts of Interest Policy, Board Policy #11 in the procurement process.

Section 5

Contract and Purchasing Approval Authority

5.1 Related Policy. Contracts and purchases for the acquisition of goods, services and utilities covered by this Policy are also subject to the authority limits in the Delegation of Authority Policy, Board Policy #05.

5.2 Combining Transactions. Dividing a commitment or transaction into two or more parts or payments to evade a procurement requirement under this Policy is not permitted. Any two or more series of reasonably related transactions which, in the sole opinion of the Board of Directors, are related, will be considered as a single transaction for the purpose of determining the procurement procedures required by this Policy.

Section 6

Standard Procurement Processes

Except as provided in Section 7 below, MNsure will acquire all goods, services and utilities using one of the following methods. For purposes of applying the following sections, the contract value, if the amount payable under the contract is not a fixed dollar amount, will be deemed to be the maximum amount that could be paid based on the payment methodology set forth in the contract, using a good faith estimate if necessary:

6.1. Competitive Bidding Process for High-Cost Procurements.

6.1.1. For contracts and purchases valued at more than $200,000, each solicitation must be in writing, must be in a form approved by the Executive Director, must establish a process for the evaluation of bids, and must identify the factors on which the responses to the solicitation will be evaluated.

6.1.2. Each solicitation will be published on the MNsure website and the State of Minnesota solicitations website and may be advertised in any other reasonable manner that would promote competition and transparency in the procurement process, as determined by the Executive Director or designated procurement officer. The Executive Director or designated procurement officer may invite specific vendors to submit a response to the solicitation, so long as this invitation does not occur prior to publication of the solicitation.

6.1.3. The Executive Director will ensure that responses are received and evaluated in the manner specified in the solicitation document.

6.1.4. The Executive Director or designated procurement officer may simultaneously conduct discussions or negotiations with multiple offerors after the receipt of responses and prior to the awarding of contracts. The person conducting the discussions or negotiations must keep a record of all such communications and will treat offerors fairly in conducting discussions or negotiations.

6.1.5. Contracts and purchases will be awarded to the offeror(s) whose response is deemed to represent the best value to MNsure consistent with the published evaluation criteria

6.1.6. All responses may be rejected if the Board or the Executive Director determines that it is in MNsure's best interests to do so.

6.2. Moderate-Cost Procurements. For contracts and purchases valued between $50,000 and $200,000, the Executive Director may use the competitive bidding process outlined in Section 5.1, or, if it is in the best interests of MNsure, the Executive Director, or a procurement officer designated by the Executive Director, may use a streamlined process by which (s)he solicits in writing (with the amount of detail reasonable under the circumstances) and obtains written responses from at least three vendors. The solicitation will be published as in 6.1.2 before any vendors are contacted. The Executive Director or designated procurement officer may award a contract or purchase when it represents the best value to MNsure. The Executive Director or designated procurement officer must document any and all communications with vendors and have a written justification documenting why the selected vendor represented the best value.

6.3. Simplified Methods for Low-Cost Procurements. For contracts and purchases valued at less than $50,000, competitive selection is not required. The Executive

Director or a procurement officer designated by the Executive Director may award a contract or purchase when it represents the best value to MNsure. The Executive Director or designated procurement officer must appropriately document why the selected vendor represented the best value.

Section 7

Exceptions to Standard Procurement Processes

MNsure recognizes that certain situations make the use of the Standard Procurement Processes (in Section 6, above) impractical. The Executive Director will determine whether circumstances warrant using a process other than one of the Standard Procurement Processes described in Section 5, and then document that determination in the contract or purchasing file.

7.1. Emergency Procurement.

7.1.1. Emergency procurement is a non-competitive procurement method and may only be used after a written determination, by the Executive Director or a procurement officer designated by the Executive Director, that it is not possible to undertake a competitive procurement because of an emergency requiring MNsure to (a) protect the public health, safety or welfare; (b) preserve or protect MNsure's property or systems; or (c) mitigate a threat to the continuation of services provided by MNsure.

7.1.2. The Executive Director will notify the Chair and/or Vice Chair of the Board of Directors and consult with one or both of them to the maximum extent possible whenever s/he has made a determination that emergency procurement is necessary.

7.1.3. An emergency procurement is limited to the procurement of only the types and quantities of goods or services needed to meet the immediate emergency and will not be used to meet long-term requirements unless the Executive Director finds it is in the best interests of MNsure to extend the contract.

7.1.4. The Executive Director, or a procurement officer designated by the Executive Director, will solicit responses from as many vendors as practicable and will ensure that any emergency procurement is undertaken with the maximum amount of transparency and competition consistent with the circumstances of the emergency.

7.1.5. The Executive Director or designated procurement officer will seek the most favorable price and the most favorable terms and conditions that can be obtained under the circumstances of the emergency.

7.1.6. Contracts and purchases will be awarded to the offeror whose response is deemed by the Executive Director or designated procurement officer to be the best value for MNsure under the circumstances of the emergency. The Executive Director or designated procurement officer must document all communications with vendors and have a written justification documenting why the selected vendor represented the best value.

7.2. Sole Source Procurement.

7.2.1. Sole source procurement is a non-competitive procurement method and may only be used after a written determination, by the Executive Director or a procurement officer designated by the Executive Director, that there is only one source for goods or services that MNsure requires.

7.2.2. The Executive Director will ensure that sole source procurement is used only in circumstances when it is both appropriate and in the best interests of MNsure.

7.3. Inter-Governmental Procurements.

7.3.1. When it is in MNsure's best interests, MNsure may, without competition, enter into an agreement to procure goods or services from (a) the State of Minnesota; (b) a political subdivision of the State of Minnesota; (c) the University of Minnesota; (d) the federal government; or (e) another state government, including another state's health benefits exchange.

7.3.2. MNsure may join Minnesota's Cooperative Purchasing Venture ("CPV") as defined in Minnesota Statutes, section 16C.03, subd. 10, and use any contracts available to CPV members. When MNsure elects to use a contract available to CPV members, it agrees to follow all processes and procedures that would apply to other similarly-situated CPV members.

7.3.3. MNsure will report to the legislature all inter-agency agreements as required by Minnesota Statutes, section 62V.05, subd. 7(d).

7.3.4. Any contract or purchase partially funded through the Minnesota Department of Human Services ("DHS") with funding for public health care programs must be approved by DHS prior to the expenditure of funds. Any contract or purchase eligible for enhanced federal financial participation by Medicaid must be sent to DHS for submission to the Centers for Medicare & Medicaid Services ("CMS") for approval.

Section 8

Additional Statutory Procurement Provisions Applicable to MNsure

8.1. Call Center. MNsure must comply with the provisions of Minnesota Statutes, section 16C.086.

8.2. Professional and Technical Services. MNsure must comply with the provisions of Minnesota Statutes, section 16C.08, subdivision 2, paragraph (b), clauses (1) to (8). When the statute allows the commissioner of administration to grant an exception, the Executive Director or his/her designee will have authority to grant the exception.

8.3. Procedure for Service Contracts. MNsure must comply with the provisions of Minnesota Statutes, section 16C.09, subd. a(1) and a(3), b(1) - (2), and c(1) – (2); however, when the statute requires the commissioner of administration to make a particular determination, it will be interpreted to require that the Executive Director or his/her designee make that determination.

8.4. Designation of Procurements from Small Businesses. MNsure must comply with the provisions of Minnesota Statutes, section 16C.16; however, when the statute requires the commissioner of administration to perform a particular task, it will be interpreted to require the Executive Director or his/her designee to perform that task, except that this will not be interpreted to transfer any of the commissioner's authority to promulgate rules under this section, designate targeted businesses, or establish a targeted group program.

8.4.1. To promote full compliance with the letter and the intent of Minnesota Statutes, section 16C.16, the Executive Director must designate a liaison officer responsible for: coordinating outreach to targeted group businesses; reviewing compliance with laws governing targeted group business procurement participation; and recommending modifications to procurement procedures to encourage greater targeted group business participation.

Section 9

Contract Modifications

The Executive Director, or a procurement officer designated by the Executive Director, may agree on behalf of MNsure to modify the terms of an existing contract. The Executive Director may, without prior approval of the Board, agree to any contract modification no greater than 20% of the total amount of the contract prior to modification, up to a limit of $500,000. However, any such contract modification must only entail tasks that are substantially similar to those in the original contract or involve tasks that are so closely related to the original contract that it would be impracticable for a different contractor to perform the work, and the Executive Director or a procurement

officer designated by the Executive Director must document in writing the justification for the modification based on these factors. All modifications must be consistent with the Board approved annual Budget and Expenditure Plan. All other contract or purchase modifications require prior approval of the Board. This provision applies to all MNsure contracts and purchases, and is retroactively applicable to MNsure contracts executed prior to the date of this Policy.

Section 10

Bid protests

10.1. In general. In order to have an open and transparent procurement process, it is important to have a procedure by which a vendor may assert, to an impartial decision-maker, that a specific solicitation process has not been fair and the reasons for that perceived unfairness. This Section provides a procedure for addressing alleged improprieties in the bidding and solicitation process.

10.2. Time Restrictions.

10.2.1. A protest based upon alleged improprieties in a solicitation that are apparent before bid opening or before the closing date for receipt of proposals must be submitted to the Executive Director before bid opening, if the alleged improprieties are apparent at that point, or before the closing date for receipt of proposals, if the alleged improprieties are apparent at that point.

10.2.2. In all other cases, protests must be submitted to the Executive Director not later than ten (10) business days after the basis for protest is known, or should have been known, whichever is earlier.

10.3. Form and Content of Protest.

10.3.1. Any protest must be submitted in writing and must be addressed to the Executive Director.

10.3.2. Any protest must include the name and address of the protestor; sufficient identification of the procurement being protested; a statement of the reasons for the protest; and supporting exhibits, evidence, or documents to substantiate the reasons for the protest.

10.4. Decision of Executive Director or Designated Procurement Officer.

10.4.1. Decisions regarding the resolution of a bid protest may be made by the Executive Director, if the Executive Director did not personally or substantially participate in the procurement at issue, or by a designated procurement officer who did not personally or substantially participate in the procurement at issue (hereinafter either individual is referred to as a "Disinterested Procurement Officer").

10.4.2. A Disinterested Procurement Officer may deny any bid protest (a) received after the time periods set forth in Section 10.2, or (b) lacking the required elements set forth in Section 10.3.2.

10.4.3. With regard to all other bid protests, a Disinterested Procurement Officer will resolve the protest. The Disinterested Procurement Officer may (a) notify other interested parties of the existence of the protest and may obtain the views of other interested parties, and (b) conduct discussions or negotiations with the protestor or with other interested parties and attempt to resolve the protest by agreement.

10.4.4. The Disinterested Procurement Officer will issue a written decision resolving any bid protest that cannot be resolved by agreement. The options for resolving a protest are outlined in Section 10.5, below.

10.4.5. For bid protests associated with contracts valued at less than $250,000, or with a procurement in which the contract is reasonably anticipated to be valued at less than $250,000, the decision of the Disinterested Procurement Officer is final.

10.5. Resolution of Protest. In resolving a bid protest, the Executive Director, or a designated procurement officer, provided that this individual did not personally or substantially participate in the procurement at issue, may (a) deny the protest, (b) sustain the protest but nonetheless determine that the procurement should proceed consistent with Section 11.2 below, or (c) sustain the protest and declare a contract to be void, order that all bids be reevaluated, order that a solicitation be reissued, or require that any other action be taken that fairly addresses the protest.

10.6. Appeal. Except in cases where, as set forth in Section 10.4.5 above, the decision of the Executive Director or designated procurement officer is final, a protestor may appeal from the decision of the Executive Director or designated procurement officer to the Board. The appeal must be in writing, must be addressed to the Chair of the Board, must identify each ground on which the protestor claims that the protest was resolved in error, and must include a copy of the initial protest and the decision of the Executive Director or designated procurement officer resolving the protest. The protester will have the burden of proving, by clear and convincing evidence, that the decision of the Executive Director or designated procurement officer lacks a substantial factual basis, or that the conclusions drawn from the facts are arbitrary and capricious, or that the decision is based on impermissible considerations. Appeals must be postmarked within ten (10) calendar days after issuance of the decision resolving the protest. Ten (10) copies of all required materials must be submitted. The Board will resolve the appeal using the options outlined in Section 10.5 above. Per Minnesota Statutes, section 62V.05, subdivision 6, the Board may appoint hearing officers to conduct hearings and issue final orders on these appeals, and it may enter into an agreement with another state agency to conduct such hearings.

10.7. Award Pending Appeal of Resolution. The Board may, by majority vote, award a contract before there is a final decision on an appeal filed under Section 10.6. Otherwise, a contract will not be awarded while an appeal under Section 10.6 is pending before the MNsure Board.

Section 11

Noncompliance

11.1. Board Authority to Terminate. If the Board or a person with authority to award a contract under these Procurement Policies and Procedures finds that a procurement violates these Policies and Procedures, or that a contract has been awarded in violation of these Policies and Procedures, the Board or person with authority may order that any action be taken to resolve the violation and may terminate a contract awarded in violation of these Policies and Procedures.

11.2. Board Authority to Proceed. Alternatively, the Board or person with authority may determine that a procurement should proceed, or that a contract should not be terminated, notwithstanding a violation of these Procurement Policies and Procedures, if (a) the parties acted in good faith, (b) proceeding with the procurement or ratification of the contract would not undermine the purposes of these Policies and Procedures, (c) the violation was insignificant or otherwise did not prevent substantial compliance with these Policies and Procedures, and (d) proceeding with the procurement or ratification would be in the best interests of MNsure.

Section 12

Reporting

12.1. At each regular meeting of the Board, the Executive Director will make a report, either oral or written, to the Board that includes a list of (a) the contracts that MNsure has awarded since the last regular Board meeting, (b) the persons or entities to which each contract was awarded, (c) the purpose of the contract, (d) the value of the contract; and (e) whether the emergency procurement process was used. At each regular meeting of the Board, the Executive Director will make a report, either oral or written, to the Board that includes all bid protests and resolutions.

12.2. The Executive Director will direct appropriate MNsure staff to periodically perform audits of MNsure's compliance with these Policies and Procedures and will include the results of such audits in the reports identified in 12.1 above.

12.3. Any MNsure staff who discovers evidence of violation of these Policies and Procedures is required to report the violation or suspected violation to the employee's supervisor, the Executive Director or designee, the Board, or the legislative auditor.

Board Chair Approval

Date 8/21/13 Signature Brian K Beach

FISCAL POLICY

Financial Planning, Budgeting, Financial Reporting and Asset Protection

1) BACKGROUND AND INTRODUCTION

MNsure is a state board established by the Minnesota Insurance Marketplace Act (the "Act.") The Board of Directors of MNsure (the "Board") is responsible for providing diligent oversight to ensure that the organization's financial condition is sound, that it has sufficient resources to accomplish its Purpose, and that it can effectively carry out its responsibilities as defined in the Act, and in its Charter and Bylaws. The Board is committed to ensuring that the Executive Director and other MNsure staff engage in sound financial planning and financial management processes.

2) POLICY

a) The Executive Director is responsible for financial planning that supports the Board's strategic priorities, prevents financial jeopardy to the organization, and is based upon a multi-year plan.

b) The Executive Director will cause annual budgets to be prepared to guide the organization's operations. The annual budget must be approved by the Board.

c) The Chief Financial Officer will cause financial reports to be produced that provide accurate information to the Executive Director and the Board about the financial performance of MNsure.

d) The Executive Director will ensure that MNsure's assets are protected, adequately maintained, and not unnecessarily exposed to risk.

3) PROCEDURE

a) Financial Planning.

i) Three-year Plan. The executive Director and the Chief Financial Officer must develop a three-year financial plan that:

(1) is based on critically evaluated assumptions that are provided to the Board along with an operations plan;

(2) provides for the resources required to operate the organization;

(3) contains projected income statements and balance sheets that define performance on planned initiatives and business operations.

ii) Board Approval. The multi-year plan must be submitted to the Board for approval.

b) **Budgeting**. The Executive Director and Chief Financial Officer must submit to the Board each calendar year in October, an annual budget that:
   i) contains a credible projection of revenues and expenses for the coming year, forecasted by month;
   ii) contains sufficient detail to understand the relationship of the budget to the operations plan;
   iii) separately delineates capital expenditures from operational (expense) items;
   iv) contains monthly cash flow projections for the coming year; and
   v) discloses the material assumptions upon which the budget is based.

c) **Financial Reporting**
   i) **Monthly Reports**. On a monthly basis, beginning in October, 2013, the Executive Director and the Chief Financial Officer will cause to be prepared regular cash basis financial reports, consisting of the following:
      (1) Statement of Financial Position;
      (2) Statement of Activity/Income Statement;
      (3) Actual monthly and year-to-date Financial Performance vs. Budget;
      (4) Updated Cash Flow Projection.
      (5) Accounts Receivable and Payable reports
   ii) **Quarterly Reports**. The Executive Director and the Chief Financial Officer will present quarterly cash basis financial reports to the Board at each regular quarterly Board meeting, together with a narrative report that:
      (1) Summarizes the organization's current financial position;
      (2) Includes explanations for budget variations;
      (3) Discusses the status of any cash-flow borrowings;
      (4) Reports on the status of accounts receivable; and
      (5) Reports on any significant changes in financial position.

d) **Asset Protection**
   i) The Executive Director will ensure that MNsure maintains an written inventory of all physical assets and supplies, and updates the same periodically through a physical inventory;
   ii) The Executive Director will ensure that MNsure's assets and operations are secure and protected from theft, casualty and liability losses to the same extent as comparable agencies;
   iii) The Executive Director will cause MNsure to protect its intellectual property, information and files from loss, significant damage or inappropriate access;

iv) The Executive Director will not authorize the sale or other disposition of MNsure's capital assets or intellectual property valued in excess of $100,000 without prior Board approval.

BOARD CHAIR APPROVAL

Date 8/22/13 Signature

DRAFT TRIBAL CONSULTATION POLICY

1. INTRODUCTION

Consultation is an enhanced form of communication that emphasizes trust, respect, and shared responsibility. It is an open and free exchange of information and opinion among parties, which leads to mutual understanding and comprehension. Consultation is integral to a deliberative process that results in effective collaboration and informed decision-making with the ultimate goal of reaching consensus on issues and better outcomes.

To establish and maintain a positive government-to-government relationship between the state and Indian tribes, consultation must occur on an ongoing basis so that tribes have an opportunity to provide meaningful and timely input on issues that may have a substantial direct effect on Indian Tribes. Consultation with Tribal Governments is especially important in the context of CMS programs because Indian Tribes serve many roles in their tribal communities:

- Tribal members are beneficiaries of services provided by the Indian Health Services (IHS), by tribal health programs operating under the Indian Self-Determination and Education Assistance Act, Pub. L. 93-638, as amended, and by urban Indian health programs operating under Title V of the Indian Health Care Improvement Act.
- Tribal members are also eligible to enroll in Medicare, Medicaid, the Children's Health Insurance Program (CHIP), and Exchanges.
- Tribal governments operate businesses, are employers, and are health care providers, through administration of hospitals, clinics, and other health programs.

Many IHS and Tribal facilities are located in remote and isolated locations, experience difficulty in recruitment and retention of health professionals, and endure challenging socio-economic conditions. The involvement of Indian Tribes in the development of federal and state policies related to health care is crucial for mutual understanding and development of culturally appropriate approaches to improve American Indians' access to federal and state health care programs, to enhance health care payment and resources to IHS and Tribal health providers, and to contribute to overall improved health outcomes for Indian people.

2. BACKGROUND

Since the formation of the Union, the United States has recognized Indian Tribes as sovereign nations. A unique government-to-government relationship exists between Indian Tribes and the Federal Government; this relationship is grounded in the U.S. Constitution, numerous treaties, statutes, Federal case law, regulations and executive orders that establish and define a trust relationship with Indian Tribes. This relationship is derived from the political and legal relationship that Indian Tribes have with the Federal Government and is not based upon race.

On November 5, 2009, President Obama signed an Executive Memorandum reaffirming the government to government relationship between the Indian Tribes and the Federal Government, and directing each executive department and agency to engage in regular and meaningful consultation and collaboration with Tribal officials in the development of Federal policies that have Tribal implications and a substantial direct effect on Indian Tribes. The importance of consultation with Indian Tribes has been affirmed through Presidential Memoranda in 1994, 2004 and 2009, and Executive Order (EO) 13175 in 2000.[1] In addition, in 1976, Congress recognized the need for AI/ANs to have access to Medicare and Medicaid services in IHS and Tribal facilities located in Tribal communities and amended titles XVIII and XIX of the Social Security Act to authorize the IHS and Tribal health programs to bill Medicare and Medicaid for services provided in these facilities.

In Minnesota, the Department of Human Services developed a formal consultation policy related to the state's Medical Assistance and MinnesotaCare programs. This policy grew out of longstanding communications with tribes in the health care arena, which over time have resulted in improved access to state health care programs and improved reimbursement to tribal health care providers. The formal consultation policy was approved by CMS in March 2011.

3. PURPOSE

The purpose of the MNsure Tribal Consultation Policy is to build meaningful relationships with Federally recognized Indian Tribes[2] and to establish a clear, concise and mutually acceptable process through which consultation can take place between MNsure and Tribes.

4. OBJECTIVES

In order to fully effectuate this consultation policy, the Board of Directors of MNsure (the "Board") will:

1 This special relationship is affirmed in statutes and various Presidential Executive Orders including, but not limited to:

- Older Americans Act of 1965, Pub. L. 89-73, as amended;
- Indian Self-Determination and Education Assistance Act, Pub. L. 93-638, as amended;
- The Indian Health Care Improvement Act, Pub. L. 94-437, as amended; -Native Americans Programs Act of 1974, Pub. L. 93-644, as amended;
- Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. 104-193
- Presidential Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, November 6,2000;
- Presidential Memorandum, Government-to-Government Relationship with Tribal Governments, September 23,2004;
- Presidential Memorandum, Tribal Consultation, November 5,2009;
- American Recovery and Reinvestment Act of 2009, Pub. L. 111-5,123 Stat. 115 (Feb. 17,2009);
- Children's Health Insurance Program Reauthorization Act of 2009, Pub. L. 111-3,123 Stat. 8 (Feb. 4,2009); and

- Patient Protection and Affordable Care Act of 2010, Pub. L. 111-148,124 Stat. 119 (Mar. 23, 2010).

[2] When used in this Consultation Policy, "Indian Tribe" or "Tribe" has the meaning given such term in section 4 of
the Indian Health Care Improvement Act (25 U.S.C.§1603)).

- Create opportunities for Indian Tribes, either individually or jointly, to raise issues with MNsure and for MNsure to seek consultation with Indian Tribes and communication with Indian organizations when new issues arise;
- Conduct Tribal consultation regarding MNsure policies and actions that have tribal implications;
- Encourage partnerships between Indian tribes, insurers, urban Indian organizations and non-tribal providers of medical services.

5. ROLES

The government-to-government relationship between the U.S. and Federally recognized Indian Tribes dictates that the principal focus for consultation by MNsure is with Indian Tribes, individually or collectively.

Consultation parties are:

- Indian Tribes represented by the Tribal President, Tribal Chair, or Tribal Governor, or an elected or appointed Tribal Leader, or their authorized representative (s).
- The Board of Directors of MNsure.

Each party will identify his/her authorized representatives with delegated authorities to negotiate on his/her behalf.

In addition, the following entities may be included in consultation:

Tribal Organizations: Pursuant to P. L. 93-638, Indian Tribes have the authority to delegate their right to carry out programs of the IHS to a Tribal organization. To the extent that this has occurred, as practicable and permitted by law, the Board may provide such Tribal organizations an opportunity to fully participate in Tribal consultation under this policy. Such participation will not substitute for direct consultation with Indian Tribes.

Indian Organizations: At times it is useful that the Board communicate with Indian organizations to solicit Indian Tribes' advice and recommendations. These organizations represent the interest of Indian Tribes when authorized by those Tribes. These organizations by the sheer nature of their business serve and advocate for Indian Tribal issues and concerns that might be negatively affected if these organizations were excluded from the process. Although some organizations do not represent Federally recognized Indian Tribes, the Board may communicate with these groups as part of the consultation process. While communication and interaction with Indian organizations is critical, it does not substitute for tribal consultation.

Urban Indian Organizations: Urban Indian organizations are funded under Title V of the Indian Health Care Improvement Act to provide health services to eligible Indians living in urban areas. While communication with Urban Indian organizations is critical, it does not substitute for tribal consultation.

6. TRIBAL CONSULTATION PROCESS

In keeping with the State of Minnesota's commitment to engage Tribes in a government-to-government relationship, and in consideration of the impact that implementation of MNsure will have on Minnesota Tribes and American Indian citizens, these procedures for consultation during the development of MNsure and throughout its operation are established.

Any new or amended policy that will significantly affect American Indians or Indian Tribes, or a request for consultation from a Tribe, will trigger consultation with the Tribes. The State and Tribes shall jointly determine the method of consultation on significant new policy issues. Either the State or the Tribe may initiate consultation on policy issues. Although determined on a case-by-case basis, such issues could arise in any policy area for which the Board has responsibility, such as program eligibility standards, changes in provider payment and reimbursement methodologies, or changes in services provided. The Board will notify and consult with the tribes prior to such significant new policy or policy amendment.

It is agreed that the State, through the Board, will:

- Communicate with tribal leaders and their employees in the manner requested by each tribe. At a minimum, meeting agendas and minutes, important documents, concerns raised during meetings, policy statements, etc. will be promptly communicated to the Tribes.
- Send all important MNsure documents, such as those described above, to the Acting Director of the Bemidji Area Office of the IHS for posting on the area office website.
- Report on the activities of MNsure, either orally or in writing, at least quarterly at the Tribal Health Directors meeting.
- Provide an annual written report on the activities of MNsure to the Minnesota Indian Affairs Council.
- Consult at least annually with tribal leaders to address American Indian concerns regarding MNsure. This consultation may take place in a public forum or be provided as a written narrative, as requested by tribal leaders.
- Keep records of its tribal consultation activities; all such records will be made available to Tribes in an accessible and appropriate manner.

This consultation policy will serve as the mechanism for the MNsure Board of Directors to receive advice from tribal leaders and others involved in tribal affairs. However this does not preclude the participation of tribal representatives in other advisory committees nor does it preclude the Board from creating an advisory committee on tribal consultation.

BOARD CHAIR APPROVAL – DRAFT

Date 8/21/13 Signature

REPORTING, MEASUREMENT AND EVALUATION FOR MNsure

Background: The Board of Directors expects the Executive Director and MNsure staff to continuously monitor and strive to improve organizational performance, so that MNsure fullfills its purpose of ensuring that every Minnesota resident and small business, regardless of health status, can easily find, choose, and purchase a health insurance product that they value and does not consume a disproportionate share of their income. The Board will be responsible for providing oversight to the performance measurement and improvement process.

Policy: The Executive Director will develop and submit to the Board of Directors for its approval a comprehensive program for measuring, reporting, and improving the performance and effectiveness of MNsure. The Executive Director will keep the Board apprised of the performance of MNsure as part of the regular interaction between the Executive Director and the Board.

Procedure:

1) ***Measurement Categories:*** MNsure's performance should be measured in at least the following five measurement categories (the "Measurement Categories"):

    i) Access to Health Insurance

    ii) Affordability of Health Insurance

    iii) Consumer Experience (including Individuals and Small Businesses)

    iv) Health Plans

    v) Finance

2) ***Outcomes:*** The Executive Director will develop a set of desired outcomes for MNsure's performance for a specific period, which may be a single year and/or a three-year or longer cycle. The desired outcomes will be submitted to the Board for discussion and approval.

3) ***Goals:***

    a) Each year, the Executive Director will develop and present to the Board for approval specific goals that link to the agreed-upon desired outcomes. For the fiscal year following the Transfer of Authority from the Commissioner of

Management and Budget to the MNsure Board (the "Initial Year"), goals and measurement will focus on operational goals and metrics that are being followed by staff as part of the start-up effort. Thereafter, by November 1 of each fiscal year, the Executive Director will submit annual goals to the Board for the coming year. Goals submitted will be specific, measurable, achievable, realistic and time-bound. Whenever possible, goals should be outcome goals rather than process goals. After the Initial Year, it is expected that goals will be developed that are more long-term in nature and that reflect MNsure's progress toward its strategic priorities.

b) At the end of each fiscal year, the Executive Director will present to the Board an analysis of the performance of MNsure against its annual goals.

4) Scorecard:

a) MNsure staff will develop a balanced scorecard that will permit the Board to rapidly assess whether MNsure is on track to meet its performance goals. For the Initial Year, staff will furnish the Board for its review and approval a scorecard consisting of operational metrics being tracked by MNsure staff. For subsequent years, staff will work with the Board to develop a scorecard that reflects the organizations long-term goals and priorities.

b) The Executive Director will develop key data metrics in each of the Measurement Categories.

c) To the extent possible, the Executive Director should choose metrics that allow MNsure's performance to be evaluated against the performance of other state-run exchanges.

d) The Executive Director will be accountable for updating the scorecard at least quarterly and providing an updated scorecard to the Board for review.

BOARD CHAIR APPROVAL

Date 8/22/13 Signature Brian Beach

REPORTING, MEASUREMENT AND EVALUATION FOR BOARD OF DIRECTORS

Background: The Board of Directors of MNsure desires to be a high performing board, in order to provide effective oversight and direction to make it possible for MNsure to fulfill its purpose of ensuring that every Minnesota resident and small business, regardless of health status, can easily find, choose, and purchase a health insurance product that they value and does not consume a disproportionate share of their income. The Board is committed to continuously improving and significantly enhancing Board performance on an ongoing basis.

Policy: No less frequently than every other year, the Chair and Vice-Chair of the Board will develop and present to the Board of Directors a program for evaluating the performance of the MNsure Board. The goal of the Board evaluation process will be to identify areas of improvement for the Board to address in its process of becoming and remaining a high performing board.

Procedure:

1) ***Performance Dimensions:*** The following dimensions of board performance should be considered in the Board evaluation process:

   a) Board Composition

   b) Board Information (e.g., adequacy & timing of meeting materials)

   c) Board Agendas and Meetings

   d) Board Structure

   e) Board Process

   f) Board Leadership

   g) Board Culture & Dynamics

   h) Level of Engagement of Directors (including attendance)

   i) Relationship between Board and Management

   j) Public Perception of the Board's Performance and Ethics

2) ***Evaluation Alternatives:*** The Chair and Vice Chair should consider the following in selecting a method of board evaluation:

   a) Whether the goals of the evaluation process will be better met by utilizing a board survey or a structured interview process;

   b) If a survey is used, whether to use a custom survey developed specifically for the MNsure Board or whether to participate in a survey utilized by others so that the Mnsure Board is able to benchmark its performance against that of other boards;

   c) Whether to conduct individual director evaluations, and whether those should be self-evaluations, peer evaluations, or both;

   d) Whether to seek feedback from the Governor and/or Legislative Oversight Committee in the Board evaluation process; and

   e) Whether to seek feedback from staff in the Board evaluation process.

3) ***Action Plan:***

   a) Regardless of the evaluation methodology chosen, the Board will analyze and discuss the results of any self-evaluation undertaken by the Board. The focus of these discussions will be to identify key themes and the strengths and areas for improvement of the Board.

   b) Following analysis and discussion of the results of the self-evaluation process, the Board will develop an action plan with 2-5 strategies to address areas of improvement that the Board will work on in the succeeding months.

4) ***Initial Evaluation:*** The MNsure Board will conduct its first self-evaluation no later than six months following the Transfer of Authority from the Commissioner of Management and Budget to the MNsure Board.

BOARD CHAIR APPROVAL

Date 8/21/13 Signature Bua Bent

MNsure

CONFLICT of INTEREST POLICY

I. Purpose

The Board of Directors of MNsure recognizes that real, potential and apparent conflicts of interest may naturally occur from time to time in the course of conducting MNsure's daily affairs. The purpose of this Policy is to guide the conduct of Responsible Persons of MNsure when such real, potential or apparent conflicts of interest arise.

II. Scope

This Policy is intended to guide the conduct of all Responsible Persons of MNsure with respect to their service for MNsure. The MNsure Board of Directors and MNsure employees are subject to a number of Minnesota state laws regarding conflicts of interest, including:

Minnesota Statutes, Sections 10A.07, 10A.071 and 10A.09
Minnesota Statutes, Section 62V.04, subdivision 4
Minnesota Statutes, Section 43A.38

This Policy supplements but does not replace applicable Minnesota state laws governing conflicts of interest applicable to MNsure directors and employees. In the event of a conflict between a provision of this Policy and state law, state law controls. Additionally, as identified under Minnesota Statutes Section 43A.38, subdivision 9, with regard to MNsure employees, this Policy shall not be interpreted to apply to any activity which is protected by Minnesota Statutes, Sections 179A.01 to 179A.25 and collective bargaining agreements and practices thereunder nor to prevent a current or former employee from accepting employment with a labor or employee organization representing employees.

III. Definitions

Advisory Committee Member: An individual serving on a committee that has no decision-making authority and is designated as an advisory committee by the Board.

Associated Business: As defined in Minn. Stat. §10A.01.

Change in Circumstances: With respect to a member of the Board of Directors, a change in such Responsible Person's principal occupation or a material change in his/her business.

Committee Members: Individuals serving on any MNsure Board committee (other than an Advisory Committee) as well as other committees so designated as being covered by this Policy from time to time by the Board of Directors of MNsure.

Compensation: Any remuneration, directly or indirectly, in exchange for goods, services, gifts or favors that is substantial in nature.

Conflict of Interest or Conflict: An association including a financial or personal association that has the potential to bias or have the appearance of biasing a Responsible Person's decisions in matters related to MNsure.

Contract or Transaction: Any agreement or relationship directly or indirectly involving the sale or purchase of goods, services or rights of any kind, providing for the receipt of a loan or grant, or establishing any other pecuniary relationship with MNsure. The making of a gift to MNsure is not a Contract or Transaction. Purchasing insurance through MNsure on the same basis as other members of the public is not a Contract or Transaction.

Financial Interest: A Responsible Person has a Financial Interest if the Responsible Person:

a. has a Compensation arrangement with MNsure; or

b. is a party to a Contract or Transaction; or

c. discloses in the statement of economic interest required by Minn. Stat. §10A.09 an Associated Business that: (a) supplies goods or services to MNsure; (b) leases property or equipment to MNsure; or (c) deals with MNsure in connection with the gift, purchase or sale of real estate, securities or other property.

This includes any Financial Interest held by a member of the Immediate Family of the Responsible Person if the Responsible Person has knowledge of such interest. A Financial Interest is not necessarily a Conflict. A person who has a Financial Interest has a Conflict only if the Board decides that a Conflict exits.

Immediate Family: A Responsible Person's spouse, domestic partner, parents, children and spouses of children, brothers and sisters or spouses of brothers and sisters.

Interested Person: A Responsible Person who has a Conflict.

Prohibited Relationship: A Prohibited Relationship includes:

a. Serving as an officer, director or employee of a business partner of MNsure or of another business engaged in providing services similar to the services MNsure provides;
b. Within one year prior to or at any time during a Responsible Person's service to MNsure, employment by, membership of the board of directors of, or serving as a representative of a health carrier, institutional health care provider or other entity providing health care, navigator, insurance producer, or other entity in the business of selling items or services of significant value to or through MNsure;
c. Having a spouse who serves as an executive at a health carrier; and
d. Serving as a lobbyist, as defined under Minnesota Statutes, Section 10A.01, subdivision 21.

Relationship: Any professional or personal relationship (other than a Prohibited Relationship) that could affect a Responsible Person's ability to exercise independent judgment in MNsure's best interests, as determined by the Board of Directors, in its sole discretion.

Responsible Person: The members of the Board of Directors and committee members.

IV. Policy

MNsure is a state agency, accountable to the Executive Branch of the State of Minnesota as well as to members of the public. Responsible Persons owe a duty of undivided and unqualified loyalty to MNsure. Responsible Persons may not use their positions to profit personally or to assist others in profiting at the expense of MNsure. MNsure's affirmative policy is to require prompt and full disclosure of all Financial Interests, Prohibited Relationships and Relationships to all necessary parties and to prohibit involvement, except as set forth in this Policy, by the Responsible Person having such Financial Interest or Relationship in the related affairs of MNsure.

V. Procedure

A. Immediate Disclosure: Any Responsible Person must immediately disclose a Financial Interest, Prohibited Relationship, Relationship or Change in Circumstances in writing to the Chair of the Board of Directors. This immediate, written disclosure will be in addition to and not in lieu of the annual disclosure statement required under this Policy. A director who gives notice to the Chair that he or she is the subject of a Prohibited Relationship will be deemed to have resigned his or her board position immediately upon delivering such notice. With respect to all other notices, until

and unless the Board determines that no Conflict exists, the person filing the written disclosure must abide by Section V (D) of this Policy.

Each Financial Interest or Relationship must be presented to the Board of Directors for authorization, approval or ratification, and in connection therewith, the disclosing person must make a prompt, full, and frank disclosure of his/her interest and all material facts to the Board or committee prior to its action on the Compensation arrangement, contract, transaction or other interest forming the basis of the Financial Interest or Relationship. Such person's disclosure must include any known, relevant and material facts about the Financial Interest or Relationship, which might reasonably be construed to be adverse to MNsure's interest, and/or to be beneficial to the disclosing person. The Chair of the Board of Directors may determine, in his or her sole discretion, whether a Change of Circumstances should be brought before the Board for a Conflict determination, and may decline to do so if it does not raise any Conflict of Interest concern.

The Board will determine, by majority vote, whether the disclosure shows that a Conflict exists or can reasonably be construed to exist. The disclosing person may not be present in the room during such discussions or when such determinations are made, will not be counted in determining quorum and may not vote in the determination of whether a Conflict exists. The decision will rest in the sole discretion of the Board, based on a concern for the welfare of MNsure and the advancement of its purpose.

B. Annual Disclosure: Each year, each Responsible Person who is required to file a statement of economic interest under Minn. Stat. §10A.09 must furnish a copy of such statement to the General Counsel of MNsure. If deemed necessary by the General Counsel (after consultation with the Board of Directors) the General Counsel will distribute a supplemental conflict of interest disclosure statement (which has been approved by the Board of Directors) to all Responsible Persons. The General Counsel may also distribute a simplified disclosure statement for completion by Advisory Committee Members. Each person who receives a supplemental or other disclosure statement must submit the completed statement to the General Counsel's office for review. The General Counsel's office will summarize the information contained in the disclosure statements and conduct any necessary due diligence. The summary information will then be presented to the Board of Directors. The Board will review such information and the General Counsel will assist the Board in determining those issues and situations where a Conflict may exist or arise as to one or more Responsible Persons.

C. Resolution: If a Conflict is deemed to exist, the Board must implement the following procedures:

(i) an Interested Person may make a presentation at the Board meeting regarding a transaction under consideration, but after such presentation, the

Interested Person must leave the meeting during the discussion of, and the vote on, the Financial Interest or Relationship forming the basis of the Conflict;

(ii) if appropriate and in its sole discretion, the Board may appoint a non-interested person or committee to investigate alternatives to the Financial Interest or Relationship forming the basis of the Conflict or to obtain a competitive bid or a comparable valuation;

(iii) the Board will determine, by a majority vote of the non-interested directors present, that the Contract, Transaction or Relationship forming the basis of the Conflict is in MNsure's best interests and for its own benefit; is fair and reasonable to MNsure; and, after exercising due diligence (including a review of supporting market data), that the Contract, Transaction or Relationship provides the best value to MNsure with reasonable efforts under the circumstances. In making this determination, the Board is entitled to rely on information presented by staff and independent experts;

(iv) to protect MNsure's best interests, the Board will take appropriate disciplinary action against any Responsible Person who violates this Policy; and

(v) the minutes of all Board meetings involving Conflicts must include the names of the persons who disclosed the Financial Interests or Relationships, the nature of the Financial Interests and Relationships, and whether the Board determined there was a Conflict. In addition, the minutes must set forth the names of the persons who were present for discussions and votes relating to the Financial Interest or Relationship forming the basis of the Conflict; the content of these discussions, including any alternatives to the proposed contract, transaction or relationship; the basis for the decision; and a record of the vote.

The requirements of this Section apply to all Financial Interests or Relationships involving Conflicts, whether or not, in the absence of a Conflict, they would be subject to Board approval in the normal course of business. If, as a result of reviewing a Conflict, the Board concludes that a director should be removed from the Board, the Chair of the Board will activate the process set forth in Minn. Stat. 62V.04, Subd. 9.

D. Prohibited Involvement: Responsible Persons are prohibited from being directly or indirectly involved in any Financial Interest or Relationship with MNsure where a Conflict exists, including negotiations or discussions that may result in a Contract, Transaction or Relationship. This includes direct negotiations or discussions with directors, staff or employees regarding the Contract, Transaction or Relationship where the Conflict exists.

E. Special Considerations involving the Commissioner of Human Services. The Board recognizes that the Legislature designated the Commissioner of Human Services as a member of the Board with full knowledge of the close relationship and

frequent dealings between MNsure and the Department of Human Services. The Commissioner of Human Services will provide the same annual disclosure as required of other directors, as to any other Financial Interests or Relationships other than her/his status as Commissioner of Human Services, and will be subject to the same provisions as to those interests. Notwithstanding the provisions of Section V.A., above, the Commissioner will not be required to advise the Board every time a Board decision has a potential impact on the Department of Human Services, but will be entitled to assume that the other directors are aware of the potential impact. However, in the case of negotiation of an interagency agreement between MNsure and the Department of Human Services, or any other direct contractual or other issue in which the interests of MNsure and the Department of Human Services are or may be adverse, the Commissioner, in consultation with the other directors, may elect to excuse him- or herself from the Board's discussion and/or vote with respect to the matter.

Any other exceptions to this section may be made on a case-by-case basis only by the Board of Directors, and only if permissible under state law.

VI. Miscellaneous

A. Validity of Contracts: This policy is intended only to create a mechanism by which Conflicts may be identified and properly considered. The failure to follow the procedures set forth in this policy will not in itself invalidate any Contract or Transaction to which MNsure is a party.

B. Prohibited Gifts, Gratuities and Entertainment: No Responsible Person may accept gifts, entertainment or favors from any person or entity that:

(i) Does or seeks to do business with MNsure; or

(ii) Does or seeks to compete with MNsure; or

(iii) Has received, is receiving or is seeking to receive a Contract or Transaction with MNsure

where it is reasonably clear that the intent of the donor is to influence the Responsible Person in his/her role as such. Responsible Persons are also subject to the gift provisions of Minn. Stat. § 43A.38, subd. 2.

BOARD CHAIR APPROVAL

Date 8/21/13 Signature Bruce Beauty