

**KANSAS HEALTH BENEFIT EXCHANGE  
GOVERNANCE/LEGAL/LEGISLATIVE WORK GROUP**

**GOVERNANCE PROPOSAL**

1. The Kansas Health Benefit Exchange will be incorporated as a Kansas not-for-profit corporation which shall be structured to qualify for tax-exemption as a charitable organization pursuant to Section 501(c)(3) and Section 509(a)(3) of the Internal Revenue Code of 1986, as amended.

2. The corporation shall act as a public instrumentality. As such, the corporation shall be subject to the Kansas Open Meetings Act and the Kansas Open Records Act.

3. The corporation shall be governed by a Board of Directors comprised of residents of the state and who represent the ethnic, cultural, health status, age, and geographic diversity of the residents of the state; possess at least a high school diploma; have above-average knowledge of health insurance matters and the health insurance industry; are of good moral character; provide health care services to Kansas residents or obtain or provide health insurance through the Kansas Health Insurance Exchange; and are willing to devote the time and energy required to be an active and involved member of the Board. The Board must be comprised of individuals who collectively provide the organization with the following core competencies: health benefits administration, health care finance, health plan purchasing, health care system administration, public health knowledge of health needs and disparities in diverse communities, and information technology.

4. The Board of Directors shall consist of thirteen (13) voting members and five (5) ex-officio non-voting members as follows:

A. Serving ex-officio without vote:

- (i) Kansas Commissioner of Insurance;
- (ii) Representative of the Medicaid program;
- (iii) Representative of the Kansas Health Information Exchange;
- (iv) Secretary of KDHE or designee; and
- (v) The organization's CEO.

B. Serving on the Board with vote:

- (i) Three (3) members\* representing the Kansas health insurance industry as selected by the Kansas Insurance Commissioner, including:

(a) One (1) representative of the top three health insurance companies operating in the State of Kansas (as determined by their Kansas market share based on premium volume);

(b) One (1) representative of other health insurance companies operating in the State of Kansas; and

(c) One (1) insurance broker/agent knowledgeable of health insurance.

**\*NOTE: Representatives of insurance carriers and agents/brokers must be representatives of companies or organizations which participate on the Kansas Health Benefit Exchange.**

(ii) Three (3) members representing the Kansas health care industry as selected by the Secretary of the Kansas Department of Health and Environment, including:

(a) One (1) representative of hospitals located in the state;

(b) One (1) representative of individual health care practitioners; and

(c) One (1) representative of organizations serving the under-insured and uninsured population of Kansas.

(iii) Six (6) members who are consumers/purchasers of health insurance through the Kansas Health Benefit Exchange, and who are not members of the categories of representatives identified in Sections 4B(i) and (ii) above, as selected by the Governor from two (2) nominees for each position made by the following legislative leaders:

(a) Speaker of the House – one (1) individual consumer representative and one (1) business representative;

(b) President of the Senate – one (1) individual consumer representative and one (1) business representative;

(c) Minority Leader of the House – one (1) individual consumer representative; and

(d) Minority Leader of the Senate – one (1) individual consumer representative.

(iv) One (1) member selected at large by the other voting members of the Board of Directors who shall be a small business owner, as defined in the Affordable Care Act, who obtains health insurance for his/her employees through the Exchange, and who is not a member of the categories of representatives

identified in Sections 4B(i) and (ii) above. This at-large member of the Board shall serve as chair of the Board.

5. Ex-officio non-voting members of the Board shall serve terms concurrent with the position giving rise to their Board membership. Voting members of the Board shall be appointed to serve terms of three (3) years and shall be eligible for reappointment, but voting members of the Board shall not be eligible to serve more than two (2) consecutive three (3)-year terms. Voting members of the Board shall be divided into classes, and the classes shall serve staggered terms. Class One shall be comprised of the Board member who is the representative of the top three insurance companies, the Board member who is the hospital representative of the medical community, one small business owner, and one individual consumer; Class Two shall be comprised of the Board member who is the representative of the insurance company not listed as a top-three company, the Board member who is the representative of the individual health care practitioners, one individual consumer representative, and one small business representative; and Class Three shall consist of the agent/broker representative, the Board member who is the representative of organizations serving the uninsured and under-insured population of Kansas, one small business owner representative, one individual consumer representative, and the small business owner selected at large by the other Board members and who shall serve as chair of the Board. Class One shall initially be appointed for a one-year term, Class Two for a two-year term, and Class Three for a three-year term. Thereafter, appointments for renewed terms shall be made for three-year terms, and no individual shall be allowed to serve more than two consecutive three-year terms, plus the shortened initial term, if that be the case. One class of directors shall be appointed each year at the annual meeting of the corporation.

6. When a vacancy occurs regarding a member of the Board due to the resignation, death, removal, or expiration of a term, such member shall be appointed according to the process and to the specific position on the Board as described in paragraph 4 above. In the event of a vacancy during an unexpired term due to resignation, death, or removal of a Board member, the appointment shall be for the remainder of the unexpired portion of the term. Each Board member shall hold office for the term of appointment and until a successor has been appointed. Any member of the Board, other than a non-voting member, may be removed by the Board for malfeasance or misfeasance in office, regularly failing to attend meetings, or for any cause which renders the member incapable of the discharge of the duties of director.

7. The at-large director selected by the Board shall serve as chair. The Board shall also elect a vice-chair, a secretary, and a treasurer for terms to be determined by the Board. The Board may elect the same person to serve as both secretary and treasurer.

8. The Board may establish an executive committee and other standing or special committees, and prescribe their duties and powers. The executive committee of the Board may exercise all such powers and duties of the Board as the Board may delegate. The Board may also select advisory boards and committees to serve at the pleasure of the Board comprised of individuals with special expertise or knowledge deemed important and necessary and for the Board to carry out its duties and functions.

9. Members of the Board shall be entitled to compensation and expenses as provided in K.S.A. 75-3223 and amendments thereto. Members of the Board attending Board meetings or

subcommittee meetings authorized by the Board shall be paid mileage on all other applicable expenses, provided such expenses are consistent with policies established from time to time by the Board.

10. The Board shall adopt robust nondiscrimination and conflict of interest policies that demonstrate a commitment to open, fair, and nondiscriminatory participation by stakeholders and the insured public of Kansas.