

October 11, 2012

To: Board of Directors  
Connecticut Health Insurance Exchange

From: Virginia A. Lamb  
General Counsel

The Minutes of the April 19, 2012 Board of Directors Meeting need clarity with respect to the signatory authority provided the Exchange's Acting CEO. The minutes as reported under Section XI. are unclear as to the actual authority the Board of Directors provided the Exchange's Acting CEO. Specifically it is unclear the period during which the Acting CEO was authorized to execute contracts on the Exchange's behalf, as well as the total amount that was authorized for one particular contract.

Certain language in the approved minutes (shown by yellow highlighting) could be misinterpreted such that no Exchange contracts were to be executed in excess of three million dollars (\$3,000,00). The KPMG contract effective February 1, 2012 that was signed by Acting CEO Tia Cintron initially had a value of \$ 3,036,875. Moreover, this Agreement was subsequently amended on May 22, 2012 to include additional services for an additional \$ 2,887,580, bringing the total value of this one contract to \$5,924,455.

In addition the language of the April 19, 2012 Minutes, with respect to the time during which the Acting CEO could execute contracts for the Exchange, can be read as the Board increasing the signature authority from a lower amount to \$500,000, instead of as extending the time the Acting CEO was given to sign contracts for the previously authorized amount of \$500,000. Note that the January 19, 2012 Minutes that Lieutenant Governor Wyman referenced in her discussion at the April 19 Board meeting, read as follows: "Secretary Barnes made a motion to have the Acting CEO be granted the authority for the next 3 month period to enter into contracts for personal services and accept and extend contracts for the benefit of the Exchange up to a maximum of \$500,000. Michael Devine seconded the motion. Motion passed unanimously."

I recommend that at the October 18, 2012 Board Meeting, the Board adopt the proposed clarification language for the Minutes of the April 19, 2012 Board of Directors Meeting.

**Note: Language to be clarified Highlighted in Yellow.**

Health Insurance  
Exchange  
Board of Directors Regular  
Meeting

State Capitol  
Building  
Room 310, Old Appropriations Room,  
Hartford, CT

Thursday, April 19,  
2012  
Meeting  
Approved Minutes

**XI. Acting CEO Contract Authority Approval**

Lieutenant Governor Wyman presented two motions, first that the Exchange is seeking to extend the signing authority for contracts up to \$500,000 which was previously approved in January 2012; and second that there be a \$3 million maximum on contracts. Bob Scalettar opened up discussion regarding Board review of contracts, stating that the Board has not seen contracts with the Exchange. Lt. Governor Wyman explained that because of current negotiations, the contract in question cannot be discussed. Lt. Governor stated that Jeffers Cowherd, the acting legal counsel for the Exchange, has been reviewing these contracts as well as the legal staff at OPM. Secretary Barnes added that because the Exchange is transitioning out from under OPM, existing contracts must also be transferred and the Exchange must be given signing authority for that function. Secretary Barnes' further added that according to the bylaws, long-term contract thresholds shall be determined by the finance committee, so Board members are welcome to volunteer to participate and have input in that directly. Vicki Veltri asked for clarification on the immediate transfer of signing authority to the new CEO, and Lt. Governor Wyman confirmed that this signing authority would transfer to that individual based on the language proposed by Tia Cintron.

Lieutenant Governor Wyman proposed a motion to extend signing authority for the CEO to enter into contracts for personal services up to \$500,000. Commissioner Bremby seconded the motion. **Motion passed unanimously.**

Lieutenant Governor Wyman proposed a motion to allow the acting CEO to have signing authority for one contract to a maximum of \$3 million. Grant Ritter seconded the motion. Motion was opposed by Bob Tessier. **Motion passed by majority.**

## Proposed Language Clarification to Revise Section XI, Acting CEO Authority Approval

### Health Insurance Exchange

### Board of Directors Regular Meeting

Thursday, April 19, 2012

Lieutenant Governor Wyman reported that to enable the Exchange to transition out from under OPM, and comply with the work schedule requirements set by HHS to qualify for continued federal funding and certification, the Board needs to extend the time during which the Acting CEO has authority to sign contracts for the Exchange. In addition the Board needs to authorize the Acting CEO to execute an increase in one contract expenditure for an additional \$3,000,000. Lieutenant Governor Wyman presented two motions, first that the Exchange is seeking to extend the signing authority for contracts up to \$500,000 which was previously approved in January 2012; and second that there be a \$3 million maximum on contracts. Bob Scalettar opened up discussion regarding Board review of contracts, stating that the Board has not seen contracts with the Exchange. Lt. Governor Wyman explained that because of ongoing contract negotiations, the contract in question cannot be discussed in a public forum. Lt. Governor stated that Jeffers Cowherd, the acting legal counsel for the Exchange, has been reviewing these contracts as well as the legal staff at OPM. Secretary Barnes added that because the Exchange is transitioning out from under OPM, existing contracts must also be transferred and someone at the Exchange must be given signing authority for that function. Secretary Barnes further added that according to the bylaws, long term contract thresholds shall be determined by the finance committee, so Board members are welcome to volunteer to participate and have input in that directly. Vicki Veltri asked for clarification on the immediate transfer of signing authority to the new CEO, and Lt. Governor Wyman confirmed that this signing authority would transfer to that individual based on the language proposed by Tia Cintron.

Lieutenant Governor Wyman proposed a motion to extend signing authority for the CEO to enter into contracts for personal services up to \$500,000. Referencing the January 2012 Minutes, Lieutenant Governor Wyman made a motion to extend the time period during which the Acting CEO may sign personal services contracts for amounts up to \$500,000 until the Exchange's permanent CEO is hired. Commissioner Bremby seconded the motion. **Motion passed unanimously.**

Lieutenant Governor Wyman proposed a motion to allow the acting CEO to have signing authority for one contract to a maximum of \$3 million. The Lieutenant Governor made a motion to authorize the Exchange's Acting CEO to complete current contract negotiations and amend one certain personal services contract to expend up to an additional \$3,000,000. Grant Ritter seconded the motion. Motion was opposed by Bob Tessier. **Motion passed by majority.**