



Finance Committee Meeting Minutes May 9, 2019

A meeting of the Finance Committee of the Board of Directors of New Hampshire Health Plan was held on Thursday May 9, 2019 at 9:30 AM at the New London Hospital.

Attending the meeting were the following individuals:

Finance Committee Members

Bruce King, Chairman
Dave Ellis
Gerri Vaughan
David Sky – by teleconference

Other Parties

Michael Degnan – Helms & Co.
John Hastings – Helms & Co.
Andrew Luce – Mason+Rich
Mark McCue – Hinckley Allen–by teleconference

Mr. King welcomed the Committee members, staff, and Andrew Luce, Mason+Rich auditor. Mr. King noted that a quorum was present and asked Committee members if there were any changes proposed to minutes of May 10, 2018 Finance Committee meeting. There being none, *Mr. King declared the minutes were approved as written.*

Mr. King asked Mr. Luce if he would report on the results of the 2018 audit. Mr. Luce reviewed the significant aspects of the audit:

- The financial statements received an “unqualified” opinion.
- The statements are back in comparative year format this year rather than single year format because new business segments have been comparative for two years.
- Mr. Luce noted that new accounting standards require Net Assets to be characterized as either “with donor restrictions” or “without donor restrictions” instead of “unrestricted,” “temporarily restricted,” or “permanently restricted” Net Assets. Our Net Assets are now characterized as “with donor restrictions” because any excess funds at the end of the programs are to be distributed back to the members.
- Mr. Luce continued, additional new accounting standards require expenses to be presented as either “Program Expenses” or “Management and General” which has been reflected in our report.
- Mr. Luce explained further that new accounting standards require NHHP to disclose our “Liquidity” condition based on available current assets that can meet general operating expenses expected for the next year. A footnote in our report explains this matter.
- Mr. Luce reminded the Committee that no Form 990 tax return would be required to be filed for 2018.

- Finally, Mr. Luce noted that some FASB changes will go live for Calendar Year 2019, but he does not expect they will impact NHHP.

The Finance Committee then went into executive session.

Following executive session, Mr. King made a motion to *accept the audit report, the Management Comment Letter, and the Required Communications Letter, and to propose that the Finance Committee recommend to the Board of Directors its approval of these reports which was approved by all.*

Mr. King also asked for a motion to allow him to sign the Representation Letter, which was made by David Ellis, seconded by David Sky and approved by all.

Mr. King excused Mr. Luce from the meeting and asked Mr. Hastings to briefly review the financial statements for March 2019.

Mr. Hastings noted that cash and cash equivalents were \$4.7M at March 31, which includes funds set aside to fund NHHP budgeted expense (\$650K), and for a Program Reserve to help fund unexpected assessment requirements (\$500K) and assessments collected but not due until 2nd half of CY 2019 (\$3.5M). All obligations to the three members who advanced assessment funds to NHHP in 2017 have been repaid.

The Income Statement for the three months ending March 31, 2019 reflected a profit of \$2.5M resulting primarily from the assessments revenue collected for Q4 2018 at \$2.25/per member per month in February and March 2019 but not yet paid to the State of NH. Other administrative expenses were on budget.

There being no further business, the meeting was adjourned at 11:00AM.

Respectfully submitted,
J. Michael Degnan