

Minutes
Board of Directors Meeting
February 19, 2020

A meeting of the Board of Directors of the New Hampshire Health Plan (NHHP) was held in person at the offices of Hinckley, Allen & Snyder LLP in Manchester, New Hampshire on February 19, 2020.

The following individuals attended the meeting, including by phone as indicated because of scheduling challenges faced by Board members resulting from the exigencies of other business:

Directors:

David Ellis
Dr. William Brewster
David Sky
Geraldine Vaughan *(by phone)*
Lisa Guertin *(by phone)*
Christopher Kennedy *(by phone)*
Martha McLeod *(by phone)*
David Trudo *(by phone)*

Other Attendees:

J. Michael Degan, Helms & Co.
Kevin Stone, Helms & Co.
John Hastings, Helms & Co. *(by phone)*
Mark McCue, Esq., Hinckley Allen
Lisa Kaplan Howe, PCG
Margot Thistle, PCG
Alec Whipple, PCG *(by phone)*
Steven Phillips, Anthem *(by phone)*

David Ellis, Chair, presided and called the meeting to order at 10:00 a.m., a quorum being present.

Mr. Ellis reviewed the meeting agenda and then asked the Directors if everyone had a chance to review the minutes of the Board meeting held on January 9, 2020. Upon a motion by William Brewster and seconded by Lisa Guertin, it was unanimously:

VOTED: *To approve the minutes of the Board of Directors meeting held on January 9, 2020 in the form presented to the Board.*

Mr. Ellis then turned the meeting over to John Hastings of Helms & Company for the financial review. Mr. Hastings referred the Board to the meeting materials and began with a review of the balance sheet and income statement, describing cash flow and noting the favorable budget variance to-date. He then explained the recent FASB changes which will require NHHP revenues (which are considered to be contributions) to be recorded as a liability until paid for their intended purpose. Therefore, the NHHP profit and loss statement will show neither net income nor a net loss, and the balance sheet will become a better depiction of NHHP's future financial activity. Mr. Hastings concluded his financial review by informing the Board that the audits were nearly complete, that no adjustments were made, and that he expects the auditors to issue a clean audit letter.

Mr. Hastings then reviewed the Remainder Amount calculations and referred the Board to the meeting materials. He explained that the NH Department of Health and Human Services (DHHS) completed its true-up of the New Hampshire Health Protection Program which ended on December 31, 2018 and concluded that NHHP overpaid its share of the Remainder Amount by approximately \$3.1 Million. Because overpayments to the New Hampshire Health Protection Program cannot be credited to the New Hampshire Granite Advantage Health Care Program, DHHS refunded \$585,000 of this overpayment and will refund the balance of approximately \$2.5 Million by June 30, 2020. Mr. Hastings concluded his presentation by noting that the preliminary DHHS true-up of the New Hampshire Granite Advantage Health Care Program revealed an overpayment by NHHP in excess of \$2 Million, which will be credited to NHHP and factored into next year's assessment rate for that Program.

Mr. Ellis then asked Helms and PCG to provide an update to the development of a Plan of Operation for the stabilization program approved by the Board at its January meeting. Lisa Kaplan Howe of PCG began by updating the Board on the accompanying 1332 Waiver process. She noted that a draft application has been completed and is under review by the NH Insurance Department and the Centers for Medicare and Medicaid (CMS). Public commentary is due by March 16, and public hearings will be held on March 31 and April 2. Ms. Kaplan Howe indicated that the Insurance Department expects to file the 1332 Waiver application by the end of April, and that the CMS approval process will take between 6 and 10 weeks.

Michael Degnan of Helms then asked Attorney Mark McCue to describe NHHP's authority to implement the stabilization program. Mr. McCue explained that Section 3(I) of NHHP's enabling statute, RSA 404-G, grants to NHHP "such additional powers and duties as are approved by the commissioner..." He also noted Section 12 of the statute, which permits the Insurance Commissioner to request the Board to develop a plan of operation for a market stabilization program. Mr. McCue informed the Board that he had spoken with Deputy Commissioner Feldvebel, who expects to issue to NHHP a formal request for the market stabilization program to include the duty and power to assess Association members to support the non-federal share of the program. These additional duties and powers will be formalized in the plan of operation and approved, and thus authorized, by the Insurance Commissioner.

Mr. Degnan thanked Mr. McCue for this clarification and asked Kevin Stone of Helms to review the salient provisions of the draft Plan of Operation (the "Plan") provided with the Board materials.

The Final Parameters for Year 1 have been established based on most recent Novarest actuarial analysis. The Attachment Point will be \$60,000. The Annual Maximum Cap will be \$400,000. The Target Coinsurance Percentage is 74%. The final Plan will reflect that the Annual Maximum Cap might be increased within a benefit year in the unlikely event that available program funds resulted in a coinsurance payment calculation greater than 100%. The Novarest analysis estimates a premium reduction impact from these risk subsidy

parameters of 15.8%. A lower premium should lead to higher individual plan enrollment estimated at a 2.4% increase.

The claim submission and reporting process will largely rely on the existing EDGE Server data submission process that the carriers currently use for risk adjustment calculation. This reporting has an adjudication cutoff of April 30 for the benefit year being reported. While the Plan will not impose a specific claim reporting schedule on carriers, NHHP strongly encourages the carriers to make regular- ideally monthly- submissions. CMS will provide NHHP with regular reporting from the EDGE Server data that can be as frequent as monthly. However, the reporting is only as good as the claims submitted. NHHP hopes to make regular- at least quarterly- reporting on the status of claims submitted for reinsurance payments and NHHP will need carrier cooperation to support accurate interim reporting.

In conversations with some carrier actuaries, it was determined that a longer cut off period for claim reporting would be more appropriate for a reinsurance program. Consequently, the Plan calls for the carriers to submit a “covered claims summary” to NHHP by July 31 that would allow for reporting of claims adjudicated through June 30. This would also allow the carriers to utilize their claim adjudication rules in determining eligible claims for payment where these may differ from the rules used by CMS for the EDGE Server. It was noted that this reporting should be net of any third-party recoveries received for reinsurance eligible claims within the reporting period. This also is a difference from the EDGE Server data. NHHP will develop a specific ‘covered claims reporting template’ based on carrier input.

Some carriers noted that while this extended reporting period is welcomed, the payment calculation would occur after the MLR reporting period and an estimate of the risk subsidy payments should be incorporated. Thus, the Board agreed that NHHP would make an interim payment based on the EDGE Server data that would be equal to 80% of the calculated payment amount. A final payment true-up would then be made based on the carrier covered claim submissions. The final payment would be made by October 31.

NHHP will compare the calculated carrier payment allocation from the covered claim submissions and will compare this to the allocation calculation from the EDGE Server data. If these allocation calculations are within 2.5%, then the final payment determination will be based on the covered claims submissions. If the calculations fall outside the 2.5% corridor, then carriers will be asked to submit more detail to substantiate their payment request. NHHP may use an outside auditor to validate any detailed submission. A carrier can appeal the NHHP final payment determination to the NH Insurance Commissioner.

The Plan gives NHHP the right to audit carrier submissions. Because much of the payment determination will be predicated on EDGE Server submitted data that already has federal review and audit conditions associated, the Plan audit language will be revised to indicate that NHHP “might” request an audit submission rather than the original language the indicated that NHHP “will” require an audit submission.

The Board then asked questions and discussed some of the Plan provisions. Mr. Degnan explained that the Insurance Department was still reviewing the Plan, and that the Plan is not yet in final form.

The Board agreed to reconvene by teleconference to approve the Plan of Operation for the market stabilization program when the Plan has been finalized.

The Board had no further business, and the meeting adjourned at 11:00 a.m.

Respectfully submitted,

J. Michael Degnan,
Secretary *Pro Tem*