



Finance Committee Meeting Minutes September 23, 2020

The Finance Committee of the New Hampshire Health Plan Board of Directors was held on Thursday, September 23, 2020 at 10:00 AM via Zoom videoconference.

Meeting attendees were:

Finance Committee Members

Bruce King, Chairman
Dave Ellis
Gerri Vaughan- excused
David Sky *10:30 arrival*

Other Parties

Michael Degnan – Helms & Co.
Kevin Stone – Helms & Co.
John Hastings – Helms & Co.
Mark McCue – Hinckley Allen *10:45 arrival*

Mr. King welcomed the Committee members and staff and asked Committee members for any changes to the proposed July 23, 2020 Finance Committee meeting minutes. There being none, *Mr. King declared the minutes approved as written.*

Mr. King asked Mr. Hastings to review the August 31, 2020 financial statements. Mr. Hastings noted that the financials were presented in the updated format consistent with the FASB ASU No. 2018-08 adopted as of January 1, 2019. Deferred Assessments at December 31, 2019 were \$10,344,024 and were adjusted to \$11,556,418 at 8/31/20 and Net Assets were nil.

Mr. Hastings briefly reviewed the Balance Sheet and noted that \$5.36M in cash was held from proceeds of the 2nd quarter assessments collected on or about August 15, 2020, of which \$4.12M was committed to be paid to DHHS before the end of September. NHHP continues to hold budget reserves contemplated for possible contingencies as well as for the eventual wind-down period and dissolution of NHHP. Prepaid expenses of \$4.7M are largely for payments to DHHS proven to be in excess of needs. NHHP has recently received \$585K from DHHS as a partial repayment and expects to receive \$2.9M imminently to close out excess funds held for the NH Health Protection Program. The statement of changes in net assets reflects approximately \$220K incurred this year in the startup of the Reinsurance Program, which funding will continue until the end of 2020. The Medicaid program remains favorable to budget for expenses and to date has experienced only small reductions in assessable lives despite the widespread impact of the corona virus.

Mr. King asked Mr. Degnan to review progress with the Reinsurance Program. Mr. Degnan pointed out NHHP's approved waiver application and current reports just sent on September 15, 2020 to provide additional information to CMS regarding "pass through funding," including an

actuarial report describing estimated premiums and average enrollment for calendar year 2021 and the actuary's estimated reinsurance for 2021 (\$45.5M) with the Waiver.

Mr. King requested staff discuss the assessment calculations for calendar year 2021. Mr. Hastings noted the Remainder Amount Letter dated August 14, 2020 has been corrected to reflect NHHP's remainder amount due and the maximum amount collectible from NHHP based on the SB313 legislation and was included as the basis for the assessment rate development. Mr. Hastings reviewed the calculation of the rate for CY2021, which was proposed as \$3.60/month/covered life. Mr. Hastings also reviewed the cash flow outlook through May 15, 2022 which suggests that the \$2.9M repayment from DHHS should remain as reserves for expected increased remainder amount funding in 2022 and beyond.

Mr. McCue, Esq. joined the meeting and led considerable discussion about appropriate documentation to meet CMS requirements to transfer the designated "grantee" of the 1332 Waiver administration and funding from the NHD0I to NHHP. This step will allow NHHP to manage, with NHD0I oversight, the administration of the Reinsurance Program including collection and payment of federal funds. Mr. McCue will draft for the Board Meeting on October 8, 2020 a Supplemental Order signed by the Commissioner describing this transfer as well as a 3rd Amendment to the Plan of Operations incorporating the transfer.

Mr. King asked Mr. Hastings to review the proposed budget for 2021, including projected budget expenses for the balance of 2020. The budget incorporates planned expenditures for the Reinsurance Program and the Medicaid Program and projected assessment collections and payments to DHHS. The Medicaid expenses included a 2.5% increase for Helms and modest increases expected for Accounting and Legal expense. Other Medicaid expenses were largely flat. The Reinsurance program expenses reflect a full year of activity with the program going live on January 1, 2021. Helms fees are flat in 2021 while additional costs are provided for actuarial services, CMS's Edge Server expenses, and use of PCG on a limited basis during the year. Assessment collections for the Reinsurance Program are also effective January 1, 2021 with first receipts due May 15, 2021.

Mr. King asked for votes on the following:

Motion to accept the Assessment Rate for CY2021 in the amount of \$3.60 and agreement to recommend this rate to Board. – All in favor.

Motion to accept the CY2021 Budget as presented and to recommend approval to the Board. – All in favor.

There being no further business, Mr. King adjourned the meeting at 11:25 AM.

Respectfully submitted,
J. Michael Degnan