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## Finance Committee Meeting Minutes May 12, 2021

The Finance Committee of the New Hampshire Health Plan Board of Directors was held on Wednesday, May 12, 2021, at 10:30 a.m. via Zoom videoconference.

Meeting attendees were:

**Finance Committee Members**

Bruce King, Chairman  
Dave Ellis  
David Sky  
Gerri Vaughan

**Other Parties**

Michael Degnan – Helms & Co  
John Hastings – Helms & Co  
Mark McCue – Hinckley Allen  
Andrew Luce – Mason & Rich PA

Mr. King welcomed the Committee members and staff and asked Committee members for any changes to the proposed January 27, 2021, Finance Committee meeting minutes. There being none, *Mr. King declared the minutes approved as written.*

Mr. King welcomed Andrew Luce, Mason & Rich and asked him to review the Audit Report. Mr. Luce noted that his Opinion Letter was an Unqualified Opinion, which is good, then he briefly reviewed significant transactions. Assessments receivables and Assessment income both increased due to the increase in the assessment rate from \$1.75 to \$2.96. Prepaid expenses decreased because of significant payments from DHHS following the completion of the Health Protection Program, which program was replaced by the Granite Advantage Program. Mr. Luce also reminded the Committee of recent changes in presentation required by FASB which requires assessments to be recognized as a liability essentially until they are paid out, resulting in the balance reflecting “deferred assessments” and no “net asset” balance. Mr. Luce briefly reviewed the required communication letter to the Board which he stated had no significant findings, and he briefly reviewed the Management Letter to the Board which states that his audit work found no deficiencies in internal controls considered a “material weakness.” Finally, Mr. Luce reviewed potential planning requirements for the 2021 audit, which would include a review of internal controls related to the reinsurance program. It was noted that planning could begin for Single Audit Reporting which is likely to be required for the 2022 when the CY2021 reinsurance payments will be made from federal funds drawn in 2022. Mr. King asked staff to brief the Finance Committee on its preparation for the Single Audit, including an explanation of the “14 compliance areas” briefly outlined by Mr. Luce. The briefing is to be done at the Finance Committee Meeting on 9/23/21 and again with the Board on 10/7/21.

Mr. King then asked Mr. Luce and Attorney McCue to review current developments in filings with the IRS. Mr. Luce stated that the 2020 tax return is in preparation and is expected to be

completed for review by the Finance Committee at a meeting scheduled for 5/26/21 and approvals by the Board at its meeting on 6/10/21. Mr. McCue and Mr. Luce agreed that the 2020 return for the period 8/1/20 – 12/31/20 should be put on extension to allow for Finance and Board approvals. Mr. McCue reminded the Committee that NHHP is subject to examination by taxing authorities for the period from 10/1/16 through 7/31/20, and we are in the process of filing IRS Form 1024-A which is an application for Recognition of Exemption under Section 501(c)(4). Following the tax discussion, Mr. King asked for a motion – *It was moved by Ms. Vaughan and seconded by Mr. Ellis to accept the audit report and recommend to the Board that the audit report be accepted by the Board. All in favor.*

Mr. Luce was excused from the call.

Mr. King asked Mr. Hastings to review the March 31, 2021 financial statements. Mr. Hastings noted that the Balance Sheet format has been changed to show Granite Advantage balances and Reinsurance balances separately. The combined cash balances at 3/31/21 and 12/31/20 both approximately \$5.7M. Receivables for the Granite Advantage program increased from \$4.4M at 12/31/20 to \$5.4M because of the increase in the assessment rate. In addition, the Receivables for the Reinsurance Program can be seen at \$3.6M based on the same projected assessable lives for Q1-21 but with an assessable rate of \$2.43 versus the assessable rate for Granite Advantage of \$3.60. Deferred Assessments (combined) have increased from \$10.0M at 12/31/20 to \$14.6M at 3/31/21 primarily from the addition of Receivables from the Reinsurance Program and from the increase in Receivables of the Granite Advantage Program.

The Profit and Loss Statement reflects assessable lives collected in Q1-2021 were 492,141, a significant gain over projected lives assumed in the rate development (480,000) but slightly below the prior quarter's total of 495,266. Combined revenues were \$8.9M reflecting the addition of revenues for Reinsurance of \$3.6M. Combined Operating expenses were \$162,000, unfavorable to budget by \$23,000, primarily related to actuarial services for Reinsurance work (\$20,000) and Legal work related to taxes (\$12,000) offset by other favorable expenses. Mr. Sky asked that tracking of Reinsurance assessable lives and assessment revenues be added to the Dashboard and Profit and Loss rows. Finally, Mr. Hastings reviewed the ACH payments over \$5,000 being chiefly legal (3 totaling \$20,315) and actuary payments (4 totaling \$39,294) but also a payment to CMS for Edge Server use (\$8,000), audit fees (\$12,439) and PCG (3 mos. at \$3,000 per month).

*Mr. King moved that the financial report be accepted, including the ACH payments as described, and Mr. Ellis be authorized to sign the audit representation letter. All in favor.*

There being no further business, Mr. King adjourned the meeting at 11:55 a.m.

Respectfully submitted,

J. Michael Degnan