

PLAN OF TERMINATION

This PLAN OF TERMINATION (the "*Plan of Termination*") of the **New Hampshire Individual Health Plan Benefit Association**, doing business as "*New Hampshire Health Plan*" ("NHHP"), a nonprofit New Hampshire corporation created pursuant to New Hampshire RSA Chapter 404-G (the "*Statute*"), has been considered and approved by the Board of Directors of NHHP (the "*Board*"), acting through its Wind Down and Transition Committee, and submitted to the New Hampshire Insurance Commissioner (the "*Commissioner*") as required by the amendments to RSA 404-G set forth in House Bill 526, approved by the New Hampshire General Court during its 2013 session and signed into law by the Governor of New Hampshire with an effective date of July 9, 2013 (the "*Effective Date*").

Any capitalized terms used but not defined herein will have the meanings ascribed to such terms in RSA 404-G and the Plans of Operation of the NHHP (described below), as the case may be.

PREAMBLE:

NHHP was formed in 1998 to operate a subsidy mechanism for insurance carriers providing individual health insurance coverage in New Hampshire in an effort to share excessive risk and maintain affordable premiums. In 2003 the role of NHHP expanded to include the operation of an individual high risk pool, and in 2010 NHHP began operation of an under-19 subsidy mechanism pursuant to regulations promulgated by the Commissioner. All of the foregoing are funded solely by assessments on insurance carriers providing health coverage in New Hampshire, each of whom is a member in the New Hampshire Individual Health Plan Benefit Association (collectively the "*Members*"). NHHP also operated a federally qualified high risk pool (pre-existing condition insurance plan) under contract with the federal government pursuant to the Affordable Care Act (the "*ACA*"), but effective July 1, 2013, NHHP's operation of the federally qualified high risk pool ended and was assumed by the federal government.

NHHP's overriding community purpose has been "to facilitate the availability of affordable individual non-group health insurance" in New Hampshire. Given the establishment of an individual health insurance "marketplace" (the "*Marketplace*") and the restriction on insurance carriers from denying individual health insurance because of pre-existing conditions under the ACA effective January 1, 2014, the New Hampshire General Court determined that the programs operated by NHHP no longer are necessary, and that NHHP should transition the enrollees in its high risk pool to the Marketplace and wind down its affairs. This Plan of Termination is the procedural

guide to the winding down of NHHP's operations and affairs, and the dissolution of NHHP as required by the amended Statute.

I. LEGAL EFFECT OF PLAN OF TERMINATION; NOTICE TO MEMBERS

A. AMENDMENT TO PLANS OF OPERATION.

This Plan of Termination is made a part of the Plan of Operation - Subsidy Mechanism described in Section 5 of the Statute and of the Plan of Operation - High Risk Pool described in Section 5-a of the Statute (collectively the "*Plans of Operation*"), and modifies and supersedes the terms of the Plans of Operation to the extent described below as of the Effective Date. The Plans of Operation, as modified by this Plan of Termination, remain in full force and effect and will continue to govern the operations of NHHP and the manner in which NHHP is administrated while it is winding down its affairs. To the extent of any inconsistency between the Plans of Operation and this Plan of Termination, this Plan of Termination will govern.

B. NOTICE TO ASSOCIATION MEMBERS.

Within five (5) business days of the Commissioner's approval of this Plan of Termination, NHHP will provide written notice of its winding down and dissolution to each Member and will cause the Plan of Termination to be posted on the NHHP and New Hampshire Insurance Department web sites. The Member notice will include a link or reference to the Plan of Termination, and the NHHP will provide a hard copy of the Plan of Termination to any Member upon request.

II. CESSATION OF HIGH RISK POOL, FEDERAL PCIP AND SUBSIDY MECHANISMS

A. HIGH RISK POOL.

The following provisions will apply to the high risk pool health plans provided by NHHP as described and authorized by Section 5-b of the Statute (the "*Health Plans*"):

1. Cessation of Coverage. Beginning at 11:59 p.m. EST on December 31, 2013 (the "*Coverage Cessation Date*"), all coverage provided by NHHP to enrollees and their covered dependents under the Health Plans will terminate.

2. Acceptance of New Enrollees; Coverage Renewal; LIPS Program. NHHP will stop accepting new enrollees into the Health Plans as of December 1, 2013. Existing enrollees in the Health Plans may renew coverage that is due for renewal on or before December 1, 2013. All such applicants for new or renewed coverage will be notified upon application or renewal that coverage under the Health Plans

will end on the Coverage Cessation Date regardless of when obtained or renewed. If grant funding is sufficient, NHHP may maintain its Low-Income Premium Subsidy (LIPS) Program for qualifying applicants for new or renewed coverage under the Health Plans until December 1, 2013. Any grant monies available to fund the LIPS Program and remaining after December 1, 2013 will be used to offset NHHP operational losses to the extent permitted by the terms of the grants.

3. Deadline for Submission of Claims; Runout. Pursuant to the terms of the Health Plans policies, individuals covered under the Health Plans must submit claims for coverage ("*Health Claims*") no later than 5:00 p.m. EST on December 31, 2014 (the "*Health Claims Deadline*"). NHHP, through its Plan Administrator, will pay claims in its normal course of business and as required by applicable law. NHHP will continue to engage an actuarial consultant to assist in the setting of appropriate reserves for incurred but not yet reported claims ("*IBNR*").

4. Notification to Insureds. NHHP, through its Plan Administrator, will develop a plan for notifying Health Plan enrollees ("*Health Plan Enrollees*") of the cessation of coverage and the options and resources available to them for obtaining individual health insurance after the Coverage Cessation Date. NHHP will provide at least two (2) notifications to enrollees, the first of which will be no later than November 1, 2013.

5. Suspension by Commissioner. If on or before December 1, 2013 the Commissioner issues a notice under Section 12 of the amended Statute declaring that access to guaranteed issue coverage does not exist in the State's commercial marketplace, then NHHP will suspend the cessation of the High Risk Pool until the Commissioner issues an order or other determination concluding that access to guaranteed issue coverage exists.

B. FEDERALLY QUALIFIED HIGH RISK POOL (PCIP).

The following provisions will apply to the federally qualified high risk pool, known as the pre-existing condition insurance plan, described in the Preamble (the "*PCIP*"):

1. Cessation of Operation by NHHP. The contract between NHHP and the Secretary of the United States Department of Health and Human Services regarding the PCIP in New Hampshire (the "*Federal Contract*") was not renewed, so that as of July 1, 2013 (the "*PCIP Coverage Transfer Date*") the operation of the PCIP was assumed fully by the federal government. Therefore, the Plan of Operation described in Section 5-g(III) of the Statute no longer is in effect.

2. Run-Out of Claims; Funding. NHHP will continue to accept and pay claims from individuals covered under the PCIP for services performed prior to the

PCIP Coverage Transfer Date. Under the Federal Contract, this run-out period is expected to end on June 30, 2014. The administration of the PCIP run-out and payment of claims will continue to be funded solely from federal funds payable to NHHP under the Federal Contract.

3. Final Audit; Reporting. Following the end of the run-out period, NHHP will arrange for a final audit of the PCIP operations and will make all final reports and reconciliations required under the Federal Contract. It is expected that all of the obligations of NHHP under the Federal Contract will terminate as of December 31, 2014.

C. RISK-SHARING SUBSIDY MECHANISM.

The following provisions will apply to the risk-sharing subsidy mechanism established under Section 5 of the Statute (the "*Risk-Sharing Subsidy Mechanism*"):

1. Cessation of Risk-Sharing Subsidy Mechanism. Under Section 11(I) of the amended Statute, subsidies under the Risk-Sharing Subsidy Mechanism will end for any experience occurring after 11:59 p.m. EST on December 31, 2013.

2. Final Applications. Eligible Carriers which seek a subsidy for experience in calendar year 2013 (the "*Final Experience Year*") must file a subsidy application no later than July 1, 2014, in accordance with existing NHHP policies and forms under the Plan of Operation - Subsidy Mechanism. **NO INITIAL APPLICATIONS WILL BE ACCEPTED AFTER JULY 1, 2014.**

3. Corrective Applications. Under the Plan of Operation - Subsidy Mechanism, Eligible Carriers who timely filed an initial application under the Risk-Sharing Subsidy Mechanism may file a corrective application no later than July 1, 2015 based on additional experience during the Final Experience Year. **NO CORRECTIVE APPLICATIONS WILL BE ACCEPTED AFTER JULY 1, 2015.** To facilitate the prompt winding down of NHHP, Eligible Carriers who timely file a initial application may waive in writing their right to file a subsequent corrective application.

4. Subsidy Payment. NHHP will pay the subsidies under the Risk-Sharing Subsidy Mechanism in accordance with a plan of distribution established by the Board under the Plan of Operation - Subsidy Mechanism, and approved by the Commissioner.

D. UNDER 19 SUBSIDY MECHANISM.

The following provisions will apply to the so-called Under 19 Subsidy Mechanism established by the New Hampshire Insurance Department under Ins 1908 (the "*Under 19 Subsidy Mechanism*"):

1. Cessation of Under 19 Subsidy Mechanism. Under Section 11(II) of the amended Statute, subsidies under the Under 19 Subsidy Mechanism will end for any experience occurring after 11:59 p.m. EST on December 31, 2013.

2. Final Applications. Eligible Carriers who seek a subsidy for experience in the Final Experience Year must file a subsidy application no later than July 1, 2014, in accordance with existing NHHP policies and forms under the Plan of Operation - Subsidy Mechanism. **NO INITIAL APPLICATIONS WILL BE ACCEPTED AFTER JULY 1, 2014.**

3. Corrective Applications. Under the Plan of Operation - Subsidy Mechanism, Eligible Carriers who timely filed an initial application under the Under 19 Subsidy Mechanism may file a corrective application no later than July 1, 2015 based on additional experience during the Final Experience Year. **NO CORRECTIVE APPLICATIONS WILL BE ACCEPTED AFTER JULY 1, 2015.** To facilitate the prompt winding down of NHHP, Eligible Carriers who timely file a initial application may waive in writing their right to file a subsequent corrective application.

4. Subsidy Payment. NHHP will pay the subsidies under the Under 19 Subsidy Mechanism in accordance with a plan of distribution established by the Board under the Plan of Operation - Subsidy Mechanism, and approved by the Commissioner.

E. ASSESSMENTS.

As directed by RSA 404-G:5 and RSA 404-G:5-a, and as confirmed by Section 11(VI) of the amended Statute, the administration and collection of Assessments against Members will continue in accordance with the Plans of Operation, as amended by this Plan of Termination, until all of the obligations of NHHP are satisfied in full. From and after the Coverage Cessation Date, it is expected that Assessments will be NHHP's primary source of revenue if current reserves are not sufficient. Although NHHP will endeavor to avoid special Assessments and to keep additional regular Assessments, if any, as low as possible, the Board may establish one or more special Assessment rates as is necessary or desirable to wind up the affairs of NHHP and to satisfy all of its debts and liabilities. The Board will use its reasonable efforts to establish and use appropriate reserves, and to wind down and conclude the affairs of NHHP as soon as is reasonably

possible. To the extent possible, and only as necessary to maintain cash flow, NHHP may extend or replace its existing line of credit.

E. CONTRACTUAL RELATIONS.

1. Administrators and Executive Director. The Board will coordinate the winding down of operations and dissolution of NHHP with the Pool Administrator, Assessment Administrator and Executive Director (collectively the "*Administrators*"). If the duties of any of the Administrators in connection with the winding down of NHHP's operations and the dissolution of NHHP exceed the terms of the contract for services between such Administrator and NHHP, the Board may amend or replace such contract accordingly. Such contracts may be extended by the Board through the anticipated completion of the winding down and dissolution of NHHP, which is currently projected to occur between September and December of 2015. Notwithstanding RSA 404-G:5-c, and as confirmed by Section 11(III)(f) of the amended Statute, the Board may amend and extend the Pool Administrator contract (and all other contracts) without a competitive bidding process.

2. Professional Advisors. NHHP will review and amend as necessary any existing contract with its professional advisors and other consultants, including without limitation, contracts with its actuarial, legal, and accounting advisors, and may engage such other consultants and professional advisors as it deems necessary or desirable to effect this Plan of Termination.

3. Obsolete Contracts. NHHP will take such action as is necessary and permitted to terminate any contracts or other obligations which are no longer necessary following the Coverage Cessation Date.

III. COMMUNICATIONS AND TRANSITION OF HIGH RISK POOL ENROLLEES AND UNINSURED TO MARKETPLACE

A. COMMUNICATIONS PLAN.

NHHP, in coordination with the Administrators, will develop a communications plan designed to: (1) assist individuals covered under the Health Plans ("*NHHP Insureds*") in learning about, and obtaining, individual health insurance coverage that will be available on and after January 1, 2014; and (2) inform NHHP's various constituencies about its progress in effecting this Plan of Termination, including without limitation the Members, the Commissioner, producers, creditors and the general public.

B. CONSUMER ASSISTANCE GRANT.

It is consistent with the corporate purpose of NHHP to assist Health Plan Enrollees and the uninsured in New Hampshire in accessing the Marketplace to obtain replacement or new individual health insurance on and after January 1, 2014, in part because subsidies are available through the Marketplace for qualified individuals. Accordingly, at the request of the Commissioner and in connection with the transition of Health Plan Enrollees to the Marketplace, NHHP has decided to seek the funds being relinquished by the New Hampshire Insurance Department under the federal Consumer Assistance Grant (Grant # HBEIE130156-01-00 awarded April 8, 2013) designed primarily to provide consumer education and awareness of the Marketplace (the "*Consumer Assistance Grant*" or the "*Grant*"). NHHP will implement the Grant as follows:

1. Acceptance and Oversight. NHHP has filed a letter with Office of Acquisition and Grants Management of the U.S. Department of Health and Human Services ("*OGM*") seeking receipt of the federal Grant funds pursuant to the terms of the Cooperative Agreement to Support Establishment of the Affordable Care Act's Health Insurance Exchanges - Level One Exchange Establishment - Consumer Assistance Partnership (CFDA 93.525) (the "*Cooperative Agreement*"). The NHHP Executive Director will oversee the implementation of the Grant and the performance of the Project Manager and other contractors, and NHHP and the Executive Director will negotiate a mutually-agreeable amendment to the Executive Director services contract.

2. Evaluation and Modification of Work Plan and Budget. The NHHP Executive Director will review the Grant work plan and budget submitted to OGM by the New Hampshire Insurance Department, and will recommend to the Board for approval such modifications as are necessary or desirable under the circumstances.

3. Project Manager; Use of State and Local Resources; Procurement Standards. Given the shortened timeframe within which to implement the Grant, and the limited resources available to NHHP and its Executive Director, the Board may "sole source" the contract for the Project Manager without competitive bidding, provided that NHHP seeks and obtains the approval of OGM under 42 CFR §92.36(g). With respect to other contracts, NHHP will adopt a standard of conduct policy and will follow federal procurement standards. To the extent possible, NHHP will use competitive bidding processes and engage state and local resources whenever feasible, based on the needed services and the experience and abilities of such resources.

4. Exclusive Funding by Grant; Adherence to Federal Regulations. All activities of NHHP, its Executive Director and its contractors in connection with the Grant must be funded solely by the Grant funds. NHHP will segregate the Grant

funds, and the Executive Director will maintain separate bookkeeping entries for the receipt and expenditure of Grant funds by NHHP.

5. Corporate Power to Implement Grant. To the extent not enumerated in Section 3 of the Statute, NHHP will have such additional corporate powers as are necessary or desirable to implement fully the Grant in accordance with the modified work plan and budget, and the terms of the Cooperative Agreement. The Commissioner's approval of this Plan of Termination will constitute an approval of any such additional powers under Section 3 of the Statute.

6. Transparency. Upon its receipt of the Grant, NHHP recognizes that it will become responsible for utilizing significant public funds to further a public service goal of enhancing access to affordable individual health insurance in the State of New Hampshire. Therefore, in an effort to maintain transparency and public trust, NHHP agrees that to the extent possible, it will follow the provisions of the New Hampshire Right-to-Know Law, RSA 91-A.

IV. WINDING DOWN OF NHHP AFFAIRS

A. PAYMENT OF CLAIMS AND CREDITORS; LIQUIDATION OF ASSETS.

Following the Coverage Cessation Date, NHHP will carry on no business except for the purposes of: (1) fulfilling its obligations under the Consumer Assistance Grant; and (2) winding down its affairs, liquidating its assets, and paying, discharging or making reasonable provision for the payment of all of NHHP's liabilities, whether accrued, contingent, expected or otherwise, including without limitation Health Claims and payments under the Risk-Sharing Subsidy Mechanism or the Under 19 Subsidy Mechanism (collectively the "*Subsidy Mechanisms*"). As soon as is reasonable and practicable after the Coverage Cessation Date but in no event later than six (6) months following the deadline for filing corrective applications under the Subsidy Mechanisms, or the waiver thereof by Eligible Carriers, NHHP will: (i) determine and pay or discharge, or make reasonable provision to pay or discharge in full, all known or reasonably ascertainable unpaid liabilities or obligations of NHHP incurred or expected to be incurred, and (ii) convert all investment accounts and other remaining assets of NHHP to cash or cash equivalents.

B. WAIVER OF HEALTH CARRIERS UNDER SUBSIDY MECHANISMS.

In determining the final liabilities of NHHP, contingent or otherwise, the Board may rely on a written notification and waiver of an Eligible Carrier who timely filed an initial subsidy application for the Final Experience Year certifying to NHHP that it will not submit any corrective subsidy application to NHHP, and waiving any further rights to a subsidy payment under the Subsidy Mechanisms administered by NHHP. The

provision of any such notification and waiver by an Eligible Carrier, although encouraged, will be voluntary and not mandatory.

C. FINAL AUDIT.

NHHP will continue to have an annual audit of its finances and operations as required by the Plans of Operation. NHHP also will have a final audit conducted by an independent CPA of its last year of operations and finances prior to any final distributions to Members under Section IV(D) below.

D. DISTRIBUTION OF ANY REMAINING ASSETS.

Cash or other assets that remain after NHHP's liabilities and obligations have been paid and discharged in full will be distributed within ninety (90) days of NHHP's receipt of its final audit report (as described in Section IV(C) above). Such assets will be distributed to the Members in accordance with the number of Covered Lives attributable to such Member as of the then most recent quarterly Assessment; provided, however, that the Board may make adjustments to the distribution formula with respect to those Members who have not fully-paid all prior Assessments, including those Members who have entered into settlement agreements with NHHP. If the remaining assets are so minimal that such distribution to Members would be inefficient and costly because of the relatively small size of the distributions, then the Board may propose another method of distribution which is consistent with the principles of the Statute and this Plan of Termination, for example a distribution to the New Hampshire Vaccine Association credited proportionately to the Members. Any such alternative distribution proposal must receive the prior approval of the Commissioner.

E. DISSOLUTION OF NHHP.

At the time NHHP is prepared to distribute its remaining assets to Members as described in Section IV(D) above, NHHP will adopt a Plan of Dissolution consistent with this Plan of Termination and applicable law for submission to the Commissioner. Upon approval of the Plan of Dissolution by the Commissioner, NHHP will make the final distribution to Members and file with the New Hampshire Secretary of State the Certificate of Dissolution described below.

V. LEGAL, TAX AND REGULATORY MATTERS

A. REGULATORY MATTERS.

1. Reports Required by Statute. NHHP will continue to make an annual report to the Commissioner in accordance with Section 7 of the Statute until the obligations of the NHHP are satisfied in full and any excess funds have been

returned to Members. In addition to the information required by the Statute, NHHP's annual report will include the status of the implementation of this Plan of Termination.

2. Requirements Imposed by Provisions of the Insurance Code. As stated in Section 11(III)(d) of the amended Statute, NHHP will not be required to make reports to the New Hampshire Insurance Department or take other actions with respect to the Health Plans typically required of New Hampshire health insurers under insurance laws and regulations.

B. TAX MATTERS.

1. Evaluation of Federal Tax Status. In connection with the winding down of NHHP's affairs, the Board may consult with one or more tax advisors to determine the effect of the Plan of Termination on the federal taxation of the NHHP's income, if any. The Board is authorized to make such tax elections and to take such further actions as may be advisable to reduce the NHHP's tax liability. In calculating the remaining liabilities of the NHHP, the Board and its advisors will take into account any change in taxation resulting from the Plan of Termination.

2. Tax Filings. NHHP will continue to make such tax filings as are required by state and federal laws and regulations, including a "short year" tax filing for the period of the calendar year which precedes the filing of the Certificate of Dissolution.

C. LEGAL MATTERS.

1. Authority of the Board; Delegation; Immunities and Insurance. The Board will have authority to do or authorize any or all acts as it considers necessary or desirable to carry out the purposes of this Plan of Termination, including, without limitation, the execution and filing of all certificates, documents, instruments, information returns, tax returns, forms and other papers which may be necessary or appropriate to implement the Plan of Termination or which may be required by applicable laws. The Board may take or, as appropriate, authorize such further action as may be necessary or desirable and proper to consummate the transactions contemplated by this Plan of Termination, and may engage such contractors and professional advisors as it deems necessary to assist it in interpreting and effectuating this Plan of Termination. Because of the requirements of RSA 91-A to have a quorum physically present at meetings and in order to properly oversee the actions required by this Plan of Termination, the Board may delegate some or all of its duties under this Plan of Termination, except for the approval of the Plan of Dissolution, to its Wind Down and Transition Committee (the "*Wind Down Committee*").

2. Immunities and Insurance. In winding down the affairs of NHHP, the Board and its committees, including without limitation the Wind Down Committee, the individual directors and committee members, and the Administrators and their employees continue to enjoy the immunities of Section 9 of the Statute and the indemnification set forth in the NHHP Bylaws, which protections will continue after the termination of the NHHP. To the extent not currently in effect, NHHP may acquire and maintain director and officer liability insurance to cover the activities of the Board and its committees under this Plan of Termination.

3. Inapplicability of Insurance Laws and Regulations. As set forth in Section 11(III)(d) of the amended Statute, state insurance laws and regulations applicable to the Health Plans, including guaranteed issue and premiums, and notice periods for cancellation of coverage, will not apply to the cessation of coverage under the Health Plans as of the Coverage Cessation Date, regardless of the terms of the Health Plans policies, certificates of coverage, or other documentation.

4. Certificate of Dissolution. Upon approval of the Plan of Dissolution by the Board and the Commissioner, NHHP will file a Certificate of Dissolution with the New Hampshire Secretary of State as required by New Hampshire RSA 292. Upon the satisfaction of all of its liabilities in full and the filing of such Certificate, NHHP will be deemed to be dissolved.

5. Subsequent Liabilities. If a liability of NHHP arises after the final distribution of remaining assets under Section IV(D) above and to which no legal defenses (including the passage of the applicable statute of limitations) exist, then NHHP will retain the power, and will establish, a special Assessment to cover such liability, and the Members will pay such Assessment in the same proportions by which assets were distributed under Section IV(D). This provision is not intended to, and will not, benefit any third party, and NHHP reserves all legal and equitable rights and defenses available to it.

6. Further Amendment. If the Board desires to modify this Plan of Termination, it will follow the existing process for amending the Plans of Operation.

VI. GUIDING PRINCIPLES

It is anticipated that in the course of implementing this Plan of Termination, NHHP will encounter circumstances which are not contemplated by, or directly addressed, by this Plan of Termination. In addressing such circumstances, the Board will be guided by the following principles underlying this Plan of Termination:

- Decisions will further NHHP's overriding corporate and community purpose "to facilitate the availability of affordable individual non-group health insurance" in New Hampshire.
- Assisting NHHP Health Plan Enrollees and the uninsured population find available and affordable individual health insurance as of January 1, 2014 is a priority.
- NHHP will seek guidance and assistance from the Commissioner and his staff as appropriate.
- To the extent feasible, existing reserves will be utilized to satisfy NHHP's liabilities and additional Assessments will be avoided if possible.
- NHHP's Grant activities will be tracked separately from the winding down of its Health Plans and Subsidy Mechanisms, and the Board will seek to be transparent in its activities.

APPROVAL OF INSURANCE COMMISSIONER

The foregoing Plan of Termination adopted by the Board of Directors of the New Hampshire Individual Health Plan Benefit Association is hereby approved.

DATE: September 11, 2013



Roger A. Sevigny, Commissioner