



[The following Minutes are in draft form and have not yet been reviewed and approved by the NHHP Board]

Minutes Board of Directors Meeting March 16, 2022

A meeting of the Board of Directors of the New Hampshire Health Plan (NHHP) was held by Zoom videoconference and teleconference on March 16, 2022 because of the ongoing COVID-19 pandemic and the exigent need for Board action.

The following individuals attended the meeting:

Directors:

David Ellis
Bruce King
David Sky
Bradley Long
Kathryn Skouteris
Gregg Daly
Steven Phillips
Christopher Kennedy (joined at 10:00 a.m.)

Other Attendees:

J. Michael Degnan, Helms & Co.
Kevin Stone, Helms & Co.
John Hastings, Helms & Co.
Mark McCue, Esq., Hinckley Allen
Elizabeth Leif, Leif Associates, Inc.
Nic Ramey, Leif Associates, Inc.

David Ellis, Chair, presided and called the meeting to order at 9:35 a.m., a quorum being present.

Mr. Ellis welcomed two new Board of Directors nominees, Steve Phillips representing Anthem Blue Cross Blue Shield of New Hampshire and Gregg Daly representing UnitedHealthcare. He noted that Mr. Phillips was nominated by Anthem to replace Lisa Guertin, who has retired, and that Mr. Daly was nominated by UnitedHealthcare to replace Gerri Vaughan, who has left the organization. Upon a motion by Bruce King and seconded by Kate Skouteris, it was unanimously:

VOTED: *To accept the Anthem Blue Cross Blues Shield of New Hampshire nomination and elect Steven Phillips to the NHHP Board of Directors as an insurance carrier representative for the remainder of Lisa Guertin's term, and to accept the UnitedHealthcare nomination and elect Gregg Daly to the NHHP Board of Directors as an insurance carrier representative for the remainder of Gerri Vaughan's term.*

Mr. Ellis then reviewed the meeting agenda and asked the Board if everyone had the opportunity to review the minutes of the meetings held on October 7, 2021 and October 29, 2021. Upon a

motion by Mr. King and seconded by Mr. Long, it was unanimously:

VOTED: *To approve the minutes of the meetings of the Board of Directors held on October 7, 2021 and October 29, 2021, respectively, in the form presented to the Board.*

Mr. Ellis then turned the meeting over to John Hastings of Helms & Company to present the financial update for the fiscal year ending December 31, 2021. Mr. Hastings began by reviewing the balance sheet. He noted that the \$4.4M entry reflected a refund from the New Hampshire Department of Health and Human Services (NHDHHS) of overpayments of assessments for previous Medicaid expansion programs. The refund currently is being invested by NHHP without a designated use. Mr. Hastings explained that the remaining cash shown on the balance sheet resulted primarily from assessments due in February 2022 for the quarter ended December 31, 2021. Mr. Hastings explained the deferred assessment accounts, which are the equivalent of net asset accounts for each NHHP program under the new accounting standards. He then turned to the profit and loss statements, noting that he had incorporated the changes in reporting assessable lives requested by the Board at its last meeting. Mr. Hastings described the net receipts and expenses, noting that the only expense over budget when the program budgets were combined were the total accounting fees related to the analysis and filing of the 501(c)(4) exempt application with the IRS. He concluded this portion of his report by reviewing the reconciliation conducted by NHDHHS for the Granite Advantage Program, noting that the State Medicaid Director expects that the premium tax estimate for the current State fiscal year (ending June 30, 2022) may increase approximately \$100,000, which will impact NHHP's future assessment obligations commensurately.

Mr. Hastings informed the Board that the audit of the 2021 financial statements was proceeding smoothly and in a timely fashion. He then noted that NHHP's application for exempt status under Section 501(c)(4) of the federal tax code – filed in June 2021 – recently was assigned to an IRS reviewer. At the request of Michael Degnan, Attorney Mark McCue described the history of NHHP's tax-exemption status as its operations evolved from a high-risk pool to collection of assessments for the State's Medicaid expansion programs, to the operation of the Reinsurance Program. He informed the Board that NHHP now was seeking the IRS' recognition that NHHP is exempt from federal income taxation under Section 501(c)(4).

Mr. Hastings then reviewed the financial performance of the Reinsurance Program. He directed the Board to the dashboard in the meeting materials and explained that reported assessable lives for the quarter ended December 31, 2021, was approximately 505,000, and that assessable lives are budgeted at 500,000 through the first quarter of calendar year 2023. He also noted that the Reinsurance Program assessment rate currently is \$2.32 per assessed life per month and is projected to drop to \$2.15 per assessed life per month beginning in the first quarter of calendar year 2023. As a result, Reinsurance Program assessment collections are projected to decrease slightly in 2023. Mr. Hastings concluded this portion of his report by noting that the cash flow projections for the Reinsurance Program still anticipate positive balances after the payment of claims to participating carriers. He then asked Kevin Stone to continue the Reinsurance Program review.

Mr. Stone directed the Board to the Reinsurance Program 2021 Payout Forecast in the meeting materials. He explained that a combination of (i) an unexpected increase in federal funding as a result of the America Rescue Plan Act, (ii) an increase from budget in assessable lives resulting in higher assessment revenue and no need to tap into the \$200,000 reserve for a possible drop in anticipated assessable lives, and (iii) lower than budgeted operating expenses resulted in an estimated gain over the actuarial estimate for 2021 of approximately \$822,400. Mr. Hastings then reviewed the estimate of likely runout costs at the end of the Reinsurance Program and reminded the Board that the reserve for these costs was postponed by the Board subject to legal review. Mr. Degnan informed the Board that Attorney McCue has confirmed that NHHP may establish such a reserve, and that the reserve is expressly contemplated under the Reinsurance Program Plan of Operation. Mr. Stone noted that the circumstances resulting in a favorable cash position of the Reinsurance Program were unlikely to be repeated and that no regular assessments would be imposed on NHHP members during the wind-down period. Mr. Stone and Mr. Hastings therefore stated that it was management's recommendation that NHHP establish a reserve of \$465,000 for the winding-down costs of the Reinsurance Program. Mr. King noted that the Finance Committee reviewed the reserve fund proposal in detail, and supported management's recommendation. Upon a motion by Mr. King as Chair of the Finance Committee and seconded by Steve Phillips, it was unanimously:

VOTED: *To allocate \$465,000 of Reinsurance Program monies to establish a reserve fund for the anticipated costs of winding down the Reinsurance Program upon its termination.*

Mr. Stone concluded his portion of the Reinsurance Program review by focusing on the reinsurance claims reported to-date through the EDGE server. He explained that carriers have another 4-5 months to submit reinsurance claims, but that those typically do not exceed 10% of the claims filed to-date. Mr. Stone directed the Board to the sensitivity testing contained in the meeting materials and noted that even if claims increased by another 20% (an unlikely event), the Reinsurance Program payments would be within the 70% of claims parameter established for the 2022 benefit year.

Mr. Ellis thanked Mr. Hastings and Mr. Stone for their reports and requested Liz Leif to present her actuarial analysis and recommendations for the Reinsurance Program's 2023 parameters. Ms. Leif began by outlining the scope of her analysis, and then reviewing in detail for the Board the assumptions summarized on page 24 of the meeting materials. She explained that the projected claims rate of 6.5% was higher than 2021 because 2021 was not a normal claims year as a result of the myriad ramifications of the COVID-19 pandemic and state of emergency. Ms. Leif then explained the unusual trend line in enrollment projections, noting that the onset of the COVID-19 state of emergency resulted in lockdowns, lost jobs, and enrollment in market exchanges. In 2021, Congress passed the America Rescue Plan that expanded the premium tax credit and re-opened and extended the open enrollment period. In 2022 the open enrollment extension ended, and the premium tax credit will expire in 2023. Therefore, Leif Associates assumes that no new legislation will be enacted, and that enrollment once again will drop in 2023. Ms. Leif concluded her report by explaining her estimate of net federal (\$23.8M) and state (\$12.5M) funding for the Reinsurance Program in 2023, and by describing the recommended Reinsurance Program parameters for the 2023 benefit year. She also noted that she had

conducted sensitivity testing on the recommended parameters, as summarized on page 29 of the meeting materials.

Mr. Ellis then gave the Board an opportunity to ask questions of Ms. Leif before calling for a motion to approve the recommended parameters. Discussion followed about when the public emergency declaration would end, and the nature of the subsequent Medicaid re-determination of eligibility process and its impact on New Hampshire claims and enrollment. Mr. Stone informed the Board that the Actuarial Task Force spent a significant amount of time on the 2023 Reinsurance Program parameters, and unanimously supported the recommendations. Upon a motion by Mr. Phillips and seconded by Ms. Skouteris, it was unanimously:

VOTED: *Subject to the approval of the New Hampshire Insurance Commissioner, to establish the following parameters for the 2023 Benefit Year of the New Hampshire Reinsurance Program: (1) a specific attachment point of \$60,000 in Covered Claims per individual; (2) an annual maximum per claim cap of \$400,000 in Covered Claims per covered individual; and (3) a target reinsurance percentage of 58%.*

Mr. Degnan thanked Ms. Leif and Mr. Ramey for their excellent work. Mr. Stone noted that the first annual report of the Reinsurance Program has been drafted and will be submitted next month when due. He also noted that the second annual public session required under the Section 1332 Waiver likely will be held in June.

Mr. Hastings then reviewed the Granite Advantage Program dashboards contained in the meeting materials, included results and estimates of the Program's assessable lives, assessment rates and assessment collections. He asserted that NHHP continues to have sufficient funds to meet its Granite Advantage Program obligations. Mr. Degnan concluded the report by reviewing the State's remainder amount letter of December 20, 2021, which determined that sufficient funding existed for the first six months of State fiscal year 2022-23, but that additional funding would be required to sustain the Program for the remaining six months of the State fiscal year. Mr. Degnan noted that such additional funding must be appropriated by the legislature. Mr. Hastings confirmed that the remainder letter's statement of NHHP's remainder obligation was consistent with the number used by NHHP in its financial planning and projections.

Upon Mr. Ellis' inquiry about other business, Mr. Degnan briefly reviewed the schedule of NHHP Board and Committee meetings through the remainder of the calendar year.

The Board had no further business or a need for executive session, and the meeting adjourned at 11:00 a.m.

Respectfully submitted,

J. Michael Degnan,
Secretary *Pro Tem*