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## Finance Committee Meeting Minutes February 16, 2022

The meeting of the Finance Committee of the New Hampshire Health Plan Board was held on Wednesday, February 16, 2022 at 10:30 AM via Zoom videoconference.

Meeting attendees were:

**Finance Committee Members**

Bruce King, Chairman  
Dave Ellis  
David Sky  
Gregg Daly

**Other Parties**

Michael Degnan – Helms & Co.  
Kevin Stone – Helms & Co  
Mark McCue – Hinckley Allen

Mr. King welcomed the Committee members and staff and asked Committee members for any changes to the proposed January 19, 2022 Finance Committee meeting minutes. (Mr. King noted a typo on his name, which is now corrected.) There being no other changes, *Mr. King declared the minutes approved with correction noted.*

Mr. King asked Mr. Hastings to review the year end December 31, 21 financial statements. Mr. Hastings reviewed the unaudited comparative Balance Sheet and noted the Budget Reserve of \$767K and the Granite Advantage Program Reserve of \$618K, as well as the Granite Advantage Sweep account holding \$4.46M funds largely the result of DHHS returning unused funds from the predecessor program. Mr. Hastings also noted the Reinsurance Sweep was holding \$10.7M from assessment collections for the first three quarters of 2021. Total cash is now \$16.7M. Receivables total \$9.1M which is the estimate of Q4 assessment collections due in February of 2022. Mr. Hastings also noted that Prepaid Expenses now reflected \$718K which is the estimated excess funds held by DHHS as of December 31, 2021, a normal year end calculation done for our audit. Finally, Mr. Hastings noted that Deferred Assessment balance at year is now \$26.5M reflecting cumulative net assets held by NHHP for future charitable payments.

Mr. Hastings then briefly covered the Profit and Loss Statement for the 12 months ending December 31, 2021. Cumulative lives reported for assessments were 6.1M (about 400,000 higher than estimated) totaling \$36.6M in earned assessments. Program Expenses paid out for the Granite Advantage were \$19.5M, while total operating expenses were \$580K against the total budget of \$590K. Legal fees were favorable to budget by \$18K for the year while being significantly over in General legal expenses due to significant tax work related to our tax-exempt status. Accounting fees were \$13K over budget also due to significant tax work.

Mr. King then asked Mr. Hastings to review Dashboards and Cash Flow for the two programs. Mr. Hastings pointed out the dashboard for the Granite Advantage Program shows covered lives increasing in 2021 compared to 2020 from about 495,000 covered lives to about 505,000 allowing assessment proceeds to exceed payments to DHHS. The cash outlook through the end of NH Fiscal Year ending June 30, 2023 projects the Assessable lives to drop to about 500,000 lives. Assessment Cash balance of \$4.4M at December 31, 2021 should be drop marginally but remain close to \$4.0M through the projection period.

Mr. Hastings then noted the Reinsurance Program Dashboard shows that with assessment rates already established for 2022 at \$2.32 and 2023 at \$2.15 and estimated lives dropping to 500,000, the proceeds are projected to drop to \$13.9M in 2022 from \$14.8M in 2021, and likely to \$12.92M in 2023, before expenses. (These numbers are in line with actuary Leif Associates). Mr. Hastings noted that because these payments are planned to be paid only in June and September after the end of the calendar years, there is a buildup in cash that shows a peak in CY Q1 each year and the low point CY Q3 after the reinsurance payments for the prior year are completed. We are projecting a high point in CY Q1, 2022 of \$14M and a low point in CY 2023 of \$5M.

Mr. Stone pointed out that at the end of the program the 2025 assessment collections would be made a part of the calculations for the 2025 program and made a part of the distributions to the carriers participating in the program. The administrative costs for the runout of the program are not currently funded. Mr. Stone further noted that this would be a good year to establish a runout reserve because there were significant gains against the original program revenues and costs. Mr. Stone then reviewed a summary of the estimated Reinsurance Gain and the Proposed Reserve for Runout Costs at the end of the Program. Essentially, the original projections before the start of the program included fewer covered lives than were reported and received, and the original projections of expenses for 2021 were significantly higher than the actual expenses resulting in a gain of \$822K realized. The estimated runout costs at the end of the program in 2026 were \$365,000 and \$100,000 was added for contingency. The runout expenses were based on current expenses with certain adjustments for expected cost that would not be needed in runout (actuarial costs) and for costs not currently allocated to the Reinsurance (legal, audit, and D&O insurance), the result then inflated by 3% per year to 2026. Mr. Degnan proposed that the balance of the gain (\$357,000) should be added to the distributions made to the three carriers in the program for 2021.

*Mr. Ellis made a motion and Mr. Sky seconded the motion to approve the establishment of a Runout Reserve for the Reinsurance Program of \$465,000. Voted: All in favor.*

Mr. Hastings then noted that the policy requiring two signatures on checks more than \$5,000, one of which must be the Treasurer, or another Board member was modified during the COVID. The revised policy allowed payments usually greater than \$5,000 to recurring providers, primarily Hinckley Allen, PCG, Leif Associates, Mason+Rich, Center for Medicare & Medicaid Services (CMS), and Cross Insurance, to be paid by ACH payment rather than requiring the checks to be signed by two authorized check signers. This procedure has been allowed by the Finance Committee to continue after the COVID was no longer an issue. The

Finance Committee required that the payments over \$5,000 paid by ACH be presented and approved at each Finance Committee meeting. Attached in the meeting package was a list of all ACH payments made during 2021. After discussion there was:

*A motion by Mr. King, seconded by Mr. Ellis to accept and continue the current policy for payment in amounts above \$5,000 as stated by Mr. Hastings and to provide the Finance Committee with details of all the ACH payments over \$5,000 at each Finance Committee Meeting. Voted: All in favor.*

There being no further business, Mr. King adjourned the meeting at 11:24 am.

Respectfully submitted,  
J. Michael Degnan