



Finance Committee Meeting Minutes May 12, 2022

The Finance Committee of the New Hampshire Health Plan Board of Directors was held on Wednesday, May 12, 2022, at 10:30 AM via Zoom videoconference.

Meeting attendees were:

Finance Committee Members

Bruce King, Chairman
Dave Ellis
David Sky
Gregg Daly
Andrew Luce – Mason+Rich

Other Parties

Michael Degan – Helms & Co.
Kevin Stone – Helms & Co.
John Hastings – Helms & Co.
Mark McCue – Hinckley Allen
Lena Rossi – Mason+Rich

Mr. King welcomed the Committee members and staff and asked Committee members for any changes to the proposed February 16, 2022 Finance Committee meeting minutes. There being none, *Mr. King declared the minutes approved as written.*

Mr. King welcomed Andrew Luce and Lena Rossi, of Mason+Rich and asked them 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. Cash balances and Assessments receivable both increased due to the increase in the start of Reinsurance assessments and an increase in the Granite Advantage rate from \$2.96 to \$3.60. Prepaid expenses increased because payments to DHHS exceeded DHHS’s expenses that are reimbursable from Granite Advantage. Mr. Luce reminded the Committee that Reinsurance grants totaled \$31M and that the IRS approved our application for exempt status under IRC Section 501C (4) effective June 24, 2021 although NHHP is seeking recognition effective August 1, 2020. 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 that could be considered a “material weakness”. Finally, Mr. Luce reviewed potential planning requirements for the 2022 audit, which would include a review of internal controls related to the reinsurance program. He also noted that NHHP would also be subject to the Single Audit in 2022 related to Federal Grant funds expensed in 2022.

Mr. King then asked Mr. Luce and Mr. McCue to review current developments in filings with the IRS. Mr. Luce stated that the 2020 tax return has been prepared, approved, and filed for the period August 1, 2020 through December 31, 2020. Mr. McCue reminded the Committee that NHHP is subject to examination by taxing authorities for the period from October 1, 2016 through July 31, 2020 but NHHP has noted in previous filings its assertion that it is exempt under

IRC Section 115 of the Tax Code. Mr. Luce then reviewed the Form 990 Tax Return and asked for questions.

Mr. King asked the staff to leave the room so the Committee could speak to the auditors in private, which was done. Following a few minutes of private discussion, Mr. King called the staff back into the room.

Following the return of staff to the meeting, Mr. King made a motion and Mr. Ellis seconded the motion to accept the Audit Report and propose to the Board that it review and accept the form 990 for filing. All members voted in favor of the motion.

Mr. Luce and Ms. Rossi were excused from the call.

Mr. King asked Mr. Hastings to review the March 31, 2022 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 March 31, 2022 and December 31, 2021 increased from \$16.7M at December 31, 2021 to \$20.9M primarily from the additional quarter of Reinsurance assessments collected. The combined Receivables decreased from \$9.1M to \$7.8M primarily because rates for Q1-2022 decreased and lives decreased as well. Deferred Assessments (combined) have increased from \$26.6M at December 31, 2021 to \$29.4M at March 31, 2022 primarily from the addition of Receivables from the Reinsurance Program.

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.

Mr. King asked the Committee if there was any other business for the Committee. Mr. Degnan added that Mr. Hastings has been in conversation with the Bank of New Hampshire about initiating investments consistent with the Investment Policy as revised, not to exceed \$5.0M. Mr. Hastings noted that the plan is to invest in U.S. Treasury notes or bills of duration less than one year which is expected to earn 1% - 2% depending on the Federal Reserve actions, a significant improvement over the current yield of about 0.3%.

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

Respectfully submitted,
J. Michael Degnan