



Finance Committee Meeting Minutes January 19, 2022

The Finance Committee of the New Hampshire Health Plan Board of Directors was held on Wednesday, January 19, 2022 at 2:00 PM via Zoom videoconference.

Meeting attendees were:

Finance Committee Members

Bruce King, Chairman
Dave Ellis
David Sky

Other Parties

Michael Degnan – Helms & Co.
Kevin Stone – Helms & Co.

Mr. King welcomed the Committee members and staff and asked Committee members for any changes to the proposed September 23, 2021 Finance Committee meeting minutes. There being none, *Mr. King declared the minutes approved as written.*

Mr. King asked Mr. Hastings to review the Dashboard materials reflecting Granite Advantage Program and Reinsurance Program Assessment Lives, Historical Assessment Rates, and Cash Receipts from Assessments and Cash paid to DHHS. Mr. Hastings noted that lives were holding steady at approximately 505,000 and projections suggested lives might drop to 500,000 in 2022. Collections for Granite Advantage at \$3.60 assessment rate were just above \$5.0M per quarter, and for Reinsurance at \$2.43 assessment rate were approximately \$2.4M per quarter.

Mr. Hastings then reviewed his cash projections for the Granite Advantage Program. With Assessment cash on hand at approximately \$4.5M and lives assumed to continue at 500,000 the cash balance should be sustained at approximately \$4.5M while remitting approximately \$20.0M to DHHS in 2022 the cash balance should continue to sustain approximately \$4.5M balance into CY 2023. Mr. Hastings also indicated that DHHS has just advised NHHP that their calculations showed that their costs were running favorable to previous remainder amount calculations, and they were holding \$718K in excess receipts from NHHP. Mr. Hastings noted that NHHP would carry this amount as a prepaid asset at year end 2021.

Mr. Hastings then reviewed the cash outlook for the Reinsurance Program. Assessment cash on hand at year end is \$10.7M because of three quarters of assessment proceeds having been received. With assessment proceeds projected to continue at about \$3.5M per quarter and \$14.0M paid out June and September against Reinsurance claims, the cash balance is expected

to close 2022 at a balance of about \$10.7M with the low balance expected at \$6.7M when the first payment of claims, recovering by year end.

Mr. King requested staff discuss the proposed Investment Policy, which is to replace the existing policy last updated in 2010. Mr. Hastings pointed out that most of the changes were just to update the FDIC insurance terms now at \$250,000 limit per institution and to change the minimum rating on corporate bonds from Double A (AA) to Single A. The Single A would allow us to buy slightly lower rate corporate bonds but still investment grade. This would allow us to earn a slightly higher return.

Mr. King then asked Mr. Degnan and Mr. Hastings to discuss the matter of improving the return on NHHP's cash held for the Reinsurance Program, presently at 0.3%. Mr. Hastings reviewed discussions he has with NHHP's existing bank, and with Ledyard Bank proposing investing our funds at a 0.35% rate, both with funds available overnight and held in overnight bonds with federal guarantees, and with RBC (Royal Bank of Canada) investing in Certificate of Deposits (guaranteed), Corporate Bonds, and Agency Bonds with an expected return of 0.4% - 0.45%. Mr. Hastings expressed the opinion that interest rates can be expected to increase soon, and the current choices did not significantly improve the return management on cash. Mr. Hastings and Mr. Degnan recommend that NHHP keep an eye on the rates and potentially reconsider a change down the road when returns might be more interesting. After discussion Mr. King asked the Committee if they were ready for a vote.

Mr. Ellis made a motion and Mr. King seconded the motion to approve the updated Investment Policy draft and to recommend the revised Investment Policy to the Board for discussion and approval. All in favor.

There being no further business, Mr. King adjourned the meeting at 2:47 p.m.

Respectfully submitted,
J. Michael Degnan