



Finance Committee Meeting Minutes September 21, 2022

The Finance Committee of the New Hampshire Health Plan Board of Directors was held on Wednesday, May 12, 2022, at 11:00 AM via Zoom videoconference.

Meeting attendees were:

Finance Committee Members

Bruce King, Chairman
Dave Ellis
Gregg Daly
Chris Kennedy-guest
Michelle Heaton – NH DOI

Other Parties

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

Mr. King welcomed the Committee members and staff and asked Committee members for any changes to the proposed May 12, 2022 Finance Committee meeting minutes. There being none, *Mr. King declared the minutes approved as written.*

Mr. King asked staff to review the NHHP payments over \$5,000 paid by ACH payment. Mr. Hastings reviewed the detail listing included in the Committee package. *A motion to accept and approve the payments was made by Mr. Ellis and seconded by Mr. Daly. All were in favor.*

Mr. King asked Mr. Degnan to speak to the Tufts/United overpayment status. Mr. Degnan noted that he had been in conversations with Board member Gregg Daly representing UHC and additionally had reviewed the events and estimated overpayments proposed by United. The Q4-2021 assessments paid by United were significantly below recent history for Tufts/United and inquiries by NHHP into the cause resulted in United determining that in fact duplicate payments had been made. Further for the three quarters in 2021 duplicate payments were estimated to total \$925,000. Mr. Degnan noted that the team and NHHP had substantially concurred the overpayment amount. Mr. Daly noted that UHC was still working on the final amount of the prior years overpayments. *Mr. Degnan and Mr. Daly to establish the final amount and to propose a program for repayment of the final amount by the issuance of credits based on future reported lives by UHC. All in favor.*

Related to this matter, Mr. Degnan pointed out that NHHP’s research had revealed that Granite Shield Insurance Exchange (“GSIE”) appeared to have failed to report and pay assessments on assessable lives for stop loss coverage it provided. Attorney McCue and Mr. Degnan were in discussions with GSIE’s attorneys and senior management and it appeared that a resolution resulting in payments to NHHP for past assessments and future assessments is possible.

Mr. King asked Mr. Degnan to update the Committee on the Reinsurance Program, and Mr. Degnan asked Mr. Stone to speak on this matter. Mr. Stone briefed the Committee on recent reports filed by NHHP with CMS – “Reinsurance Waiver Quarterly Report” June 30, 2022, the CMS “ Pass-through Funding Report” due September 15, 2022, and Leif Associates’ “Reinsurance Pass-Through Funding Report” dated September 15, 2022, all of which have been filed and are included in the Committee package. Mr. Stone also reviewed the calculation of the assessment rate for 2023 of \$2.15, as required by CMS, and to be approved by the Commissioner of Insurance. Mr. Stone also reviewed the current estimated assessment rate for 2024 which is \$2.24 currently under review by CMS. *A motion was made by Mr. Ellis, seconded by Ms. Heaton to approve the Reinsurance rate for 2023 of \$2.15. All in favor.* Mr. Stone reviewed the calculations of the final payment of funds for the 2021 Program which is \$9,006,170, to be paid before the end of September. He noted that the Year 1 (2021) final results show that 84.67% of claims reported were covered by the available funds. *A motion was made by Ms. Heaton, seconded by Mr. Ellis to approve the final Program payment of \$ 9,006,170. Approved by all.*

Mr. King asked Mr. Hastings to review the Dashboard reports and the 2023 proposed budget for the Reinsurance Program. Mr. Hastings noted that Assessable lives were expected to fall to 480,000 per month during the 2nd half of 2022 and then begin to rise in 2023 because of the expected end of the Public Health Emergency federal program in January 2023. He also noted that credits to be issued to UHC for overpayment and newly expected assessment proceeds in from GSIE in 2022 and thereafter, as well as the drop in the Reinsurance assessment rate from \$2.32 to \$2.15 are expected to drop the accumulated cash in 2023, but not enough to prevent NHHP from continuing to invest approximately \$5.0M in short-term Treasury bills. Mr. Hastings then reviewed the proposed Budget for 2023, noting that Expenses other than Reinsurance Program payments are proposed at \$368,250 for CY2023, an increase from \$345,140 projected for CY2022, an increase of \$23K. Helms proposed increase of \$12K reflects an increase from a flat fee for the last three years as Helms has now been through the 2021 full program over a three-year period and the increase was proposed to consider the many unexpected requirements of this program. Estimated legal fees were also increased, based on continued efforts likely on tax matters and program matters. Other Reinsurance expenses were projected to be flat. *A motion was made by Ms. Heaton to approve the Reinsurance Budget for further review by the Board. Seconded by Mr. Ellis. All in favor.*

Mr. King asked Mr. Hastings to review the Dashboard reports and the 2023 proposed budget for the Granite Advantage Program. He noted that GSIE repayments (noted above) for Granite Advantage is \$268,000 and projected at \$75,000 per quarter thereafter. But more significantly, DHHS has provided its annual Remainder Amount letter and conservatively that letter projects that the “worst case” payments due DHHS for SFY2023 (beginning July 1, 2022) increases from \$21.0M to \$22.3M or 6.2% effective with the first payment at the new rate by September 30, 2022 at \$5.582M. As a result, Mr. Hastings suggested the cash balance should fall from \$3.1M to \$2.3M by the end of 2023. Staff has recommended increasing the CY2023 Assessment Rate from \$3.35 currently to \$3.75 for 2023. *Mr. Ellis made a motion, which was seconded by Ms. Heaton to approve the Assessment Rate to \$3.75 for further review and approval by the Board. All in favor.*

Mr. Hastings also noted that while BNH rates for holding our cash was moving from 0.3% to 0.6% effective September 30, 2022, NHHP was having success with investing Reinsurance excess funds in Treasury bills/notes yielding now between 2.7% and 3.3% with rates expected to increase above 3.0%. As a result, NHHP would like to modify the existing Investment Policy to (1) increase the overall investment limit from \$5.0M to \$7.0M to permit the investment of an additional \$2.0M of Granite Advantage funds. And (2) to continue to segregate the cash funds and investments of the Reinsurance Program from the cash funds and investment of the Granite Advantage Program. After some discussion it was *moved by Mr. Ellis, seconded by Ms. Heaton to approve the amendment of the current Investment Policy to reflect the above items for further review and approval by the Board. All in favor.*

Motion by Ms. Heaton to adjourn the meeting. All in favor.

12:25PM