



Finance Committee Meeting Minutes May 11, 2023

The Finance Committee of the New Hampshire Health Plan Board of Directors was held on Wednesday, May 11, 2023, at 9:30 AM via Zoom videoconference.

Meeting attendees were:

Finance Committee Members

Chris Kennedy, Chairman
Dave Ellis
Michelle Heaton
Bruce King

Other Parties

Michael Degnan – Helms & Co
Kevin Stone – Helms & Co.
John Hastings – Helms & Co.
Mark McCue – Hinckley Allen
Lena Rossi – Mason Rich
Andrew Luce – Mason Rich

Mr. Kennedy welcomed the Committee members, Mason Rich attendees Andrew Luce and Lena Rossi, and staff and asked Committee members for any changes to the proposed February 16, 2023 Finance Committee meeting minutes. There being none, (Ms. Heaton abstained since she did not attend the February 16, 2023 meeting) *Mr. Kennedy declared the minutes approved as written.*

Mr. Kennedy welcomed Andrew Luce and Lena Rossi, of Mason & Rich and asked them to review the draft Audit Report for Year Ended December 31, 2022. Mr. Luce noted that this year included a Single Audit Report as well as the traditional Financial Audit Report. The Audit Report contains an Unqualified Opinion, free of material misstatements, which is positive. Mr. Luce then briefly reviewed significant transactions. Cash balances declined slightly because Assessments collected in 2021 for the Reinsurance Program were paid out in 2022 and Grant funds collected for 2021 were received and paid out in 2022. Mr. Luce reminded the Committee that Reinsurance grants totaled \$31.0 M and that the IRS approved our application for exempt status under IRC Section 501C (4) effective 6/24/21 although the Association was 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”.

Continuing, Mr. Luce pointed out that the statements reflected an agreement with NHHP which provided for the repayment of United Health/Tufts Health Freedom Health overpayments totaling \$1,940,960 principally as credits allowed over the period ending August 15, 2024. And, Mr. Luce



pointed out that the Association had invested \$5.0M funds of the Reinsurance Program and \$1.3M of funds of the Granite Advantage Program in U.S. Treasury Bills and Notes. These funds mature between June 15, 2023 and May 31, 2024 and have a face value at December 31, 2022 of \$6.519M and a market value of \$6.291M with interest rates between 2.73% and 4.41%.

Finally, Mr. Luce reminded the Committee that since the Association had received funds in 2022 for its State Innovation Waiver under Section 1332 of the Affordable Care Act totaling \$35,544,702, from the U.S. Department of Health and Human Services, the Association is subject to Single Audit provisions of the Comptroller General of the United States. Mason Rich did perform extensive audit steps required by the Government Auditing Standards and has provided its report stating it did not identify any deficiencies in internal controls considered to be material weaknesses, and no instances of noncompliance or other matters required to be reported under the Government Auditing Standards.

Mr. Kennedy then asked Mr. Luce to briefly review the 2022 IRS Form 990 Return of an Organization Exempt from Income Tax. Mr. Luce pointed out that the figures in Form 990 were directly traceable to the audited financials statements. He noted the 2022 Return does detail the Grant funds of \$31.5M as well as \$31,655 in expenses in excess of revenues due to investments carried at market value which at December 31, 2022 were below costs.

Mr. Kennedy 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. Kennedy called the staff back into the room.

Following the return of staff to the meeting, Mr. Kennedy asked for a motion regarding the Audit and Tax reports. Ms. Heaton 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. Kennedy asked Mr. Hastings to review the March 31, 2023 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 3/31/23 and 12/31/22 increased from \$15.2 M at 12/31/22 to \$17.8 M primarily from the additional quarter of Reinsurance assessments collected. The total cash includes the combined \$6.315 Treasury investments. Combined Receivables were very close at \$8.5M. Deferred Assessments (combined) exclude the notes payable to United/Tufts which for audit purposes were treated as Deferred Assessments.

Mr. Kennedy moved that the financial report be accepted, and Mr. Ellis be authorized to sign the audit representation letter. All in favor.

Mr. Kennedy asked the Committee if there was any other business for the Committee.



Mr. Degnan added that the New Hampshire DHHS Sufficient Funds letter was included in the material which states that lives covered in the Granite Advantage Program increased by 45,150 members from March 16, 2020 to 96,515 as of March 27, 2023. Additional liquor funding of \$8.5M was needed in SFY 21 and that amount would likely increase to \$8.7M for SFY 22. Additionally, Mr. Degnan noted that New Hampshire's pass-through funding amount for the Reinsurance Program for 2023 was announced by the CMS as \$32,044,848. The estimated reinsurance rate for 2022 would now likely be approximately 70%,

There being no further business, Mr. Kennedy adjourned the meeting at 11:55am.

Respectfully submitted,
J. Michael Degnan

