



Finance Committee Meeting Minutes September 20, 2023

The Finance Committee of the New Hampshire Health Plan Board of Directors was held on Wednesday, September 20, 2023, at 11:04 AM via Zoom videoconference.

Meeting attendees were:

Finance Committee Members

Bruce King, Chairman
Dave Ellis
Michelle Heaton

Other Parties

Michael Degnan – Helms & Co
Kevin Stone – Helms & Co.
Andrew Luce – Helms & Co.
Chris Kennedy – Board Chair

Mr. King welcomed the Committee members and staff and asked Committee members for any changes to the proposed May 11, 2023 Finance Committee meeting minutes. Mr. Ellis moved and Ms. Heaton seconded. *All in favor, and Mr. King declared the minutes approved as written.*

Mr. King then asked Mr. Luce to review the financial statements for the 6 month period ended June 30, 2023. Mr. Luce reviewed the Balance Sheet noting the following:

- Bank balance for reinsurance program (#1566) = \$14.981M. Balance running higher because reinsurance payments were not made until July 2023.
- Reinsurance investments are currently at \$1.746M compared to \$5.191M in December 2022. Since December, investments matured and moved to promontory account.
- Unearned premiums of \$1.245M (Tufts/United) which are being reduced quarterly by assessment credits. The original balance was approximately \$1.9M.
- Deferred assessments reinsurance program (\$20.191M) running higher than December 2022 balance because reinsurance payments were not made until July.

Mr. Luce reviewed the profit and loss statement vs. budget noting the following:

- Actual covered lives through Q1 and Q2 are 486,523 per month vs. our budget of 480,000. As a result, assessment revenue is slightly ahead of budget.
- Investment income is approximately \$419K more favorable compared to budget – interest rates higher than those anticipated in the budget.
- Grant income and reinsurance program expenses are not in-line with budget because reinsurance payments weren't paid until July and grant income was not collected until July.

- Operating expenses are mostly in-line with budget. Actual legal cost is coming in lower than budget as a result of less cost than original anticipated.

Mr. King asked Committee members for any questions regarding the June 2023 financial statements. Mr. Ellis moved and Ms. Heaton seconded. *All in favor, and Mr. King declared the June 2023 financial statements approved as presented.*

Mr. King then asked staff to review the NHHP payments over \$5,000 paid by ACH payment. Mr. Ellis asked about the 2 payments made to PCG and Mr. Degnan noted PCG was delayed in sending their invoices. Mr. King called for a motion to accept the report. *A motion to accept and approve the payments was made by Mr. Ellis and seconded by Ms. Heaton. All were in favor.*

Mr. Degnan and Mr. Stone reviewed the 2nd Quarter CMS Report with the Committee. It was noted that this quarterly report contains significant information pertaining to the operation of the 1332 Waiver Program. It also details information about the annual Post-Award Forum that CMS requires. In prior years the forum was held virtually but this year CMS wanted the forum to be virtually & in person as well. NHHP staff, assisted by DOI staff, managed the forum.

Mr. Degnan and Mr. Stone reviewed the CMS September 22, 2023 Report with the Committee. The report was prepared by our actuaries, Leif Associates .and NHHP staff. The information in this report is used to calculate the assessment rate for the coming year to provide the state portion of the funding for the 1332 Reinsurance Program

Mr. Luce reviewed the Reinsurance Program dashboard report:

- Projected monthly assessable lives expected to be 485,000 which is up slightly from the 480,000 used in the 2022 budget.
- The reinsurance assessment rate per life for 2024 is projected to be \$2.24.

Mr. Luce reviewed the Reinsurance Program projected cash flow report:

- Cash at June 30, 2023 currently showing \$15.095M – cash balances excluding reserves and investments.
- The cash low point is expected to occur in Q3 2023 with a projected balance of \$4.863M and cash high point is expected to occur in Q2 2024 with a projected balance of \$14.671M
- Projected high and low balances are in-line with historical cash balances.

Mr. Degnan and Mr. Luce reviewed the Reinsurance budget:

- Assessment budget \$3.259M per quarter (485,000/month at \$2.24/covered live)
- The assessment rate of \$2.24 is required as defined by the Plan of Operation
- Investment income budget \$380,000 which is conservative. YTD June 2023 + projected thru December investment income = \$464,000
- Grant income budget \$32,044,848 – it was noted this is the 2023 award received in 2024
- Reinsurance program expense \$44,645,013 – projected based on funds available less 2023 operating expenses.

- Operating expenses budget \$526,437. YTD June 2023 + projected figures through December = \$344,796. The \$180,000 increase is related to cost increase as a result for the 1332 Waiver Reinsurance Program application that's projected for submission in 2024. There are significant cost increases by PCG, actuary and legal in order to submit this application. The initial application for this program was submitted by the State of NH and certain costs covered by the State. These costs are now the responsibility of NHHP.

Discussion ensued regarding the operating cost increase in 2024 and the impact on reinsurance payments. Mr. Stone noted the 2024 cost will impact the 2025 reinsurance payments and could impact the minimum coverage ratio required by the program. As a result, the Committee discussed changing the budget to hold back \$200,000 of the reinsurance payments in 2024 for 2025.

Mr. King called for a motion to accept the budget including the \$200,000 reserve. *A motion to accept and approve the budget was made by Ms. Heaton and seconded by Mr. Ellis. All were in favor.*

Mr. King called for a motion to accept the assessment rate of \$2.24. *A motion to accept and approve the reinsurance assessment rate was made by Mr. Ellis and seconded by Ms. Heaton. All were in favor.*

Mr. Degnan reviewed the Granite Advantage program dashboard reports:

- Projected monthly assessable lives expected to be 485,000 which is up slightly from the 480,000 used in the 2023 budget.
- The Granite Advantage assessment rate per life for 2024 is projected to be \$3.70, down slightly from the \$3.75 rate from 2023.

Mr. Luce reviewed the Granite Advantage projected cash flow report:

- Cash at June 30, 2023 currently showing \$1.995M – cash balances excluding reserves and investments.
- The cash low point is expected to occur in Q2 2025 with a projected balance of \$1.516M and cash high point is expected to occur in Q1 2024 with a projected balance of \$2.089M.
- Projected high and low balances are in-line with historical cash balances.

Mr. Degnan reviewed the Granite Advantage budget:

- Assessment budget \$5.385M per quarter (485,000/month at \$3.70/covered live)
- The assessment rate of \$3.70 as determined by the August 15, 2023 Remainder Amount letter from DHHS.
- Other budget items as presented with no significant increased from 2023.

Discussion ensued regarding the projected payments to DHHS in 2024. Mr. Degnan noted NH returned to regular Medicaid eligibility as of April 2023. Enrollment in the program is expected to decrease substantially, however, Mr. Lipman and Ms. Gagnon from DHHS are awaiting actuarial calculations before making changes to Granite Advantage Program costs.

Currently the NHHP budget includes costs as calculated by Ms. Gagnon based on her most current data. Revised cost figures from DHHS won't be available until November or December. Committee members generally agreed to take the more conservative approach and use estimated cost provided by DHHS.

Mr. King called for a motion to accept the budget. *A motion to accept and approve the budget was made by Mr. Ellis and seconded by Ms. Heaton. All were in favor.*

Mr. King called for a motion to accept the Granite Advantage assessment rate of \$3.70. *A motion to accept and approve the assessment rate was made by Mr. Ellis and seconded by Ms. Heaton. All were in favor.*

There being no further discussion the meeting was adjourned at 12:25PM.