

Minutes
Board of Directors Meeting
December 19, 2019

A meeting of the Board of Directors of the New Hampshire Health Plan (NHHP) was held in person at the offices of Hinckley, Allen & Snyder in Manchester, New Hampshire on December 19, 2019.

The following individuals attended the meeting, including by phone as indicated because of scheduling challenges faced by Board members resulting from the exigencies of other business:

Directors:

David Ellis
Dr. William Brewster
Geraldine Vaughan
Lisa Guertin
Christopher Kennedy *(by phone)*
David Sky *(by phone)*
Bruce King *(by phone)*
Martha McLeod *(by phone)*

Other Attendees:

J. Michael Degnan, Helms & Co.
John Hastings, Helms & Co.
Kevin Stone, Helms & Co. *(by phone)*
Mark McCue, Esq., Hinckley Allen
Lisa Kaplan Howe, PCG
Margot Thistle, PCG
Alex Whipple, PCG *(by phone)*

Alexander Feldvebel, NH Deputy Insurance Commissioner
Tyler Brennan, NH Insurance Department
Alain Couture, NH Insurance Department *(by phone)*
Laura Pendergast, HarvardPilgrim Health
William Ackleys, Tufts Health Plan *(by phone)*
Steven Phillips, Anthem *(by phone)*
Al Bingham, NovaRest *(by phone)*
Donna Novak, NovaRest *(by phone)*

David Ellis, Chair, presided and called the meeting to order at 10:05 a.m., a quorum being present.

Mr. Ellis reviewed the meeting agenda and then asked the Directors if everyone had a chance to review the minutes of the Board meeting held on November 21, 2019. Upon a motion by William Brewster and seconded by Lisa Guertin, it was unanimously:

VOTED: *To approve the minutes of the Board of Directors meeting held on November 21, 2019 in the form presented to the Board.*

Mr. Ellis then turned the meeting over to Michael Degnan who welcomed the guests, Deputy Commissioner Alexander Feldvebel, Tyler Brennan and Al Couture of the NH Insurance Department, Lisa Kaplan Howe, Margot Thistle and Alex Whipple of Public Consulting Group, Inc. (PCG), representatives from NovaRest, and an actuary from each of Anthem, Harvard Pilgrim and Tufts Health Plan. Mr. Degnan explained that further development of the reinsurance program discussed at the previous Board meetings uncovered significant concerns, and that the Insurance Department was recommending a different approach to support stability of the state's individual health insurance market. Mr. Degnan then invited Deputy Commissioner Feldvebel to explain the Department's current thinking to the Board.

Deputy Commissioner Feldvebel referred the Board to the presentation slides contained in the meeting materials and he reviewed the meeting agenda. The Deputy Commissioner began his presentation by reviewing the history of NHHP and its various programs and noting that the individual insurance market remains in need of stability. He then explained that the Department's primary concern with the reinsurance program being considered was that the payments from the federal government under the Section 1332 State Relief and Empowerment Waiver would be based on actual premium savings and not claims; therefore, the state share would bear the burden of adverse experience in claims. Deputy Commissioner Feldvebel expressed the Department's concern that this risk would cause carriers to provide conservative premium rates, which would diminish the premium savings achieved by the program and thus decrease the federal payment to New Hampshire below the projection used to establish the reinsurance program budget.

The Deputy Commissioner stated that, because of these concerns, the Insurance Department is pursuing a new approach to market stability. He then reviewed the salient points of the written Risk Subsidy Payment proposal distributed to the Board, which seek to reduce uncertainty by basing payments to market participants on current year claims and fixing the assessment rate on the prior year's premium savings. Deputy Commissioner Feldvebel concluded his presentation by noting Novarest's estimate that the Risk Subsidy Payment design will generate premium savings of approximately 14% in 2021 and federal pass through funding of \$2.20 for every dollar of State share.

The Deputy Commissioner then invited questions and comments from the Board members and their actuarial representatives. A concern was raised that if the subsidy payment is based on prior year's claims but the federal pass through payment is based on current year actual premium savings, then significant market variations could occur which would impact the payments made and the premiums established for individual market health coverage. Other issues were identified and discussed. Kevin Stone of Helms and Company stated that the goal of any 1332 Waiver program design is to incentivize carriers to establish their best "with" rate with minimal hedging, and thus enhance the premium savings on which the federal payment is based. He then asked the actuaries attending the meeting whether they have more confidence in the reinsurance program or the new Risk Subsidy Payment proposal. The consensus among the actuaries was that they have more experience with reinsurance programs and thus more confidence in them, but that they needed more time to evaluate the new Risk Subsidy proposal.

Deputy Commissioner Feldvebel indicated that the Insurance Department, PCG and the NHHP executive director would continue to refine the Risk Subsidy Payment program while the carriers assess the information provided to them. He concluded by noting that the 1332 Waiver application likely will be filed in April 2020, rather than the original target of March. The Board agreed to reconvene on January 9, 2020 to continue the discussion and evaluation.

The Board had no further business, and the meeting adjourned at 11:35 a.m.

Respectfully submitted,

J. Michael Degnan,
Secretary *Pro Tem*