Minutes
Board of Directors Meeting
January 9, 2020

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, LLP in Manchester, New Hampshire on January 9, 2020.

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
- David Sky
- Lisa Guertin *(by phone)*
- Christopher Kennedy *(by phone)*
- Bruce King *(by phone)*
- Domenic Palmieri *(by phone)*
- David Trudo *(by phone)*
- Martha McLeod *(by phone)*

**Other Attendees:**
- J. Michael Degnan, Helms & Co.
- Kevin Stone, Helms & Co.
- John Hastings, Helms & Co. *(by phone)*
- Mark McCue, Esq., Hinckley Allen
- Lisa Kaplan Howe, PCG
- Margot Thistle, PCG
- Alec Whipple, PCG *(by phone)*
- Alexander Feldvebel, NH Interim Insurance Commissioner
- Laura Pendergast, Harvard Pilgrim Health *(by phone)*
- William Ackleys, Tufts Health Plan *(by phone)*
- Steven Phillips, Anthem *(by phone)*
- Richard Novak, Novarest *(by phone)*
- Donna Novak, Novarest *(by phone)*

David Ellis, Chair, presided and called the meeting to order at 10:00 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 December 19, 2019. Upon a motion by William Brewster and seconded by Christopher Kennedy, it was unanimously:

**VOTED:**  To approve the minutes of the Board of Directors meeting held on December 19, 2019 in the form presented to the Board.

Mr. Ellis then turned the meeting over to Michael Degnan who welcomed New Hampshire Interim Insurance Commissioner Alexander Feldvebel, 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, following the December meeting of the Board in which concerns were raised about the proposed risk subsidy program, Helms, PCG, Novarest and the New Hampshire Insurance Department continued to update the design of the proposed new program intended to provide stability in the New Hampshire individual health insurance market in conjunction with a Section 1332 State Relief and Empowerment Waiver (the “1332 Waiver”). He noted that the purpose of today’s meeting was to present the program design updates and seek consensus about the fundamental design features of the program. Interim Commissioner Feldvebel concurred with Mr. Degnan and stated that he is seeking NHHP’s vote to approve the final program design and recommend and support the preparation by the State of the 1332 Waiver application.

Interim Commissioner Feldvebel then asked David Sky of the Insurance Department to review the updated design of the program. Mr. Sky distributed the attached presentation slides and described to the Board the most significant program changes. He began by describing the operations timeline and assessment process, then the rate development and pass-through funding calculations, and followed by the reinsurance claims and payment process. Mr. Sky then highlighted the plan design slides, noting that the program was using reinsurance parameters but that claims payments would be adjusted based on the amount of claims and funding under the 1332 Waiver. He concluded by noting that CMS will require each carrier submitting a claim under the program to attest that it has implemented a care management program.

The Board then was invited to ask questions or make comments about the updated program design. In response to an inquiry, Ms. Kaplan Howe confirmed that a similar model had been followed in other states that received a Section 1332 Waiver. Ms. Vaughan expressed concern that if the individual health insurance market grows and silver plans become more expensive, HRA lives may migrate into the individual market and create more volatility in the small group market. Ms. Thistle clarified the timing of the 1332 Waiver process, noting that public hearings will be held in March or April and that the application will be filed with CMS in April 2020. The next step is for NHHP to develop a Plan of Operation for the program, which will serve as its proposal under RSA 404-G:12(I). After approval by the NHHP Board, the Plan of Operation will be submitted to the Insurance Commissioner for approval and public hearings will be held by the State in connection with the 1332 Waiver application. Subsequently, the application will require the approval of the State’s Health Oversight Committee.

There being no further questions, upon motion by Dr. Brewster and seconded by David Trudo, the NHHP Board approved the following resolution by a majority vote with one vote being cast against the motion:

**VOTED:** To approve the individual health insurance market stabilization program in the form presented to the Board, to recommend the preparation and filing by the State of New Hampshire of an application for a Section 1332 State Relief and Empowerment Waiver to partially fund the program, and to direct the preparation of a Plan of Operation for the Board’s subsequent review and approval.
The Board agreed to reconvene on February 19, 2020 to review the proposed Plan of Operation for the program.

The Board had no further business, and the meeting adjourned at 11:00 a.m.

Respectfully submitted,

J. Michael Degnan,
Secretary Pro Tem

Attachment: New Hampshire Health Plan, 1332 State Relief and Empowerment Waiver Progress, January 9, 2020 by Public Consulting Group
Agenda

Updated Reinsurance Design.................................3
Reinsurance Operations Timeline..............................5
## Updated Reinsurance Design

<table>
<thead>
<tr>
<th>1332 Waiver Approach</th>
<th>Reinsurance Program (attachment point model)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effective Date</strong></td>
<td>January 1, 2021</td>
</tr>
<tr>
<td><strong>Financial Parameters</strong></td>
<td></td>
</tr>
<tr>
<td>- Attachment point - $90,000</td>
<td></td>
</tr>
<tr>
<td>- Cap - $350,000</td>
<td></td>
</tr>
<tr>
<td>- Coinsurance – 70% (to be adjusted as necessary / finalized based on the funding available and final claims)</td>
<td></td>
</tr>
<tr>
<td>- Uniform across the state</td>
<td></td>
</tr>
<tr>
<td>- The state may adjust the financial parameters annually (based on findings of the Commission on the Status of the Individual and Small Group Markets and the recommendation of the NHHP Board in March)</td>
<td></td>
</tr>
<tr>
<td>- Financial parameters to be finalized in May</td>
<td></td>
</tr>
<tr>
<td><strong>Eligible Plans</strong></td>
<td>Individual market in the single risk pool</td>
</tr>
<tr>
<td><strong>Projected Rate Reduction</strong></td>
<td></td>
</tr>
<tr>
<td>- 15% (before trend)</td>
<td></td>
</tr>
<tr>
<td>- Carriers will be required to reflect the mechanism in their rates, but the premium assumptions will not be prescribed.</td>
<td></td>
</tr>
<tr>
<td><strong>Projected Pass-Through Funding</strong></td>
<td>$31M</td>
</tr>
<tr>
<td><strong>Projected State Funding</strong></td>
<td>$14,300,000 (inclusive of a 2% reserve and $500,000 for administrative expenses)</td>
</tr>
</tbody>
</table>
# Updated Reinsurance Design

| State Funding Source                                      | • Carrier assessment (pursuant to RSA 404-G)  
|                                                        | • Fixed calculation: 60 basis points (0.6%) of the cost of the prior year (PY) age 40 2\(^{\text{nd}}\) lowest cost on-exchange silver plan  
|                                                        | • The assessment will be collected quarterly and begin accruing on January 1, 2021. |
| Assessment Reserve                                     | 2% |
| Submission of Claims                                   | [TO BE CONFIRMED] |
| Reinsurance Payments [PRELIMINARY]                      | • Will be made annually between March 31\(^{\text{st}}\) and August 31\(^{\text{st}}\) of the year following the benefit year  
|                                                        | • Payments will be based on claims incurred in the benefit year and adjudicated by March 31\(^{\text{st}}\) of the following year (minus any subrogation) |
| Response to Inadequate or Excess Program Funding        | The coinsurance will be adjusted so that total payments match the funding available in the given year. In no event will the coinsurance amount exceed 100%. If further parameter adjustments are necessary, the upper threshold amount, $350K, will be adjusted. |
| Care Management Protocols                              | Participating carriers will be required to submit descriptions of their care management programs initially and to provide timely updates at least annually. |
Reinsurance Operations Timeline: Assessment Calculation and Collection

Pre-Year 1 through 1st Payment to Carriers

**Pre-Year 1 Activities**

- September 2020: 2021 SLCSP rate known (impacts 2022 assessment)
- November 2020: Formal notice provided of 2021 assessment

**Year 1 Reinsurance Operations**

- January 1, 2021: PY 2021 plans offered for sale; assessments for PY 2021 reinsurance begin to accrue
- May 2021: 1st 2021 assessment payments made from carriers to NHHP
- August 2021: 2nd 2021 assessment payments made from carriers to NHHP
- September 2021: 2022 SLCSP rate known (impacts 2023 assessment)
- November 2021: 3rd 2021 assessment payments made from carriers to NHHP
- November 2021: Formal notice provided of 2022 assessment

**Year 2 Reinsurance Operations**

- January 1, 2022: PY 2022 plans offered for sale; assessments for PY 2022 reinsurance begin to accrue
- February 2022: Final 2021 assessment payments made from carriers to NHHP
- May 2022: 1st 2022 assessment payments made from carriers to NHHP
- August 2022: 2nd 2022 assessment payments made from carriers to NHHP
- September 2022: 2023 SLCSP rate known (impacts 2024 assessment)
- November 2022: 3rd 2022 assessment payments made from carriers to NHHP
- November 2022: Final 2022 payment made February 2023
- November 2022: Formal notice provided of 2023 assessment

**Notes:**
- Text color indicates which year of operation of the reinsurance program the activity relates to: Year 1- light blue, Year 2-dark blue, Year 3-purple
- 2nd lowest cost silver plan (SLCSP) rate for 2020 (on which 2021 assessment is calculated) was public as of September 2019; 2021 assessment - $2.43

www.publicconsultinggroup.com
Reinsurance Operations Timeline: Rate Development and PTF Calculation and Payment

Pre-Year 1 through 1st Payment to Carriers

January 1, 2020 - December 31, 2020

Pre-Year 1 Activities

- Winter 2020: State develops estimated Year 1 parameters
- May 2020: Rates filed by carriers for PY 2021 plans; will be required to show with and without waiver projected amounts
- July 2020: Final PY 2021 rate submissions due
- August 2020: Final PY 2021 approved rates sent to CMS
- September 2020: State sends PY 2021 rate info to CMS for calculating Federal PTF for Year 1

Year 1 Reinsurance Operations

- Winter 2021: State receives preliminary PTF calculation for Year 1 from CMS
- March-May 2021: State develops estimated Year 2 parameters
- April 2021: Final PTF amount confirmed and federal funding available to the State for Year 1
- May-September 2021: PY 2022 rates filed and finalized by carriers (see detail in 2020 bullets). Rates will be developed based on the reinsurance parameters and assessment amount for PY 2022
- September 2021: State sends PY 2022 rate info to CMS for calculating PTF for Year 2

Year 2 Reinsurance Operations

- Winter 2022: State receives preliminary PTF calculation for Year 2 from CMS
- March-May 2022: State develops estimated Year 3 parameters
- April 2022: Final PTF amount confirmed and federal funding available to the State for Year 2
- May-September 2022: PY 2023 rates filed and finalized by carriers. Rates will be developed based on the reinsurance parameters and assessment amount for PY 2023
- September 2021: State sends PY 2022 rate info to CMS for calculating Federal PTF for Year 2 (funding amount for Year 3 communicated in 2023)

Notes:
- Text color indicates which year of operation of the reinsurance program the activity relates to: Year 1 - light blue, Year 2 - dark blue, Year 3 - purple
Reinsurance Operations Timeline: Reinsurance Claims and Payments

Pre-Year 1 through 1st Payment to Carriers

January 1, 2020 - December 31, 2020

Pre-Year 1 Activities

January 1, 2021 - December 31, 2021

Year 1 Reinsurance Operations

- January 1, 2021: Claims for PY 2021 reinsurance begin to accrue
- January or April 2021: TENTATIVE: Carriers begin to submit reinsurance claims for Year 1 / continue monthly or quarterly basis
- March-May 2021: State develops estimated Year 2 parameters

January 1, 2022 - December 31, 2022

Year 2 Reinsurance Operations

- January 1, 2022: Claims for PY 2022 reinsurance begin to accrue
- January or April 2022: TENTATIVE: Carriers begin to submit reinsurance claims for Year 2 / continue monthly or quarterly basis
- March 31, 2022: Final date to submit claims for payments for Year 1 (2021) reinsurance program
- March-May 2022: State develops estimated Year 3 parameters
- June 2022: TENTATIVE: State calculates actual Year 1 reinsurance parameters and NHHP calculates and makes 1st payments to carriers for claims incurred in Year 1 (2020)

Notes:
- Text color indicates which year of operation of the reinsurance program the activity relates to: Year 1 - light blue, Year 2 - dark blue, Year 3 - purple
Reinsurance Operations Timeline: All Key Dates

**January 1, 2020 - December 31, 2020**

**Pre-Year 1 Activities**
- March-April 2020: **TENTATIVE**: Waiver public hearings
- April 2020: **TENTATIVE**: Waiver submission
- May 2020: Rates filed by carriers for PY 2021 plans; will be required to show with and without waiver projected amounts
- June-August: **PROJECTED** Waiver approval
- July 2020: Final PY 2021 rate submissions due
- August 2020: Final PY 2021 approved rates sent to CMS
- September 2020: Final PY 2021 rates made public by CMS, SLCSP rate known (impacts 2021 PTF/ 2022 assessment)
- November 2020: State sends PY 2021 rate info to CMS for calculating Federal PTF for Year 1
- December 2020: Formal notice provided of 2021 assessment

**Notes:**
- Text color indicates which year of operation of the reinsurance program the activity relates to: Year 1= light blue, Year 2= dark blue, Year 3= purple, Year 4= Red, Key Waiver Dates- Green
- 2nd lowest cost silver plan (SLCSP) rate for 2020 (on which 2021 assessment is calculated) was public as of September 2019; 2021 assessment - $2.43

**January 1, 2021 - December 31, 2021**

**Year 1 Reinsurance Operations**
- Winter 2021: State receives preliminary PTF calculation for Year 1 from CMS
- January 1, 2021: PY 2021 plans offered for sale; claims and assessments for PY 2021 reinsurance begin to accrue
- January or April 2021: **TENTATIVE**: Carriers begin to submit reinsurance claims on a monthly or quarterly basis
- March-May 2021: State develops estimated Year 2 parameters
- April 2021: Final PTF amount confirmed and federal funding available to the State/NHHP Yr. 1
- May 2021: Quarterly assessment payments for Year 1 begin
- May-September 2021: PY 2022 rates filed and finalized by carriers (based on the reinsurance parameters and assessment amount for PY 2022)
- September 2021: Final PY 2022 rates made public by CMS, SLCSP rate known (impacts 2022 PTF and 2023 assessment)
- September 2021: State sends PY 2022 rate info to CMS for calculating Federal PTF
- November 2021: Formal notice provided of 2022 assessment

**January 1, 2022 - December 31, 2022**

**Year 2 Reinsurance Operations**
- Winter 2022: State receives preliminary PTF calculation for Year 2 from CMS
- January 1, 2022: PY 2022 plans offered for sale; claims and assessments for PY 2022 reinsurance begin to accrue
- January or April 2022: Carriers submit reinsurance claims on a monthly or quarterly basis
- March 2022: Final date to submit Year 1 claims for reinsurance payments
- March-May 2022: State develops estimated Year 3 parameters
- April 2022: Final PTF amount confirmed and federal funding available to the State for Year 2
- May-September 2022: PY 2023 rates filed and finalized by carriers
- May 2022: Quarterly assessment payments for Year 2 begin
- June 2022: **TENTATIVE**: State calculates actual Year 1 reinsurance parameters, NHHP calculates and makes 1st payments for Year 1 claims
- September 2022: Final PY 2023 rates made public; SLCSP rate known (impacts 2023 PTF and 2024 assessment)
- September 2022: State sends PY 2023 rate info to CMS for calculating Year 3 PTF (communicated in 2023)
1332 Waiver Development and Approval Timeline

CMS will hold a 30-day public comment period post waiver submittal

March - April 2020: Two Public Hearings will be held; one in the Concord Area, and one in the North Country

*The timeline is contingent on program concept being finalized by January 9, 2019 and the actuarial analysis being completed by January 31, 2020. If either deliverable is delayed, the timeline will be adjusted accordingly.