



Minutes Board of Directors Meeting February 18, 2021

A meeting of the Board of Directors of the New Hampshire Health Plan (NHHP) was held by videoconference and teleconference on February 18, 2021 in compliance with the emergency orders of the Governor of New Hampshire.

The following individuals attended the meeting:

Directors:

David Ellis
Dr. William Brewster
David Sky
Geraldine Vaughan
Domenic Palmieri
Bruce King
Martha McLeod
David Trudo

Other Attendees:

J. Michael Degnan, Helms & Co.
Kevin Stone, Helms & Co.
John Hastings, Helms & Co.
Mark McCue, Esq., Hinckley Allen
Elizabeth Leif, Leif Associates, Inc.
Nic Ramey, Leif Associates, Inc.
Lisa Kaplan Howe, Public Consulting Group
Steven Phillips, Anthem

David Ellis, Chair, presided and called the meeting to order at 9:30 a.m., a quorum being present.

Mr. Ellis reviewed the meeting agenda and then asked the Board if everyone had the opportunity to review the minutes of the meeting held on October 8, 2020. Upon a motion by Bruce King and seconded by William Brewster, it was unanimously:

VOTED: *To approve the minutes of the meeting of the Board of Directors held on October 8, 2020, in the form presented to the Board.*

Mr. Ellis then asked Helms & Company to provide a financial report. John Hastings began by reviewing the Balance Sheet as of December 31, 2020. He noted that NHHP's assessment funds total approximately \$4.4 Million after the quarterly payment to the New Hampshire Department of Health and Human Services (DHHS) in support of the Granite Advantage Health Care Program. Mr. Hastings explained that this surplus results from DHHS' refund of excess payments from NHHP under the former Medicaid expansion program and an adjustment to the earlier remainder calculation. He noted that NHHP expenses remain within budget and that the budgeted reserve (to be utilized upon NHHP's eventual winding down) currently is approximately \$617,000 and is expected to be increased to \$700,000. Mr. Hastings reminded the Board of the new accounting rules which result in restated net assets of zero. He

concluded his summary by reviewing the assessment dashboard and cash flow chart and noting that the 492,000 covered lives in the fourth quarter of 2020 was higher than projections. In response to a question from the Board, Mr. Hastings stated that DHHS has informed Helms that funding of the Granite Advantage Health Care Program remains tight, and that additional liquid revenue funds were used to cover the Program's 2021 costs. Mr. Hastings also reported that Mason & Rich's audit of the 2020 financial statements has begun.

Michael Degnan of Helms then asked Mark McCue of Hinckley Allen to explain to the Board recent correspondence from the Internal Revenue Service (IRS). Attorney McCue reminded the Board that until 2016 NHHP qualified for an exemption from federal income tax under Section 501(c)(26) of the Internal Revenue Code because it operated a high risk pool. When pool operations were completed in 2016 and NHHP's sole activity was the collection of assessments to help fund the State's Medicaid expansion program, NHHP qualified for federal tax exemption under Section 115 of the Code as a public instrumentality. Entities exempt from taxation under Section 115 are not required to make annual tax filings. Despite noting its change to Section 115 status on the final Form 990 filed in 2016, NHHP has received annual automated notices from the IRS regarding NHHP's purported failure to file annual 990s. In February, NHHP received a notice from the IRS that it has revoked NHHP's tax-exemption for failure to file Form 990 three years in a row. Attorney McCue explained that this notice essentially purported to revoke a tax-exemption for which NHHP notified the IRS in 2016 that it no longer qualified. He noted that the only process for obtaining IRS confirmation of a Section 115 exemption is to file for a private letter ruling, the fee for which exceeds \$30,000. Because NHHP's qualification for exemption under Section 115 may change because of its operation of the Reinsurance Program, and because there is no readily available means to alert the IRS of NHHP's changed status, Attorney McCue recommended to the Board that it explore seeking reinstatement as of 2016 as an organization exempt under Section 501(c)(3) or 501(c)(4), which reinstatement would require NHHP to file Form 990s for all years since 2016 and in the future. Mr. Degnan informed the Board that a call has been scheduled with Mason and Rich to discuss this approach. The consensus of the Board was to follow this recommendation, and to consider seeking assistance from congressional representatives if necessary.

Mr. Ellis then asked Mr. Degnan for an update on the status of the New Hampshire Granite Advantage Health Care Program. Mr. Degnan referred the Board to the updated remainder letter of the DHHS Commissioner included in the board meeting materials. He confirmed Mr. Hastings earlier conclusion that the Granite Advantage Health Program is fully funded for 2021.

Mr. Ellis then asked Mr. Degnan for an update on the Reinsurance Program. Mr. Degnan informed the Board that the U.S. Treasury Department recently notified NHHP that its Reinsurance Program has overestimated the federal share of reinsurance claims costs. To-date, the Treasury officials have not identified the amount of this overstatement so that NHHP can estimate the potential underfunding of the Reinsurance Program. Mr. Degnan stated that the Treasury officials are expected to finalize their projections in April. Kevin Stone of Helms then noted that the Budget Reconciliation Act being debated by Congress also could impact the federal share. Elizabeth Leif and Nic Ramey of Leif Associates, NHHP's actuaries, then

reviewed the Reinsurance Program funding process and noted that the downward adjustment of the federal share resulted from an overstatement of eligibility for APTC and a reconciliation of enrollment and claims projections. Mr. Stone reminded the Board that the Reinsurance Program parameters for 2022 must be established by the Board in March, when more information is expected from the carriers and from the Treasury Department. He also noted that the terms of the Reinsurance Program allow NHHP to adjust claims payments based on the amount of actual Program funding. Discussion among the Board then followed, and representatives of Helms and Leif Associates responded to questions.

Mr. Ellis then surveyed Board members about the need for an executive session, but no matters to be discussed in executive session were identified. The Board had no further business, and the meeting adjourned at 10:30 a.m.

Respectfully submitted,

J. Michael Degnan,
Secretary