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## Finance Committee Meeting Minutes January 27, 2021

The Finance Committee of the New Hampshire Health Plan Board of Directors was held on Wednesday, January 27, 2021 at 10:00 AM via Zoom videoconference.

Meeting attendees were:

**Finance Committee Members**

Bruce King, Chairman  
Dave Ellis  
David Sky  
Gerri Vaughan

**Other Parties**

Michael Degnan – Helms & Co.  
Kevin Stone – Helms & Co.  
John Hastings – Helms & Co.  
Mark McCue – Hinckley Allen

Mr. King welcomed the Committee members and staff and asked Committee members for any changes to the proposed September 23, 2020 Finance Committee meeting minutes. There being none, *Mr. King declared the minutes approved as written.*

Mr. King asked Mr. Hastings to review the December 31, 2020 financial statements. Mr. Hastings noted that the financials were preliminary and subject to audit which is to begin January 28, 2021. Mr. Hastings stated that Mason+Rich has received substantially all the documents on their document request due at this time.

The December 31, 2020 Balance Sheet reflects cash balances totaling \$5.7M, which has increased from \$2.6M on September 30, 2020 as a result of payments from DHHS of \$3.5M due to the runout of the Health Protection Program. Receivables of \$4.3M reflect covered lives estimated to be 480,000, a projected decrease from 495,000 lives actually received for the Q3-2020 period. Prepaid expenses decreased to just \$7,400 as a result of the collection of the Health Protection Program runout funds AND because DHHS now projects the prepaid funds held by DHHS of \$2.08M is no longer excess funds held but is actually \$50,000 estimated in additional funds owed by NHHP for the Granite Advantage Program. Deferred Assessments at December 31, 2020 were \$9.935M, a reduction from \$10.389M at December 31, 2019. Mr. Hastings briefly reviewed the Income Statement, noting that services related to the Reinsurance Program totaled \$355,000 for the year, while expenses related to the Medicaid Assessment Program totaled \$197,000 for the year which amount was favorable to budget in all line items.

Mr. King asked staff to review the Remainder Amount letter included in the package. Mr. Degnan pointed out the DHHS letter dated December 20, 2020 stated that there is sufficient

funding through June 2021 but that additional funds is needed in the range of \$7.6M to \$12.9M. DHHS is working with State Liquor Commission to transfer funds to meet this need.

Mr. Hastings added further that a list of payments made by ACH payments for the year ended December 31, 2020 noting that these payments exceeded \$5,000 and before the COVID pandemic would have been paid by check and had a second signature on each check. ACH process did not include a second signature staff. Staff asked that the ACH process continue to be appropriate for routine payments such as legal fees, accounting fees, actuary fees, PCG consulting fees, and insurance payments. After discussion by the Committee, a *Motion was made by Mr. King, seconded by Mr. Ellis to approve the use of ACH payments as described, and requesting that staff define the process for controlling these payments, including review of these payments by the Finance Committee on a regular basis. All in favor.*

Mr. McCue Esq. regarding issues regarding NHHP's tax status. Mr. McCue reminded the Committee that NHHP was qualified as a tax exempt entity under IRS Section 501c(26) as a High Risk entity but lost that qualification in 2016 when NHHP no longer provided those services. However, NHHP did qualify under Section 115 of the code as a quasi-governmental entity and was no longer required to file a tax return. Mason+Rich went to great lengths to articulate NHHP's status in filing NHHP's final tax return for 2016. Nevertheless, the IRS continues to send form letters regarding NHHP's "failure to file" tax returns for 2017 and subsequent years. Mr. McCue stated that in his research he suggests that NHHP should now apply for exemption under Section 501c(4) effective August 2020 (when CMS approved our application for 1332 Waiver). NHHP has enlisted Mason+Rich to prepare for Board approval an NHHP tax return for the tax year December 31, 2020 beginning effective August 2020. This return is to be prepared by Mason+Rich for review at the May 12, 2021 Finance Committee and at the June 10, 2021 Board Meeting. No further discussion.

Mr. King asked for an update on the Reinsurance Program. Mr. Stone briefly described the Edge Server contract with CMS, which is effective January 1, 2021 for the 2021 year, stating NHHP should begin getting claims data this summer and fall until next year. Additionally, the actuaries (Lief and Associates) are working with the Actuarial Work Group to prepare 2022 parameters of reinsurance. They are using 2019, 2020 (not fully closed) and projected 2021. A CMS required operational report due February 28, 2021 is being prepared with PCG. It is clear that much work is going on to prepare to track 2021 claims and provide data for completing development of 2022 reinsurance parameters.

There being no further business, Mr. King adjourned the meeting at 11:35 AM.

Respectfully submitted,  
J. Michael Degnan