

AGENDA
AUDIT COMMITTEE MEETING

April 11, 2019

2:30-4:00pm

Helms & Company, Inc.

1 Pillsbury Street, 3rd Floor, Concord, NH

Call In #: 1 646 876 9923 Meeting ID: 770 631 278

Committee Members: David Sky, Chair; Susan Tenney, Vice Chair; Laura Condon; Elizabeth Daly; Jason Margus

Administrator Staff: Patrick Miller, Keith Nix, Erin Meagher

2:30pm	1. Call to Order
2:35-2:40pm	2. Review and Accept September 26, 2018 Meeting Minutes - vote
2:40-3:10pm	3. Executive Director Report a) FYTD Financial Statements (July 1, 2018 - March 31, 2019) b) FY Q1 and Q2 Assessments Update a. Cash Position b. Interest Assessments c. TRICARE Assessments c) FY2020 Administrative Budget Draft
3:10-4:00pm	4. Cash Management and Investment Services Request for Information Review and Discussion
4:00pm	5. Call to Adjourn

Directions:

<https://nhvaccine.org/wp-content/uploads/2018/09/DIRECTIONS-TO-HELMS.pdf>

DRAFT Posted October 3, 2018

MINUTES

Audit Committee Meeting

September 26, 2018

8:00am

Presiding Officer: David Sky, Chair, Audit Committee

A meeting of the Audit Committee of the Board of Directors of the New Hampshire Vaccine Association (NHVA) was held in person at the offices of Helms & Company, Inc. in Concord, NH with a quorum present.

The meeting was called to order by Mr. Sky at 8:00am.

I. Welcome and Introductions

Attendance – The following individuals attended the meeting, including by phone (P) as indicated:

Committee Members:

David Sky, NHID, Chair
Laura Condon, Public Member
Elizabeth Daly, NH DHHS
Susan Tenney, HPHC

Other Attendees:

Patrick Miller, Helms & Company
John Hastings, Helms & Company
Erin Meagher, Helms & Company
Keith Nix, Helms & Company
Karen Carew, Carew & Wells
Mark McCue, Esq., Hinckley Allen
Kathleen LaBonte, NH Resident – Public

II. Transition Updates

Mr. Miller reviewed the status of several transition items:

- As of August 24, all assessments were received.
- Minuteman Health's proof of claim was filed by KidsVax on August 1, 2018, confirmation of receipt was received August 14, 2018, and notice of change of Administrator was sent and receipt acknowledged on September 12, 2018. All future communication will be through Helms & Company as Administrator.
- Annual K report for commissioner was received from KidsVax on September 14, 2018. The report reflects payers that were added and those removed over the past year as well as specific covered lives filed by each payer. Everything expected from KidsVax for transition purposes has been received.
- Ms. Tenney asked about the plans for financial testing for CY2018. Ms. Carew, Mr. Hastings, and Mr. Miller discussed this summer what would be most valuable to assist the transition. It was determined that Carew & Wells will perform an Agreed Upon Procedures review, the details of which include.
 - Time period of June 30 through September 30, 2018.
 - Will include review of procedures using all original source documents from the bank and payment receipts from lockbox vendor.
 - Will trace transactions back to the QuickBooks recordings to verify accuracy.
 - Will ensure names on checks match QuickBooks transactions, typical vendors part of transactions, etc.
 - Completion is anticipated to be mid-October.

- The cost will be capped at \$1,500 and is included in the FY2019 budget to be approved in this meeting.

III. Auditor's Report and Financials

Ms. Karen Carew of Carew & Wells led review of the audit for the year ending June 30, 2018. Overall, Ms. Carew reported no significant changes this year. Ratios between years were consistent. There were changes in the notes Section and Ms. Carew specifically referenced:

Section A – Nature of Activities & Summary of Significant Accounting Policies; Upcoming Accounting Pronouncements – Page 8:

Ms. Carew stated that given the FASB changes in upcoming accounting pronouncements that there were no material issues at this time. In the future, the temporary net assets will be presented in a different format. This is the only area that Ms. Carew is still working on understanding how this will affect NHVA.

Section E – Commitments and Contingencies: TRICARE Assessment – Page 10:

Ms. Carew mentioned that this section is new this year, and she asked if there were any questions. There was brief discussion about the following sentence in Paragraph 2:

"The DHA subsequently hired Kennel and Associates, Inc. to assist the DHA with implementation of Section 719"

Mr. Sky questioned this sentence and advised that the Washington Vaccine Association hired Kennell and Associates on behalf of several state vaccine associations to negotiate/develop a process with the DHA for TRICARE to participate in the vaccine assessment process. After discussion, the Committee believes this should be reworded. Ms. Carew agreed to go back and review the documentation she has, and she will make appropriate changes.

Ms. Tenney asked if Martin's Point was the only agent currently paying into NHVA. As of June 2018, Humana is also acting as an agent for TRICARE and it was confirmed they did submit an assessment in August.

Section E – Commitments and Contingencies: Minuteman Health, Inc. Assessment – Page 11:

Ms. Carew mentioned this section is new and asked if there were any questions. There were no questions.

Section C – Related Party Transactions: State of New Hampshire; Paragraph 2 – Page 9:

Ms. Tenney questioned the term "providing vaccines" in this sentence:

"The Association transfers monies to the State of New Hampshire to fund a specified portion of the cost of providing vaccines for children in the State of New Hampshire."

The Committee agreed to change the word "providing" to "purchasing."

Section G – Subsequent Events – Page 11:

Ms. Carew believes everything outlined is accurate. She asked the Committee if there were any events that should be included in this section. Ms. Condon asked if there should be a notation about the transition of the NHVA Administrator Services from KidsVax to Helms & Company. After discussion, the Committee agreed not to add such a note as this transition had no impact on this financial presentation.

Governance Letter:

Ms. Carew discussed the governance letter from Carew & Wells to NHVA (dated July 25, 2018). This is required communication from the auditors to the Board of Directors each year. It emphasizes these are the financial statements of the organization, discusses determining the appropriate accounting principles, the presentation of the financial statements and discusses estimates – most significantly Management's estimate of the vaccine expense and their estimate of the balance due and collectable in accounts receivable. There were no difficulties in

working with management in performing and completing the audit, no corrected or uncorrected misstatements that were significant, and no disagreements with management on what and how to present. At their request, Carew & Wells received a letter from management which specifies that they disclosed everything to the auditor and they understand their responsibilities of the financial statements.

IV. Executive Session

VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Ms. Condon, it was unanimously*

VOTED: *To convene Executive Session.*

Board members and Legal Counsel remained in the room and all others exited. When the Executive Session terminated all were invited back into the room.

After completion of the Executive Session, Ms. Condon asked about the Agreed Upon Procedures review to be conducted by Carew & Wells. Ms. Carew briefly reviewed the scope of this review as documented under the Transition Updates section of the minutes.

VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Ms. Daly, it was unanimously*

VOTED: *That the Audit Committee recommends that the full Board of Directors adopts the audit reports presented with the Notes section amended as outlined above.*

V. Review of June 20, 2018 Audit Committee Minutes

VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Ms. Condon, it was unanimously*

VOTED: *To accept the June 20, 2018 Audit Committee minutes as presented.*

Ms. Daly abstained from the vote as she was not present at the June 20, 2018 Audit Committee meeting.

VI. Review and Recommendation of FY2019 Administrative Budget

Mr. Miller and Mr. Hastings reviewed the proposed FY2019 budget (July 1, 2018 through June 30, 2019) included in the meeting packet.

- The first column reflects the FY2018 budget as a comparison point for the proposed budget.
- Items highlighted in green are additional expenses that had not been accounted for in the prior year's budget as the Administrator transition had not been anticipated as well as the additional dollars for the TRICARE work that the Washington Vaccine Association/KidsVax are doing on behalf of NHVA.
- The next to last column list the totals for the proposed FY2019 budget, again with the additional expenses highlighted in green.
- The final column reflects the proposed budget without the unanticipated one-time costs. This allows comparison of FY2018's budget to FY2019's budget to show there would be a reduction in the FY2019 budget amount if not for these additional expenses.

Ms. Condon questioned the July 2018 Administrator Contract fee of \$10,660 as it does not appear to be the actual monthly administrator fee NHVA had been paying KidsVax. Mr. Miller stated he would reconcile the numbers from the G/L and report back to the Audit Committee.

VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Ms. Daly, it was unanimously*

VOTED: *The Audit Committee recommends that the full Board of Directors adopts the Proposed FY2019 Administrative Budget as part of their assessment determination process.*

POST MEETING NOTE: The full Board amended the budget as recommended for approval by the Audit Committee by replacing the \$10,660 with \$9,614 to more accurately reflect the contract terms with KidsVax. See Figure 1.

In future years, the Board agreed that the budget will be presented and voted on at the June meeting.

VII. Adjournment

VOTE RECORDED: On a motion by Ms. Tenney, seconded by Ms. Daly, it was unanimously
VOTED: To adjourn the Audit Committee meeting at 8:56 am.

Figure 1: FY2019 Expense Budget - UPDATED 09-26-2019

Proposed Expense Budget Fiscal Year 2019 (07.01.2018-06.30-2019)															
Description	2017/18 FY Budget	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	Proposed FY Budget 2018/2019	Less One Time Expenses 2018/2019
COST, EXPENSE AND OTHER DEDUCTIONS															
Administrative & Professional Services															
Annual Administrator Contract	127,924	9,614	-	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	92,947	92,947
Transition (\$10K) + Assessment Development (\$5K) (Helms)		-	15,000	-	-	-	-	-	-	-	-	-	-	15,000	
TRICARE Washington (Fred)		20,000	20,000	20,000	20,000	20,000	20,000	-	-	-	-	-	-	120,000	
Incentive + Transition (Kidsvax)		12,447	10,976	10,976	-	-	-	-	-	-	-	-	-	34,398	
Special Projects (approved by board in advance)															
Accounting Expense	9,000	875	875	875	2,375	875	875	875	875	875	875	875	875	12,000	10,500
Legal Fees	16,500	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	25,500	25,500
Total Administrative & Professional Services	153,424	45,061	48,976	42,309	32,833	31,333	31,333	11,333	11,333	11,333	11,333	11,333	11,333	299,845	128,947
Office & Other Expenses & Costs															
Bank Fee & Service Charges	3,980	360	360	360	360	360	360	360	360	360	360	360	360	4,320	4,320
Public Information (Website)/Hosting Fee	1,000	1,710	1,751	41	41	41	41	41	41	41	41	41	41	3,871	410
(Website) Maintenance		-	-	125	125	125	125	125	125	125	125	125	125	1,250	1,250
Publications	600	-	-	60	60	60	60	60	60	60	60	60	60	600	600
Bad Debt Expense (Done on Assessment analysis)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage & Shipping		-	-	75	-	-	75	-	-	75	-	-	75	300	300
Telephone (Conference line)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Printing		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Office & Other Expenses & Costs	5,580	2,070	2,111	661	586	586	661	586	586	661	586	586	661	10,341	6,880
Board															
Insurance (D&O)	8,113	700	700	700	700	700	700	700	700	700	700	700	700	8,400	8,400
Board Meetings		-	-	100	-	-	200	-	-	100	-	-	100	500	500
Total Board	8,113	700	700	800	700	700	900	700	700	800	700	700	800	8,900	8,900
Contingency		-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COST, EXPENSE AND OTHER DEDUCTIONS	167,117	47,831	51,787	43,770	34,119	32,619	32,894	12,619	12,619	12,794	12,619	12,619	12,794	319,086	144,727
NOTE: Green=one time expenses															
		47,831	99,617	143,387	177,506	210,126	243,020	255,639	268,259	281,053	293,672	306,292	319,086		

Respectfully submitted by
Patrick Miller, Helms & Company, Inc.
October 2, 2018

#

NHVA
Statement of Changes in Net Assets
YTD Quarter Ended
March 31, 2019

	FY19 - Q1 Actual	FY19 - Q2 Actual	FY19 - Q3 Actual	FY 2019 YTD Actual	FY 2019 YTD Budget	Difference YTD Act to Bud	FY 2019 Annual Budget
Ordinary Income/Expense							
Income							
Assessment Income	\$ 3,351,943	\$ 3,342,422	\$ 3,795,846	\$ 10,490,211	\$ 9,946,062	\$ 544,149	\$ 13,080,777
Refunds and Allowances	\$ -	\$ -	\$ (58,115)	\$ (58,115)	\$ -	\$ (58,115)	\$ -
TRICARE Settlement	\$ -	\$ -	\$ 4,047,931	\$ 4,047,931	\$ -	\$ 4,047,931	\$ -
Interest Income - Assessments	\$ 1	\$ 0	\$ 1	\$ 1	\$ -	\$ 1	\$ -
Interest Income - Investments	\$ 14,519	\$ 36,686	\$ 78,745	\$ 129,950	\$ 8,183	\$ 121,767	\$ 9,770
Total Income	\$ 3,366,463	\$ 3,379,108	\$ 7,864,408	\$ 14,609,979	\$ 9,954,245	\$ 4,655,734	\$ 13,090,547
Expenses							
Advertising	\$ 137	\$ -	\$ -	\$ 137	\$ -	\$ 137	
Bank Service Charges	\$ 747	\$ 731	\$ 790	\$ 2,268	\$ 3,240	\$ (972)	\$ 4,320
Board Meetings Expense	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ (400)	\$ 500
Dues & Subscriptions	\$ -	\$ -	\$ -	\$ -	\$ 420	\$ (420)	\$ 600
Insurance	\$ 1,489	\$ 1,489	\$ 1,489	\$ 4,466	\$ 6,300	\$ (1,834)	\$ 8,400
Licenses and Fees	\$ -	\$ 75	\$ -	\$ 75	\$ -	\$ 75	\$ -
Management Fees	\$ 58,318	\$ 25,000	\$ 40,000	\$ 123,318	\$ 117,346	\$ 5,972	\$ 142,345
Office, Postage and Shipping	\$ -	\$ -	\$ 221	\$ 221	\$ 225	\$ (4)	\$ 300
Professional Fees - Audit	\$ 9,500	\$ -	\$ 500	\$ 10,000	\$ 9,375	\$ 625	\$ 12,000
Professional Fees - Legal	\$ 15,574	\$ 7,914	\$ 3,464	\$ 26,952	\$ 19,125	\$ 7,827	\$ 25,500
Public Information	\$ -	\$ -	\$ -	\$ -	\$ 3,748	\$ (3,748)	\$ 3,871
TRICARE - Washington	\$ 60,000	\$ 60,000	\$ 71,858	\$ 191,858	\$ 120,000	\$ 71,858	\$ 120,000
* Vaccine Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,234,656
Website	\$ -	\$ 2,034	\$ -	\$ 2,034	\$ 2,438	\$ (404)	\$ 1,250
Total Expenses	\$ 145,764	\$ 97,243	\$ 118,321	\$ 361,328	\$ 282,617	\$ 78,712	\$ 9,553,742
Net Ordinary Income	\$ 3,220,699	\$ 3,281,865	\$ 7,746,086	\$ 14,248,650	\$ 9,671,629	\$ 4,577,022	\$ 3,536,805
Net Income	\$ 3,220,699	\$ 3,281,865	\$ 7,746,086	\$ 14,248,650	\$ 9,671,629	\$ 4,577,022	\$ 3,536,805
Collection Data:							
Quarter being collected	FY19 - Q1	FY19 - Q2	FY19 - Q3				
Payment Due Date	08/15/19	11/15/19	02/15/19				
Projected Average Monthly Lives	164,943	164,943	164,943				
Actual Average Monthly Lives	166,763	166,290	167,019				
Avg Lives Variance +/-	1,820	1,347	2,076				
Approved Assessment Rate	\$ 6.70	\$ 6.70	\$ 6.70				

NHVA
Statement of Cash Flow
YTD Quarter Ended March 31, 2019

	FY19 - Q1 Actual	FY19 - Q2 Actual	FY19 - Q3 Actual	FY 2019 YTD Actual	FY 2019 YTD Budget	Difference YTD Act to Bud	FY 2019 Annual Budget
Receipts (Source)							
Assessment Collections	3,351,943	3,342,422	3,737,731	10,432,096	9,946,062	486,034	13,080,778
TRICARE Settlement	-	-	4,047,931	4,047,931			
* Accounts Receivable	(27)	(39)	-	(66)	-	(66)	-
Interest Income	14,520	36,686	78,746	129,952	8,183	121,769	7,996
* Investment - Short term	(1,153)	(1,297)	(1,449)	(3,898)	-	(3,898)	(1,540)
	<u>3,365,283</u>	<u>3,377,772</u>	<u>7,862,959</u>	<u>14,606,014</u>	<u>9,954,245</u>	<u>603,839</u>	<u>13,087,234</u>
Disbursements (Use)							
Expenses	145,764	97,243	118,321	361,328	243,647	117,681	319,086
* Prepays & Payables Change	(10,657)	12,013	506	1,863	-	1,863	-
** Vaccine Expenses (1)	-	-	-	-	-	-	9,234,656
	<u>135,108</u>	<u>109,256</u>	<u>118,828</u>	<u>363,192</u>	<u>243,647</u>	<u>119,545</u>	<u>9,553,742</u>
 Increase (Decrease)	 3,230,176	 3,268,516	 7,744,131	 14,242,823	 9,710,598	 484,294	 3,533,492
 Cash Balance - Beginning	 3,697,484	 6,927,660	 10,196,176	 3,697,484	 3,697,484	 -	 3,697,484
Cash Balance - Ending	<u>6,927,660</u>	<u>10,196,176</u>	<u>17,940,307</u>	<u>17,940,307</u>	<u>13,408,082</u>	<u>4,532,225</u>	<u>7,230,976</u>

* Note - Changes in Balance Sheet accounts are denoted as () = Increases and positive = decrease

Accrued Basis

NHVA
Statement of Financial Position
YTD Quarters Ended
March 31, 2019

	<u>Jun 30, 18</u>	<u>Sep 30, 18</u>	<u>Dec 31, 18</u>	<u>Mar 31, 19</u>
	FYE 18	FY19 - Q1	FY19 - Q2	FY19 - Q3
	Audited	Interim	Interim	Interim
ASSETS				
Current Assets				
Checking/Savings				
Bank of NH - ICS	\$ 3,647,484	\$ 6,885,993	\$ 10,159,334	\$ 17,962,970
Bank of NH #851031104	\$ 50,000	\$ 41,667	\$ 36,842	\$ (22,664)
Total Checking/Savings	<u>\$ 3,697,484</u>	<u>\$ 6,927,660</u>	<u>\$ 10,196,176</u>	<u>\$ 17,940,307</u>
Accounts Receivable				
Accounts Receivable (A/R)	\$ 58,204	\$ 58,231	\$ 58,270	\$ 58,270
Allowance for Account Receivable	\$ (58,270)	\$ (58,270)	\$ (58,270)	\$ (58,270)
Total Accounts Receivable	<u>\$ (66)</u>	<u>\$ (39)</u>	<u>\$ -</u>	<u>\$ -</u>
Other Current Assets				
Prepaid Expenses	\$ 3,473	\$ 1,985	\$ 496	\$ 1,003
Short Term Investments	\$ 256,143	\$ 257,295	\$ 258,592	\$ 260,041
Total Other Current Assets	<u>\$ 259,616</u>	<u>\$ 259,280</u>	<u>\$ 259,088</u>	<u>\$ 261,044</u>
Total Current Assets	<u>\$ 3,957,034</u>	<u>\$ 7,186,901</u>	<u>\$ 10,455,264</u>	<u>\$ 18,201,350</u>
TOTAL ASSETS	<u><u>\$ 3,957,034</u></u>	<u><u>\$ 7,186,901</u></u>	<u><u>\$ 10,455,264</u></u>	<u><u>\$ 18,201,350</u></u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 4,334	\$ 13,502	\$ -	\$ -
Other Current Liabilities				
Liquidity Reserve	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Total Current Liabilities	<u>\$ 254,334</u>	<u>\$ 263,502</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Total Liabilities	<u>\$ 254,334</u>	<u>\$ 263,502</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Equity				
Fund Balance to be Distributed	\$ 1,846,029	\$ 1,846,029	\$ 1,846,029	\$ 1,846,029
Retained Earnings	\$ 2,248,022	\$ 1,856,672	\$ 1,856,672	\$ 1,856,672
Net Income	\$ (391,350)	\$ 3,220,699	\$ 6,502,564	\$ 14,248,650
Total Equity	<u>\$ 3,702,700</u>	<u>\$ 6,923,399</u>	<u>\$ 10,205,264</u>	<u>\$ 17,951,350</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 3,957,034</u></u>	<u><u>\$ 7,186,901</u></u>	<u><u>\$ 10,455,264</u></u>	<u><u>\$ 18,201,350</u></u>

**TRICARE Payment Acceptance Form
New Hampshire Purchasing Program ("NHVA")**

The undersigned signatory represents that he/she is fully authorized to execute this agreement on behalf of the New Hampshire Vaccine Association, a special-purpose not-for-profit New Hampshire corporation found pursuant to NH RSA 126-Q to assess for the cost of vaccines provided to children in NH (the "Program") for final reimbursement of the Specified Assessments for state-supplied vaccines administered to TRICARE covered beneficiaries.

Assessments for Time Periods: October 1, 2018 – December 31, 2018 ("Specified Assessments")

The Martin's Point US Family Health Plan (Martin's Point) has already paid the NHVA Program for the assessment due on 2/15/19 according to the NHVA standard assessment amount (\$6.70 per member per month x 1,471.33 child lives per month x 3 months = \$29,573.80). On 2/13/19, NHVA issued the TRICARE-specific monthly assessment amount for children in NH (\$12.47 per member per month x 1,471.33 child lives per month x 3 months = \$55,042.58). This TRICARE-specific monthly assessment is the same as the TRICARE monthly per-capita cap amount (\$12.47 per child per month). As a result, DHA will reimburse the Program for TRICARE covered beneficiaries enrolled in Martin's Point according to the TRICARE-specific assessment, less the amount Martin's Point has already paid to NHVA using the standard assessments, and the total amount shall not exceed the TRICARE per-capita cap (\$55,042.58 [cap] - \$29,573.80 [Martin's Point already paid] = \$25,468.78). The Stipulated Sum is therefore less than the TRICARE-specific monthly assessment amount.

Upon transfer by bank check made payable to the New Hampshire Vaccine Association and deposited in the mail, in the amount of Twenty-five thousand, four hundred sixty-eight and seventy-eight cents (\$25,468.78) ("Stipulated Sum"), the Program agrees as follows:

1. The Program accepts the Stipulated Sum as the final payment for the Specified Assessments.
2. Interest, penalties, late or other charges, if any, applicable to the Stipulated Sum are hereby waived.
3. No other attempts to collect the Specified Assessments shall be undertaken.
4. The Specified Assessments shall be deemed "PAID IN FULL," and the Program shall so report to any third party making inquiry.

The Program acknowledges that the National Defense Authorization Act of FY 2017 §719 and the National Defense Authorization Act of FY 2018 §718 authorize the Department of Defense to make this payment and a final arrearage payment. By accepting the Stipulated Sum, the Program agrees to apply this amount to the Specified Assessments.

Program:

Payee: New Hampshire Vaccine Association
Attn: Patrick Miller
Executive Director
New Hampshire Vaccine Association
Department 3690
PO Box 4110
Woburn, MA 01888-4110

By: Susan M. Tenney
signed
Susan M. Tenney
printed

Print Title: NHVA Board Chair

Date: 3/11/2019

In the event that the Stipulated Sum is not received within forty-five (45) days from the date below, this form shall be voidable thereafter by its Signers, provided, however, that any attempt to void this form shall be ineffective if the Stipulated Sum is subsequently received and not promptly returned to TRICARE.

Witness: Marie Elaine Doyle
signed
Marie Elaine Doyle
printed

Date: 3/11/2019

MEMORANDUM

To: Audit Committee
cc: Keith Nix, Erin Meagher
From: Patrick Miller
Date: April 2, 2019 for April 11, 2019 Audit Committee Meeting
Re: **FYTD 2019 Assessment Summary**

Summary:

In preparation for the April 11, 2019 Audit Committee, this memo summarizes the two FYTD 2019 assessment periods to date. Key points include:

- The TRICARE settlement has resulted in both a one-time payment as well as ongoing, increased assessments for the two carriers that administer TRICARE benefits on behalf of New Hampshire residents;
- A refund from EBPA, Inc. was requested and approved by the board on March 6, 2019;
- Tufts determined there were two products they had not been paying assessments for since 2016, payment was assessed, and payment has been received. A late notice with regards to the retroactive assessments was sent to Tufts and subsequent payment was received.

Assessment Period Summary:

1. There were multiple carrier adds/deletes/permanent zero filings that took place in each quarter:
 - a. Q1 FY2019 – 283 Total Assessable Entities minus 110 Filing Permanent Zero Filings minus 29 Entities Closed plus 32 New Registrations equals 176 Total Assessable Entities as of December 31, 2018.
 - b. Q2 FY2019 – 176 Total Assessable Entities minus 3 Filing Permanent Zero Filings plus 4 New Registrations equals 177 Total Assessable Entities as of February 15, 2019.
2. Q2 FY2019 TRICARE activity:
 - a. TRICARE settlement arrearage of \$3,970,307 was received in January 2019.
 - b. TRICARE's new rate for Humana and Martin's Point has been set at a cap of \$12.47.
 - i. Humana has begun to reimburse at this rate, which for Q2 FY2019 resulted in a quarterly increase of \$52,155.03; and
 - ii. Martin's Point provided payment for their Q2 FY2019 covered lives at NHVA's rate of \$6.70. As of March 8, 2019, TRICARE created an interim process to provide an additional payment for Q2 FY2019 in the amount of \$25,468.78 – this amount was at a rate of \$5.77.
3. Q2 FY2019 carrier retroactive assessment and refund request activity:
 - a. EBPA, Inc. submitted a request for a refund totaling \$66,502.14 for duplicate payments that had been made by Anthem between CY2014 and CY2018. Helms research determined that

the final amount due to be refunded to EBPA, Inc. is \$58,115.04. This was approved at the March 6, 2019 board meeting, and the funds subsequently were refunded.

- b. Tufts Health Plan submitted retroactive filings from CY2016 to CY2018 for two products with New Hampshire child lives; \$29,861.90 in payments have been received for Q2 FY2019 and retroactive payments totaled \$438,770.45. At the March 6, 2019 Board Meeting, there was a discussion regarding late payment, which resulted in two invoices being generated on March 21, 2019; one in the amount of \$592.03 and the second for \$130,768.69. These have subsequently been paid by Tufts Health Plan.

4. Covered lives and assessment summary totals (Table 1):

- a. Q1 FY2019 and Q2 FY2019 had 0.82% and 1.26% more lives, respectively, then what was projected in September 2018.
- b. Q1 FY2019 and Q2 FY2019 had \$27,068.30 and \$41,721.98 greater assessment collections than what was projected in September 2018, excluding the additional 13,453 TRICARE lives which were assessed at the TRICARE cap rate for Q2 FY2019, resulting in an additional \$77,623.81 for the quarter.

Table 1: Covered Lives and Assessment Totals – Q1 FY2019 through Q3 FY2019

Time Period / Assessment Rate	Projected ¹ Lives Per Quarter / Average Per Month	Reported Lives Per Quarter / Average Per Month	% Diff. Projected vs. Reported	Projected ² Assessment Revenue (\$)	Reported Assessment Revenue (\$) ³	## Diff. Projected vs. Reported
Q4 FY2018 / \$6.70	N/A	500,289 / 166,763	n/a	3,315,354.00	3,351,943.00	1.10%
Q1 FY2019 / \$6.70	494,829 / 164,943	498,869 / 166,290	0.82%	3,315,354.00	3,342,422.30	\$27,068.30 0.82%
Q2 FY2019 / \$6.70	494,829 / 164,943	501,056 / 167,019	0.44%	3,315,354.00	3,357,075.98	\$41,721.98 1.26%
Q2 FY2019 TRICARE / \$5.77 (new)	N/A	13,453 / 4,484	N/A	N/A	77,623.81	N/A

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¹ Projected September 2018.

² Ibid.

³ Excluding one-time TRICARE payment of \$3,970,307 made January 2019.

NHVA
FY 20 Expense Budget
July 2019 through June 2020

	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	TOTAL
EXPENSE													
Administrative Fees	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 100,000
Subcontractors	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Subtotal	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 8,433	\$ 101,200
Bank Fees	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 4,320
Board Meeting Expense			\$ 100	\$ 100	\$ 100		\$ 100		\$ 100			\$ 100	\$ 600
Dues and Subscriptions													\$ -
Insurance (D&O)							\$ 2,000						\$ 2,000
Licenses and Fees				\$ 75									\$ 75
Postage and Shipping	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 480
Professional Fees - Audit	\$ 8,500												\$ 8,500
Professional Fees - Legal	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 2,125	\$ 25,500
Public Information Expense													\$ -
Website			\$ 525										\$ 525
Subtotal	\$ 11,025	\$ 2,525	\$ 3,150	\$ 2,700	\$ 2,625	\$ 2,525	\$ 4,625	\$ 2,525	\$ 2,625	\$ 2,525	\$ 2,525	\$ 2,625	\$ 42,000
TOTAL EXPENSE	\$ 19,458	\$ 10,958	\$ 11,583	\$ 11,133	\$ 11,058	\$ 10,958	\$ 13,058	\$ 10,958	\$ 11,058	\$ 10,958	\$ 10,958	\$ 11,058	\$ 143,200

Notes:

- Administrative Fees - Helms locked in for first two years @ \$100K
- Subcontractors - Placeholder for any IT system changes (e.g., TRICARE in 2019)
- Bank Fees - Lockbox
- Board Meeting Expense - materials printing
- Insurance (D&O) - Reduced from prior year due to new policy
- Licenses and Fees - SOS NH Annual Report filing fee
- Postage and Shipping - check tracking for dual signatures
- Audit - verified pricing w/ K. Carew for FY audit ending June 30, 2019
- Legal - estimated based upon historical amounts
- Website - annual hosting fees (last year was \$486)

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NHVA
FY 2019 Expense Budget
to Actual YTD
March 31, 2019

	FY 2019 Annual Budget	FY 2019 YTD Actual	Difference YTD Actual to Budget
Expenses			\$ -
Advertising		\$ 137	\$ (137)
Bank Service Charges	\$ 4,320	\$ 2,268	\$ 2,052
Board Meetings Expense	\$ 500	\$ -	\$ 500
Dues & Subscriptions	\$ 600	\$ -	\$ 600
Insurance	\$ 8,400	\$ 4,466	\$ 3,934
Licenses and Fees		\$ 75	\$ (75)
Management Fees	\$ 142,345	\$ 123,318	\$ 19,027
Office, Postage and Shipping	\$ 300	\$ 221	\$ 79
Professional Fees - Audit	\$ 12,000	\$ 10,000	\$ 2,000
Professional Fees - Legal	\$ 25,500	\$ 26,952	\$ (1,452)
Public Information	\$ 3,871	\$ -	\$ 3,871
TRICARE - Washington	\$ 120,000	\$ 191,858	\$ (71,858)
Website	\$ 1,250	\$ 2,034	\$ (784)
Total Expenses	319,086	361,328	-42,242

Notes:

TRICARE - Washington includes the supplemental amount of \$71,858 approved by the Board on March 6, 2019.