

MINUTES

Audit Committee Meeting

September 16, 2019

11:00 am to 12:30 pm

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 the NH Department of Insurance in Concord, NH with a quorum present.

The meeting was called to order by Mr. Sky at 11:04 am.

1. Welcome and Introductions

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

Committee Members:

David Sky, NHID, Chair
Susan Tenney, HPHC, Vice Chair
Elizabeth Daly, NH DHHS
Jason Margus, Anthem

Other Attendees:

Wendy Parker, HealthTrust, Board Member
Patrick Miller, Helms & Company
Erin Meagher, Helms & Company
Keith Nix, Helms & Company
John Hastings, Helms & Company
Arlene Folsom, Bank of New Hampshire
Dona Murray, Bank of New Hampshire

Members of the Public

Briana Berrigan, Deerfield (P)
Andrea Boland, Tamworth
Lisa Capellan, Bedford (P)
Laura Condon, Bedford
Ruth Hadley, Newmarket
Elizabeth Kinney, Portsmouth
Jessica Kliskey, Stratham (P)
Kathleen LaBonte, Henniker (P)
Diane Lambert (P)
Sizaida Maldonado, Rochester

Rachel Martin, Weare
Ms. McCartney, Concord (P)
Sue Misiaszek, Londonderry
Jennifer Madone, Manchester (P)
Nicole Nordlund, Mason
Karen Reddick, Antrim (P)
Robert Reddick, Antrim (P)
Claudia Sinclair, Nashua (P)
Tatiana Smith, Londonderry
Ms. Tangway (P)

Other members of the public joined in person and on the phone but failed to sign in or identify themselves on the phone. Every attempt has been made to accurately capture names and towns of those attending from the public.

Ms. Condon announced she was videotaping the meeting and Mr. Miller announced he was recording the audio of the meeting.

Mr. Sky announced the group will proceed to item #3 since not all Committee members had yet arrived to create a quorum.

3. Investment Policy Recommendations, Dona Murray and Arlene Folsom, Bank of New Hampshire

Mr. Miller reminded the group that Bank of New Hampshire (BONH) had met with the Audit Committee in August and had been asked to review NHVA's current Investment Policy. BONH had helped update the policy in 2016 prior

26 to Helms becoming the Administrator. In light of the quarterly cash collected from assessments and the reserve
27 funds NHVA would like to invest, BONH was asked to assist in revising the policy for both longer term growth and
28 more prudent use of cash. Mr. Miller introduced Arlene Folsom and Dona Murray from BONH.

29
30 Ms. Folsom thanked the Board for their time and stated that BONH would like to move forward with several
31 investment strategies within the revised Investment Policy Statement. Ms. Murray directed the Committee to page
32 eight of the meeting packet and walked through the presentation. The first part of the Investment Policy Statement
33 revisions outlined a summary of BONH's qualifications, expertise, and their strategy and approach to investing for
34 non-profits. Ms. Murray briefly discussed several types of NHVA investment purposes such as the short-term
35 investment of assessment funds collected throughout the year that are needed for the annual transfer to State of
36 New Hampshire. Long-term investments would include the funding of the proposed \$5M reserve fund. Ms. Murray
37 discussed the proposed investment objectives, principles, and guidelines to be considered as changes to the existing
38 policy.

39
40 During the discussion several edits to the draft Investment Policy Statement were suggested:

- 41 ▪ Section III. Part A should be renamed from Receipts from Payer Assessment to Short-Term Investments.
- 42 ▪ Add an additional bullet should be added under Eligible Investments with Maximums to include Certificate
43 of Deposits as an investment option.
- 44 ▪ Add timeframes for the Board of Directors to identify the funds that should be considered for short-term
45 investment with the balance of funds falling into long-term investments. The group discussed adding this
46 to the September Board meeting each year when the upcoming calendar year assessment rate is set.
- 47 ▪ Add an additional bullet to list ICS Promontory accounts which are currently being utilized and would
48 continue under the short-term investments.
- 49 ▪ Clarify the investment limitations for BBB-rated investments so that no more than 30% of investments shall
50 have lower than a AAA- rating.
- 51 ▪ Revise the maturity ranges from 10 years to five years and laddered securities from six to three years.
- 52 ▪ Consider adding in a new option that BONH is investigating which is a product that is a mutual fund but
53 acts like a bond.
- 54 ▪ Clarify that the Board has the authority to make investment decisions. The Audit Committee will review
55 and investigate any proposal then provide an opinion to assist the full Board for any required vote.
- 56 ▪ Designate the Audit Committee to receive quarterly performance reports for all investments.
- 57 ▪ Change the word "consultant" to Executive Director on page 21 of presentation under Section IV.

58
59 Ms. Murray reiterated that the goal for all short-term investments is to have no potential loss of principal. Discussion
60 ensued regarding how to ladder the maturity dates for the long-term investment monies. It was discussed that there
61 was the potential to have several different investments with alternating maturity dates.

62
63 Mr. Sky thanked Ms. Murray for the thoughtful revisions to the Investment Policy Statement. Ms. Murray will make
64 the agreed upon changes and will provide a revised copy to Mr. Miller for the Board meeting scheduled for next
65 week, September 25, 2019.

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67 **2. Review and Accept August 6, 2019 Audit Committee Minutes**

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69 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Mr. Margus, it was unanimously*
70 **VOTED:** *To accept the August 6, 2019 Audit Committee minutes as presented.*

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76 **4. Administrator Updates**

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78 Mr. Miller directed the group to page 27 of the meeting packet related to the assessment rate model. Updates have
79 been made since the August 2019 Audit Committee meeting. Mr. Miller stated that the primary goal of presenting
80 the multi-year model is to keep the assessment rate as level as possible.

81

82 Mr. Miller reported that the decline in covered child lives continues with a decline of 1.6% from quarter two in
83 CY2014 through quarter one of CY2019. The rolling percentage in the same time period declined 0.1%.

84

85 The State Vaccine Expenditure, Stability in Payer Proportion, and Investment Interest Income charts were briefly
86 reviewed.

87

88 Mr. Miller reviewed the CY2020 Core Rate Assumptions as changes have been made since the Audit Committee met
89 in August. Mr. Miller reported that he spoke with NHVA's TRICARE contact and was told the cap rate going forward
90 will likely remain at or above the current level of \$12.47 for FFY2020. TRICARE will notify us of a rate change by the
91 end of September.

92

93 Ms. Daly confirmed that as of few weeks ago, the CDC credit for October 1, 2019 was approximately \$1.8M. The
94 current assessment model uses a conservative figure of \$1.9M given prior year averages of \$3.5M. The actual
95 number will not be known until October 1, 2019, the start of the Federal fiscal year.

96

97 At the conclusion of reviewing the Model Assumptions, Mr. Sky asked if any of the Audit Committee members had
98 any questions related to the assumptions prior to reviewing the model and rate setting process. There were no
99 questions or comments, and Mr. Miller referred the Committee to page 40 of the packet.

100

101 Referencing the Cash Flow / Reconciliation / Rates chart, Mr. Miller explained that the first section under header of
102 New Model reflects actual numbers for CY2019 and CY2020 with projections for future years to the right. He
103 reviewed the annual adjustment factors. There was limited discussion regarding these adjustments.

104

105 Mr. Miller referenced the assessment rate line which showed the current calendar year rate of \$6.47, compared to
106 the prior year's rate of \$6.70, and the proposed rate for CY2020 as \$6.80. Based on current, conservative projections,
107 CY2021 is forecasted to be at \$6.95 and CY2022 at \$7.00, subject to change. The rate setting process was focused
108 on stabilizing the rate and maintaining the proposed \$5M reserve through the next four years

109

110 Mr. Sky asked for clarification as to why 59.7% was used as the percentage paid by insurers within the model for the
111 outer years versus the 64.0% projected for 2019/2020. Mr. Miller explained the 64.0% is the projected calculation
112 from the State worksheets. Historically, the projections provide by the State have been high and the Administrator
113 chose to use 59.7% based upon the 13-year historical trend. Ms. Daly further explained the 64.0% is because the
114 estimate of how much federal money the State is going to receive is a million less than what was received last year,
115 which artificially inflates the percentage for insurers.

116

117 Mr. Hastings referred to the green cells on the chart explaining they represent the projected gross vaccine costs
118 after deducting VFC and NH credits. Ms. Daly asked about the \$3.7M number as it does not reflect the numbers
119 provided in her workbook. Mr. Hastings explained in the State's schedule there was \$6.7M carried forward and we
120 deducted from that approximately \$2.9M, which is the increase that the State is projecting for this year's total cost
121 compared to last year. In order to achieve a zero balance forward for next year, NHVA needs to pay DHHS an
122 additional \$2.9M to pick up the cost that is being incurred for this year. After discussion, it was decided to add a
123 note to the assessment projection Table C to reference the worksheet provided by the State for additional details as
124 to how the number was calculated. The State's workbook will also be expanded to provide more detail to the
125 calculations.

126
127 With the additional information that Mr. Hastings and Mr. Miller agreed to add to the worksheets, all agreed to
128 accept the assessment process and proposed assessment rate. Mr. Miller reminded that the model is designed to
129 help the Board have some insight into a multi-year projection of assessment rates and cash.
130

131 Mr. Sky asked the payer representatives on the Committee to share their thoughts on the process and model and
132 asked if there were any questions. Both Mr. Margus and Ms. Tenney stated that they were comfortable with the
133 process and the recommended rate for CY2020. Ms. Tenney asked about using the 64% payer proportion versus the
134 trend rate of 59.7%. Mr. Hastings explained using the lower percentage rate was a more conservative approach with
135 the desire to not over-collect from payers.
136

137 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Mr. Margus, it was unanimously*
138 **VOTED:** *To recommend to the Board of Directors at the Board meeting scheduled for*
139 *September 25, 2019 to accept the CY2020 recommended assessment rate of*
140 *\$6.80.*
141

142 Mr. Miller reminded the group that the rest of the workbook files received from the State is also included in the
143 packet.
144

145 **5. New Business / Public Comment**

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147 Mr. Sky asked if there was any new business to discuss. There being none, Mr. Sky opened the meeting for public
148 comment and asked that comments be directed to business related to the Audit Committee. He asked those in the
149 room to comment first and then the people on the phone would have a chance.
150

- 151 ▪ Ms. Laura Condon addressed the group and thanked the Committee for accommodating the public
152 attendance and the public's concern about vaccine safety. She asked the members of the public on the
153 phone to please assist Helms & Company by identifying who they are and their town and send an email to
154 Helms for documenting participation in the meeting.
155

156 With regard to the proposal from DHHS for administrative funding, Ms. Condon reminded the group that
157 they received legal opinion from NHVA counsel that the funds from NHVA were not appropriate to be paid
158 to DHHS for these services. Ms. Condon was pleased to see the Board is still relying on that opinion.
159

160 Finally, Ms. Condon requested the meeting packet be available on-line for members of the public. Mr. Miller
161 replied that the meeting packet had been posted as of 9:00 am this morning. Ms. Condon expressed
162 appreciation for allowing members of the public to comment.
163

- 164 ▪ Ms. Ruth Hadley thanked the Committee for allowing public comment and thanked Ms. Condon for helping
165 the public better understand what the NHVA is all about.
166
- 167 ▪ Ms. Sue Misiaszek stated that while NHVA is primarily focused on business transactions, from a personal
168 standpoint it is about children and about safety concerns. She thanked the Committee.
169
- 170 ▪ Ms. Andrea Boland addressed the group stating she was pleased to attend. Ms. Boland attended to gain
171 knowledge and to help educate people. Ms. Boland expressed concern about what's happening in our
172 society, considering some of the laws that have recently been passed in New York and California in regard
173 to vaccinations. She believes some vaccines have injured children and adults.
174

175 Mr. Sky thanked the members of the public in the room that had spoken and reminded members of the public that
176 they are welcome to comment, but to please keep the focus on items related to the Audit Committee.
177

- 178 ▪ Mr. Robert Reddick stated he wanted to express his appreciation for allowing participation by phone. He
179 stated that as concerned citizens and parents, he found this very helpful and appreciated the Committee's
180 time.
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182 **6. Adjournment**

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

185 **VOTED:** *To adjourn the Audit Committee meeting at 12:22 pm*
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189 Respectfully submitted by
190 Patrick Miller, Helms & Company, Inc.
191 September 21, 2019
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