

**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

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

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

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

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

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

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

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

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

**VOTED:** *To accept the August 6, 2019 Audit Committee minutes as presented.*

76 **4. Administrator Updates**

77  
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.

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

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

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

***VOTED:*** *To recommend to the Board of Directors at the Board meeting scheduled for September 25, 2019 to accept the CY2020 recommended assessment rate of \$6.80.*

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

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

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

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

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

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

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

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

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

**6. Adjournment**

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

**VOTED:** *To adjourn the Audit Committee meeting at 12:22 pm*

Respectfully submitted by  
Patrick Miller, Helms & Company, Inc.  
September 21, 2019

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