

**AGENDA**  
**AUDIT COMMITTEE MEETING**  
**June 5, 2020**  
**9:00-11:00am**  
**VIA WEBINAR**

**Committee Members:** David Sky, Chair, Susan Tenney, Vice Chair, Elizabeth Daly, Jason Margus

**Administrator Staff:** Patrick Miller, Keith Nix, Erin Meagher

<b>9:00am</b>	<b>1. Call to Order</b>
<b>9:00am-9:05am</b>	<b>2. Review and Accept September 16, 2019 Meeting Minutes – Vote</b>
<b>9:05am-10:15am</b>	<b>3. Executive Director Report</b> <ul style="list-style-type: none"> <li>a) Unaudited Financials April 2020 YTD <ul style="list-style-type: none"> <li>i. Assessments Update</li> <li>ii. Covered Lives</li> <li>iii. Interest Assessments</li> <li>iv. TRICARE Assessments</li> </ul> </li> <li>b) Investments Update</li> <li>c) Impact of COVID-19</li> </ul>
<b>10:15am-10:45am</b>	<b>4. Auditor Selection and FY2021 Administrative Budget</b> <ul style="list-style-type: none"> <li>a) Selection of Carew &amp; Wells as Auditor for FY2020 – <b>Vote</b></li> <li>b) FY2021 Administrative Budget Review and Discussion – <b>Vote</b></li> </ul>
<b>10:45am-11:00</b>	<b>5. Other Business</b>
<b>10:00am</b>	<b>6. Call to Adjourn</b>

**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

# # #

NHVA  
Statement of Cash Flow  
YTD FY2020  
Month Ended  
April 30, 2020

	FY20 - Q1 Actual	FY20 - Q2 Actual	FY20 - Q3 Actual	FY20 - Q4 Actual 04/30/20	FY 2020 YTD Actual 04/30/20	FY 2020 YTD Budget 04/30/20	Difference YTD Act to Bud 04/30/20
<b>Receipts (Source)</b>							
Assessment Collections	3,217,932	3,206,571	3,198,289	329,181	9,951,973	10,839,113	(887,140)
TRICARE Settlement	81,882	103,800	106,829	-	292,511	-	292,511
* Accounts Receivable	-	-	-	-	-	-	-
Interest Income - Investments	70,547	87,389	74,133	22,319	254,387	185,040	69,347
Interest Income - Assessments	-	49	128	-	177	-	177
Dividend Income	1,457	1,186	999	1,371	5,012	4,100	912
** Investment - Short term and CDs	(1,457)	(1,186)	(6,999,633)	(17,421)	(7,019,697)	-	(7,019,697)
	<u>3,370,361</u>	<u>3,397,809</u>	<u>(3,619,255)</u>	<u>335,450</u>	<u>3,484,364</u>	<u>11,028,254</u>	<u>(7,543,889)</u>
<b>Disbursements (Use)</b>							
Expenses	40,212	29,171	27,763	9,805	106,950	120,800	(13,850)
* Prepaids & Payables Change	(559)	(439)	2,634	(280)	1,356	-	1,356
Vaccine Expenses	-	-	-	-	-	-	-
	<u>39,653</u>	<u>28,732</u>	<u>30,397</u>	<u>9,525</u>	<u>108,307</u>	<u>120,800</u>	<u>(12,493)</u>
<b>Increase (Decrease)</b>	<b>3,330,707</b>	<b>3,369,076</b>	<b>(3,649,651)</b>	<b>325,925</b>	<b>3,376,058</b>	<b>10,907,454</b>	<b>(7,531,396)</b>
<b>Cash Balance - Beginning</b>	<b>12,220,200</b>	<b>15,550,907</b>	<b>18,919,984</b>	<b>15,270,332</b>	<b>12,220,200</b>	<b>12,220,200</b>	<b>-</b>
<b>Cash Balance - Ending</b>	<b>15,550,907</b>	<b>18,919,984</b>	<b>15,270,332</b>	<b>15,596,258</b>	<b>15,596,258</b>	<b>23,127,654</b>	<b>(7,531,396)</b>

**Notes:**

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

\*\* The negative number represents amounts re-invested within the Short Term Investments and funds from ICS account



**NHVA**  
**Statement of Financial Position**  
**YTD FY2020**  
**Month Ended April 30, 2020**

	<u>Jun 30, 19</u>	<u>Sep 30, 19</u>	<u>Dec 31, 19</u>	<u>Mar 31, 20</u>	<u>Apr 30, 20</u>
	FYE 19	FY20 - Q1	FY20 - Q2	FY20 - Q3	FY20 - Q4
ASSETS	Audited	Interim	Interim	Interim	Interim - Mnth
<b>Current Assets</b>					
Checking/Savings					
Bank of NH #851031104	\$ 49,994	\$ 49,919	\$ 49,749	\$ 50,000	\$ 49,660
Bank of NH - ICS	\$ 12,170,206	\$ 15,500,988	\$ 18,870,234	\$ 15,220,332	\$ 15,546,598
Total Checking/Savings	\$ 12,220,200	\$ 15,550,907	\$ 18,919,984	\$ 15,270,332	\$ 15,596,258
Accounts Receivable					
Accounts Receivable (A/R)	\$ -	\$ -	\$ -	\$ -	\$ -
Allowance for Account Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Assets					
Prepaid Expenses	\$ 1,164	\$ 665	\$ 166	\$ 2,800	\$ 2,520
Short Term Investments	\$ 261,566	\$ 263,023	\$ 264,209	\$ 7,266,559	\$ 7,281,263
Unrecognized Gain or Loss - ST	\$ -	\$ -	\$ -	\$ (2,717)	\$ -
Total Other Current Assets	\$ 262,730	\$ 263,688	\$ 264,375	\$ 7,266,641	\$ 7,283,783
<b>Total Current Assets</b>	<b>\$ 12,482,930</b>	<b>\$ 15,814,595</b>	<b>\$ 19,184,359</b>	<b>\$ 22,536,974</b>	<b>\$ 22,880,040</b>
<b>TOTAL ASSETS</b>	<b>\$ 12,482,930</b>	<b>\$ 15,814,595</b>	<b>\$ 19,184,359</b>	<b>\$ 22,536,974</b>	<b>\$ 22,880,040</b>
<b>LIABILITIES &amp; EQUITY</b>					
<b>Liabilities</b>					
<b>Current Liabilities</b>					
* Accounts Payable	\$ -	\$ 60	\$ -	\$ -	\$ -
Other Current Liabilities					
Liquidity Reserve	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
<b>Total Current Liabilities</b>	<b>\$ 250,000</b>	<b>\$ 250,060</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>
<b>Total Liabilities</b>	<b>\$ 250,000</b>	<b>\$ 250,060</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>
<b>Equity</b>					
Retained Earnings	\$ 1,856,672	\$ 10,386,901	\$ 10,386,901	\$ 10,386,901	\$ 10,386,901
Fund Balance to be Distributed	\$ 1,846,029	\$ 1,846,029	\$ 1,846,029	\$ 1,846,029	\$ 1,846,029
Net Income	\$ 8,530,229	\$ 3,331,605	\$ 6,701,429	\$ 10,054,044	\$ 10,397,111
<b>Total Equity</b>	<b>\$ 12,232,930</b>	<b>\$ 15,564,535</b>	<b>\$ 18,934,359</b>	<b>\$ 22,286,974</b>	<b>\$ 22,630,040</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 12,482,930</b>	<b>\$ 15,814,595</b>	<b>\$ 19,184,359</b>	<b>\$ 22,536,974</b>	<b>\$ 22,880,040</b>

Notes: \* AP State of New Hampshire Payable (June 30, 2020)

\$ 11,751,393



**NHVA**  
**Statement of Changes in Net Assets**  
**YTD FY2020**  
**Month Ended April 30, 2020**

	FY20 - Q1 Actual	FY20 - Q2 Actual	FY20 - Q3 Actual	FY20 - Q4 Actual	FY 2020 YTD Actual	FY 2020 YTD Budget	Difference YTD Act to Bud	FY 2020 Annual Budget
				04/30/20	04/30/20	04/30/20	04/30/20	
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Assessment Income	\$ 3,217,932	\$ 3,206,571	\$ 3,198,289	\$ 329,181	\$ 9,951,973	\$ 10,839,113	\$ (887,140)	\$ 13,104,274
TRICARE Settlement	\$ 81,882	\$ 103,800	\$ 106,829	\$ -	\$ 292,511	\$ -	\$ 292,511	\$ -
Interest Income - Assessments	\$ -	\$ 49	\$ 128	\$ -	\$ 177	\$ -	\$ 177	\$ -
Interest Income - Investments	\$ 70,547	\$ 87,389	\$ 74,133	\$ 10,253	\$ 242,321	\$ 185,040	\$ 57,281	\$ 248,189
Dividend Income	\$ 1,457	\$ 1,186	\$ 999	\$ 1,371	\$ 5,012	\$ 4,100	\$ 912	\$ 4,920
Unrecognized Gain or Loss	\$ -	\$ -	\$ -	\$ 12,066	\$ 12,066	\$ -	\$ 12,066	\$ -
<b>Total Income</b>	<b>\$ 3,371,817</b>	<b>\$ 3,398,995</b>	<b>\$ 3,380,378</b>	<b>\$ 352,871</b>	<b>\$ 10,504,061</b>	<b>\$ 11,028,254</b>	<b>\$ (524,193)</b>	<b>\$ 13,357,383</b>
<b>Expenses</b>								
Bank Service Charges	\$ 746	\$ 485	\$ 492	\$ -	\$ 1,723	\$ 3,600	\$ (1,877)	\$ 4,320
Vaccine - Annual State Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Management Fees	\$ 25,000	\$ 25,000	\$ 25,142	\$ 8,333	\$ 83,475	\$ 83,333	\$ 142	\$ 100,000
Professional Fees - Legal	\$ 4,995	\$ 2,423	\$ 1,403	\$ 315	\$ 9,136	\$ 20,833	\$ (11,698)	\$ 25,000
Professional Fees - Audit	\$ 8,500	\$ -	\$ -	\$ -	\$ 8,500	\$ 8,500	\$ -	\$ 8,500
Insurance	\$ 499	\$ 499	\$ 726 *	\$ 280	\$ 2,004	\$ 2,000	\$ 4	\$ 2,000
Postage & Printing (Office)	\$ 322	\$ 278	\$ -	\$ 851	\$ 1,451	\$ 400	\$ 1,051	\$ 480
Website & SubContractors	\$ 75	\$ 486	\$ -	\$ 25	\$ 586	\$ 1,525	\$ (939)	\$ 1,725
Board Meetings Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 533	\$ (533)	\$ 600
Dues & Subscriptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRICARE - Washington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Information	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Fees	\$ 75	\$ -	\$ -	\$ -	\$ 75	\$ 75	\$ -	\$ 75
<b>Total Expenses</b>	<b>\$ 40,212</b>	<b>\$ 29,171</b>	<b>\$ 27,763</b>	<b>\$ 9,805</b>	<b>\$ 106,950</b>	<b>\$ 120,800</b>	<b>\$ (13,850)</b>	<b>\$ 142,700</b>
<b>Net Ordinary Income</b>	<b>\$ 3,331,605</b>	<b>\$ 3,369,824</b>	<b>\$ 3,352,615</b>	<b>\$ 343,066</b>	<b>\$ 10,397,111</b>	<b>\$ 10,907,454</b>	<b>\$ (510,343)</b>	<b>\$ 13,214,683</b>
<b>Net Income</b>	<b>\$ 3,331,605</b>	<b>\$ 3,369,824</b>	<b>\$ 3,352,615</b>	<b>\$ 343,066</b>	<b>\$ 10,397,111</b>	<b>\$ 10,907,454</b>	<b>\$ (510,343)</b>	<b>\$ 13,214,683</b>
* The Prepaid Expenses represent an increase over budget in the D&O Insurance renewal due to NHVA having greater assets under management than the prior year. Renewal increased from \$1,995 to \$3,360.								
<b>Collection Data:</b>								
Quarter being collected	SFY20 - Q1	SFY20 - Q2	SFY20 - Q3	SFY20 - Q4				
Payment Due Date	08/15/19	11/15/19	02/15/20	05/15/20				
Projected Average Monthly Lives	166,556	166,556	166,556	166,556				
Actual Average Monthly Lives	165,787	165,202	164,775	165,295				
Avg Lives Variance +/-	(769)	(1,354)	(1,781)	(1,261)				
Approved Assessment Rate	\$ 6.47	\$ 6.47	\$ 6.47	\$ 6.80				
Actual Average Monthly Lives - TRICARE	4,549	4,626	4,761	4,791				
Additional Assessment Rate - TRICARE	\$ 6.00	\$ 6.70	\$ 6.70	\$ 6.70				

# COVID-19 Assessed Lives Impact Discussion

NHVA Audit Committee Meeting  
June 5, 2020

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1. Background
2. Historical Trends
3. Model
4. Discussion

# 1. Background

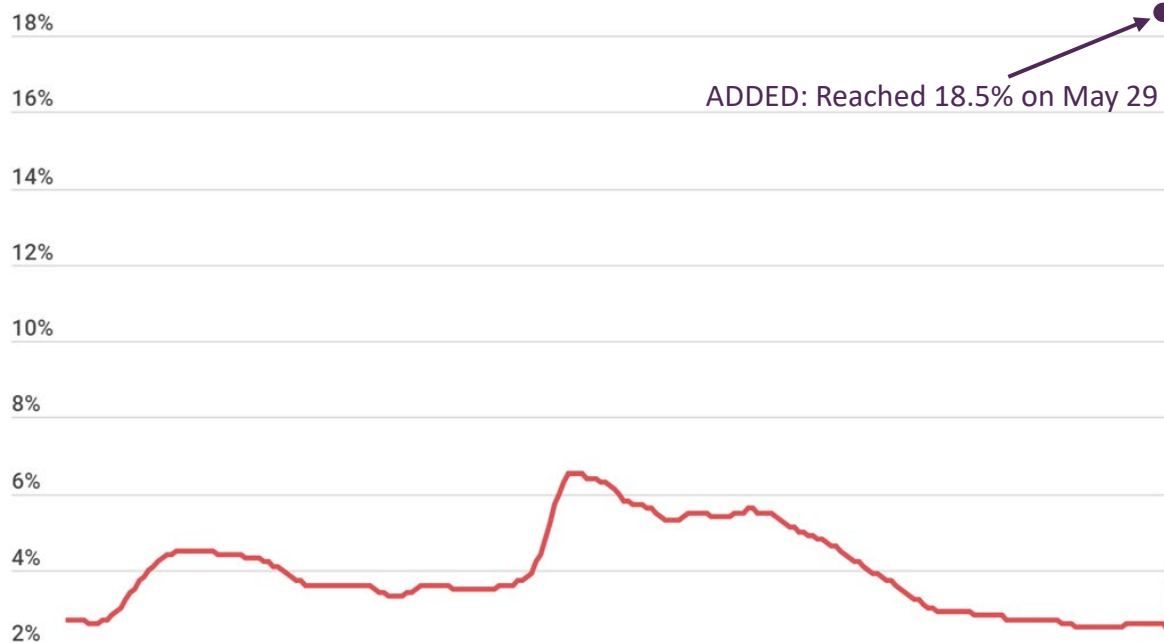
# Background

- There is concern that rising unemployment rates due to COVID-19 job losses will lead to a lower commercially-insured population which in turn will lower the assessment amounts collected beginning in Q2 CY2020
  - Governor Sununu issued his first Executive Order re: COVID-19 on March 13, 2020
  - Unemployment rates rose from 2.5% to 16.3% between February and April 2020
  - Governor Sununu projected a budget shortfall of \$500-700M in current biennium; State revenues dropped XX% in April 2020
  - Q1 CY2020 assessment receipts do not appear to have been impacted by rising unemployment
  - NHVA had previously set aside funds for contingencies should they be needed
- This presentation reviews a model to examine commercially-insured job loss impact to NHVA assessment revenues; it is expected to drive a discussion regarding the financial needs of the organization

# NH Unemployment Rate April 2000 to April 2020

## NH Unemployment Rate Apr 2000 - Apr 2020

Hover over the line to see month-by-month figures



"New Hampshire's preliminary seasonally adjusted unemployment rate for April 2020 was 16.3 percent, reflecting the impact on unemployment due to the coronavirus (COVID-19) pandemic and efforts to contain it. This is the highest unemployment rate in the history of the series (seasonally adjusted data are available back to 1976). This was an increase of 13.9 percentage points from the March rate, which decreased to 2.4 percent after revision. The April 2019 seasonally adjusted rate was 2.5 percent."

Source: NH Public Radio website using data from NH Employment Security Bureau of Labor Statistics

SOURCES: NH Employment Security; Bureau of Labor Statistics

# Some Good News From Department of Employment Security

New claims for unemployment dropped for the seventh consecutive week during the week ending May 23th. For the week, 6,973 individuals filed claims for unemployment insurance with the State of New Hampshire's Department of Employment Security, down 21 percent from a revised 8,794 during the week ending May 16th, 2020. Nationally, the number of initial claims was down 12 percent compared to the week ending May 16th.

<b>TABLE 2 - COVID-19 AFFECTED UNEMPLOYMENT RATE BY COUNTY</b>			
<b>COUNTY</b>	<b>TOTAL CLAIMS BY NH RESIDENTS WORKING IN NH: MARCH 15 TO MAY 16</b>	<b>FEBRUARY 2020 LABOR FORCE</b>	<b>COVID-19 AFFECTED UNEMP. RATE</b>
Belknap	8,204	31,039	26.4%
Carroll	6,704	23,718	28.3%
Cheshire	6,675	41,500	16.1%
Coos	3,571	14,724	24.3%
Grafton	9,209	51,045	18.0%
Hillsborough	44,913	245,905	18.3%
Merrimack	16,566	84,821	19.5%
Rockingham	30,776	188,982	16.3%
Strafford	14,121	75,410	18.7%
Sullivan	3,446	23,061	14.9%
<b>Totals</b>	<b>144,185</b>	<b>780,205</b>	<b>18.5%</b>

Source:

<https://www.nhes.nh.gov/documents/new-claims-release-052820.pdf>

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# Multiple Predictions of Commercial Losses

1

State	Total Uninsured Due to ESI Loss	Medicaid Eligible	Coverage Gap	Tax Credit Eligible	Ineligible for Financial Assistance due to Income, ESI Offer, or Citizenship
New Hampshire	144,000	109,000	—	27,000	8,000

Source: Kaiser Family Foundation: May 13, 2020; <https://www.kff.org/coronavirus-covid-19/issue-brief/eligibility-for-aca-health-coverage-following-job-loss/>

2

Low Unemployment			Medium Unemployment			High Unemployment		
Medicaid	Employer	Mktplc & Uninsrd	Medicaid	Employer	Mktplc & Uninsrd	Medicaid	Employer	Mktplc & Uninsrd
43K	-54K	11K	73K	-108K	35K	105K	-163K	58K

Source: HMA: April 3, 2020; <https://www.healthmanagement.com/wp-content/uploads/HMA-Estimates-of-COVID-Impact-on-Coverage-public-version-for-April-3-830-CT.pdf>

3

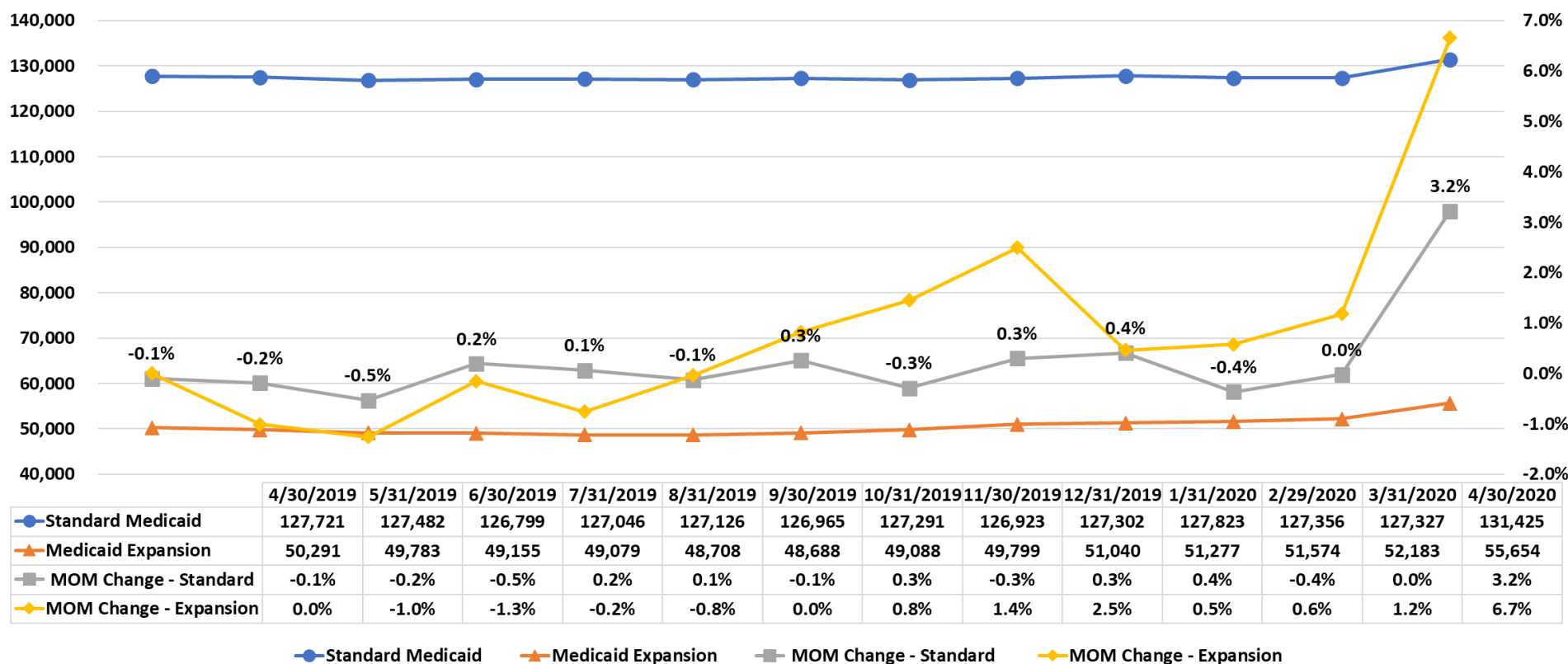
“Unprecedented levels of unemployment will cause tens of millions of people to lose job-based coverage, and millions to become uninsured, further reducing utilization. During subsequent waves of COVID-19, it is virtually certain that non-COVID related health care utilization will decrease as well.”

Source: “How COVID-19 Will Likely Affect Spending, And Why Many Other Analyses May Be Wrong, ” Health Affairs Blog, May 19, 2020.DOI: 10.1377/hblog20200518.567886

Note: May 31, 2020  
figures not released at  
time of presentation  
construction.

# NH Medicaid Enrollment Changes

NH Medicaid Enrollment  
04.30.2019-04.30.2020



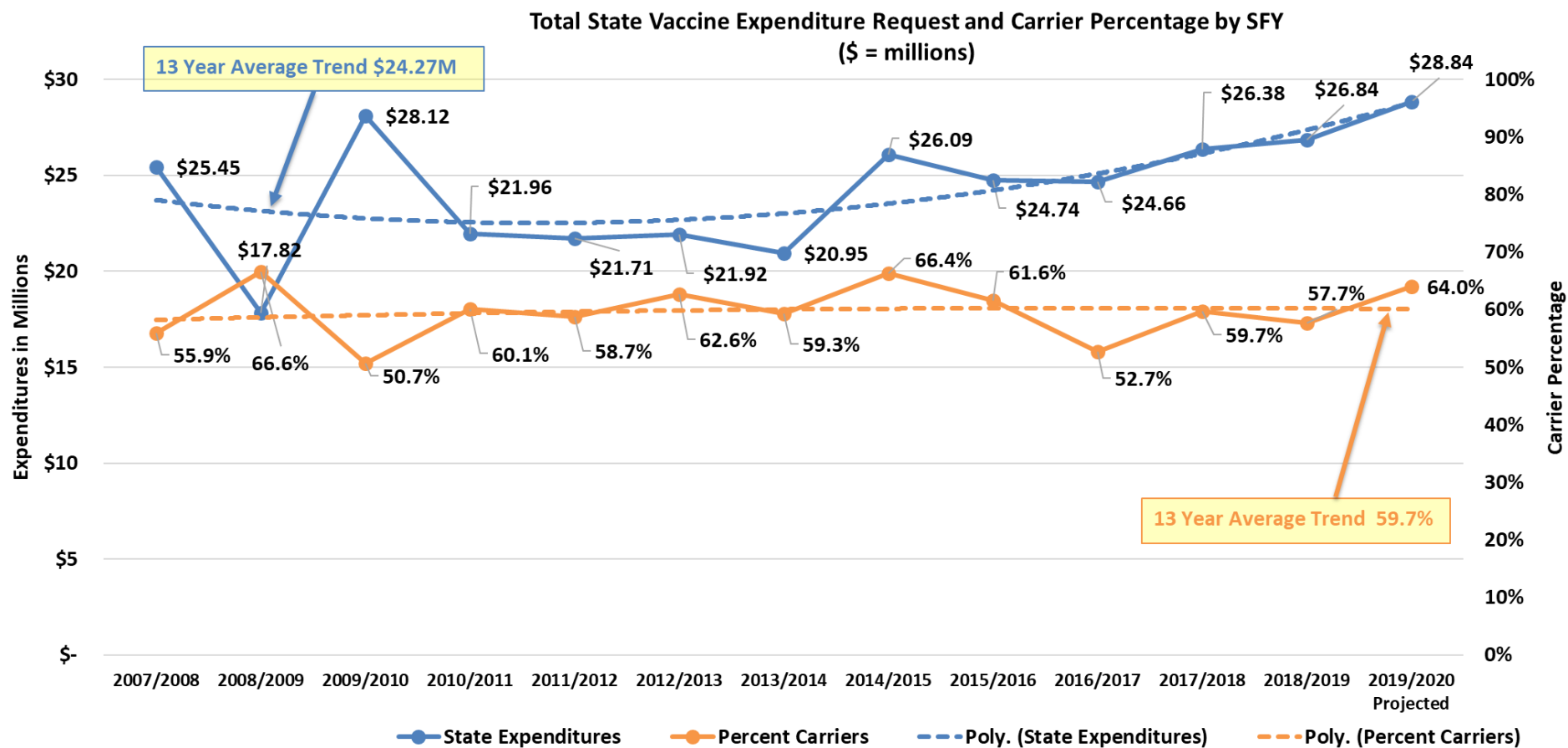
Source: NH DHHS – Data Analytics – 5/4/2020

# NH Childhood Immunization Program Actions and Insights

- Working with healthcare practices since the beginning of the pandemic
  - CDC and AAP support
  - Maintenance strategies for practices have been implemented
  - Not relaxing school and childhood vaccination requirements
  - Mitigating risks of an outbreak by keeping vaccination rates high (e.g., measles)
- Vaccine orders
  - March and April decrease in order quantity
  - May order quantities have swung back upward; restocking occurring
  - July-Aug-Sept typically high order months given back to school
- Annual fund split assessments done annual when provider re-certifies
  - Based on a calendar year timeline; done by March; will not account for COVID-19 until next year
- Vaccination volumes
  - Family practice / pediatric practices strategy re: well-child visits and back to school
  - Volume should go up in the coming quarters as practices re-open
  - Unemployment could impact split
  - Believed that many furloughed employees kept their insurance
- Resurgence of COVID-19
  - Per CDC, seasonality is likely/possible
  - CDC will likely encourage increased influenza vaccination
- COVID-19 vaccine
  - No formal discussion yet regarding reimbursement when available

## 2. Historical Trends

# Increasing State Vaccine Expenditures and Stability in Payer Proportion

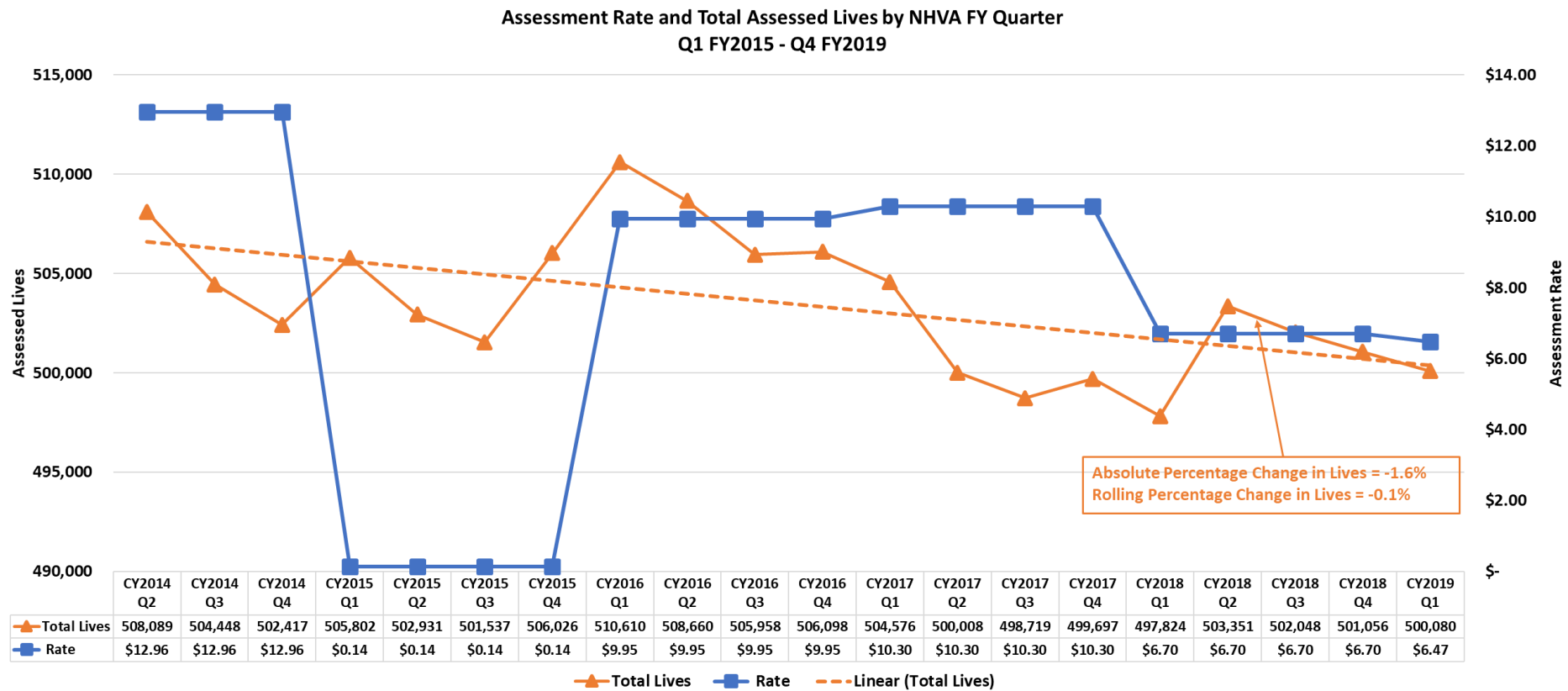


Source: NH DHHS spreadsheet, 08-01-2019; NHVA Historical Data

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# Shrinking Assessed Lives and Variability in Assessed Rate



Source: NHVA KidsVax® reconciliation spreadsheet, 09-06-2018; NHVA Data August 2019

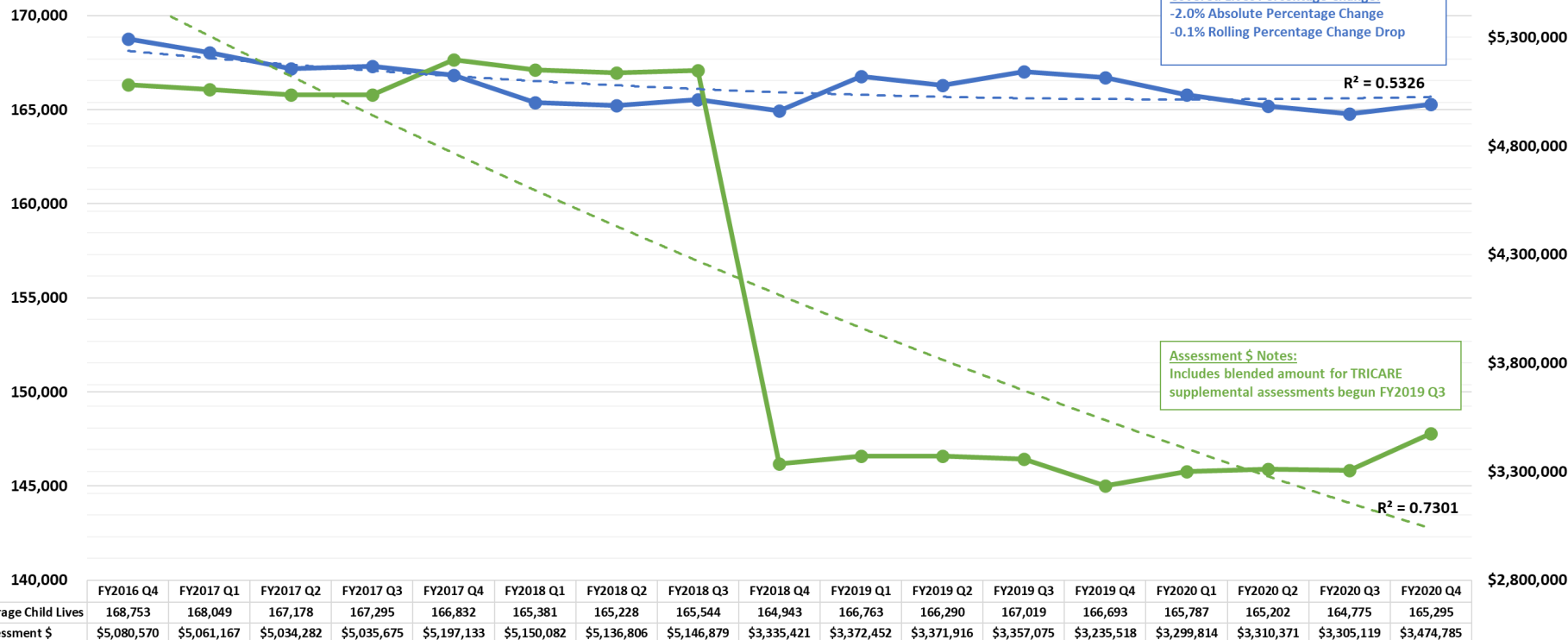
Note: Total Assessed Lives reflects CY2019 Tufts recovery activity and EBPA refund activity

**Note: This differs from prior page due to time scale.**

# Trends Pre-COVID-19

**Historical Average Child Lives by Quarter Compared with Total Assessment Amounts**  
**Q1 FY2016\* - Q4 FY2020**

\* prior year assessment rate was \$.14 and would skew data





## 3. Model

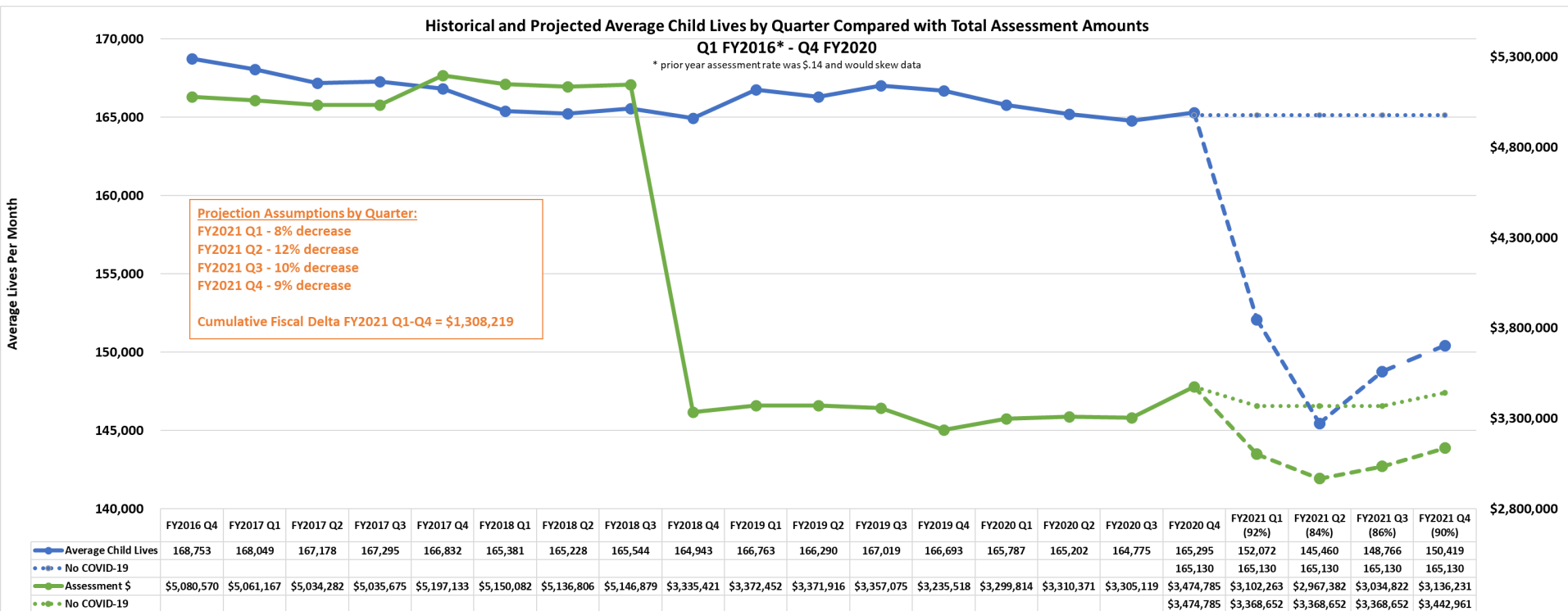
# Model Assumptions

- Covered lives drop from most recent quarter in the next two quarters and then begin to pick up again\*
  - FY2021 Q1 - 8% decrease in lives from FY2020 Q4
  - FY2021 Q2 - 12% decrease in lives from FY2020 Q4
  - FY2021 Q3 - 10% decrease in lives from FY2020 Q4
  - FY2021 Q4 - 9% decrease in lives from FY2020 Q4
- DHHS expenditures likely to continue at historic rates
- Non-TRICARE and TRICARE lives are combined; percentage overall is small
- Does not incorporate investment income nor administrative expenses
- Does not make any assumptions re: passage of HB 1655

\* Based upon child life subset of the 541,200 commercially-enrolled lives in NH in 2018 & the average of the HMA low and mid unemployment scenarios

Note: Projections for next four quarters compared with “business as usual”.

# Model: Pre- and Post-COVID-19 Expectations



## 4. Discussion & Next Steps

# Discussion Questions & Next Steps

## Discussion Questions

- Does the model and its assumptions make sense?
- Are there ways to better consider both covered lives and immunization rates?
- What additional information do we need/could we add?
- How can we work with DHHS and NHID to track immunization trends and commercial carrier coverage changes in the coming months?
- What would you like shared with the Board at the June meeting?

## Next Steps

- Prepare for the upcoming assessment development work
  - Update Medicaid enrollment figures
  - Update DHHS utilization and ordering information
  - Track commercial carrier coverage changes with NHID information
  - Monitor Q1 FY2021 NHVA assessments (due August 15, 2020)
- Include this discussion in the June board meeting agenda

# Reference Materials

# Cash Flow / Reconciliation / Rates

Description	NEW MODEL		NEW MODEL		FUTURE YEARS				
	CY19 Annual Adjustment Factors	SFY19 for CY19 Rate	CY20 Annual Adjustment Factors	Draft SFY20 for CY20 Rate	Annual Adjustment Factors	Projected Assessment Rate - 4 years			
						SFY 2021	SFY 2022	SFY 2023	SFY 2024
4 Prior Year ACTUAL Avg Total Expenditure + Increase from Act SFY 18	1.74%	\$ 26,837,646	2.1%	\$ 28,844,638	2.1%	\$ 27,951,401	\$ 28,525,494	\$ 29,111,377	\$ 29,709,294
Provision for Vaccine Utilization Increase + Vaccine Cost Increase		Actual SFY19		DHHS Trend Proj					
Subtotal									
Less: Estimated VFC and Estimated NH General Fund									
4 Prior Year ACTUAL Average % Paid by Insurers		57.72%		64.04%	59.70%	59.70%	59.70%	59.70%	59.70%
		Actual SFY19		DHHS Trend Proj					
Amount NHVA to pay DHHS (projected) Before Offsetting DHHS Surplus		\$ 15,490,000		\$ 18,470,000		\$ 16,690,000	\$ 17,030,000	\$ 17,380,000	\$ 17,740,000
Normalized Administrative Expenses		\$ 144,727	0.00%	\$ 142,700	3.00%	\$ 142,700	\$ 146,981	\$ 151,390	\$ 155,932
Provision for One-Time Expenditures		\$ 174,359		\$ -		\$ -	\$ -	\$ -	\$ -
Admin % of Total Vaccine Costs		1.19%		0.49%		0.51%	0.52%	0.52%	0.52%
Total Assessment to be Raised - Before "Cushion"		\$ 15,809,086		\$ 18,612,700		\$ 16,832,700	\$ 17,176,981	\$ 17,531,390	\$ 17,895,932
Apply Cushion ("Reserve") 10% per RSA 126-Q:4 II.(c)	10.00%	\$ 1,580,909	10.00%	\$ 1,861,270	10.00%	\$ 1,683,270	\$ 1,717,698	\$ 1,753,139	\$ 1,789,593
Actual Cushion ("reserve")									
Investment Earnings		\$ (351,842)		\$ (267,751)		\$ (191,271)	\$ (173,358)	\$ (169,587)	\$ (161,595)
Grand Total Assessment to be Raised - Before DHHS Offset		\$ 17,038,153		\$ 20,206,219		\$ 18,324,699	\$ 18,721,322	\$ 19,114,942	\$ 19,523,930
Final Assessment to be Raised									
Less: Q1 Assessments Collected in May		\$ (3,235,518)		\$ (3,397,741)		\$ (3,469,835)	\$ (3,491,923)	\$ (3,489,051)	\$ (3,685,392)
Estimated Assessable Lives	-1.30%	166,693	-0.10%	166,556	0.1%	166,693	166,830	166,967	167,105
Rate Based on Proposed Cash Flow Outcomes									
Q1 - Q3		\$ 10.30		\$ 6.70		\$ 6.47	\$ 6.80	\$ 6.95	\$ 7.00
Q4 Collected in May following at new rate		\$ 6.70		\$ 6.47		\$ 6.80	\$ 6.95	\$ 7.00	\$ 7.00
Projected Year End Cash Balance		Actual 6/30/19		Projected 6/30/20		Projected 6/30/21	Projected 6/30/22	Projected 6/30/23	Projected 6/30/24
Beginning Balance	As of 6/30/2018	\$ 3,697,484		\$ 12,220,200	Proj Year Beg =>	\$ 14,017,882	\$ 11,426,194	\$ 10,888,798	\$ 10,066,617
Projected Cash Received from Assessments - FY basis		\$ 17,796,406		\$ 13,428,274		\$ 13,928,941	\$ 14,225,427	\$ 14,288,821	\$ 14,190,550
Projected Interest Received		\$ 351,842		\$ 267,751		\$ 191,271	\$ 173,358	\$ 169,587	\$ 161,595
Total Receipts		\$ 18,148,248		\$ 13,696,025		\$ 14,120,212	\$ 14,398,785	\$ 14,458,409	\$ 14,352,146
Projected Gross Vaccine Costs after deducting VFC and NH credits	Actual=Green	\$ 19,149,829	See Tab D	\$ 15,491,964	Projected=Pink	\$ 18,470,000	\$ 16,690,000	\$ 17,030,000	\$ 17,380,000
Less: Carryforward DHHS unspent funds		\$ (9,915,173)	Edits=>	\$ (3,740,571)		\$ (1,900,000)	\$ (1,900,000)	\$ (1,900,000)	\$ (1,900,000)
Net cash payments due DHHS		\$ 9,234,656		\$ 11,751,393		\$ 16,570,000	\$ 14,790,000	\$ 15,130,000	\$ 15,480,000
Cash Paid for Administrative Expenses		\$ 390,876		\$ 146,950		\$ 141,900	\$ 146,181	\$ 150,590	\$ 155,132
Total Disbursements		\$ 9,625,532		\$ 11,898,343		\$ 16,711,900	\$ 14,936,181	\$ 15,280,590	\$ 15,635,132
Projected Ending Balance	Actual 6/30/19	\$ 12,220,200		\$ 14,017,882	Proj Year Ending =>	\$ 11,426,194	\$ 10,888,798	\$ 10,066,617	\$ 8,783,630
		Actual 6/30/19		Projected 6/30/20		Projected 6/30/21	Projected 6/30/22	Projected 6/30/23	Projected 6/30/24
Projected Q1 Assessments collected in May		\$ 3,315,354	\$ 3,235,518	\$ 3,397,741		\$ 3,469,835	\$ 3,491,923	\$ 3,489,051	\$ 3,685,392
Projected Year end Cash Reserve - Target \$5.0M		\$ 382,130	\$ 8,984,682	\$ 10,620,141		\$ 7,956,360	\$ 7,396,875	\$ 6,577,565	\$ 5,098,238
Total Cash on Hand 6/30 each year		\$ 3,697,484	\$ 12,220,200	\$ 14,017,882		\$ 11,426,194	\$ 10,888,798	\$ 10,066,617	\$ 8,783,630



Items in black are finalized. Items in red are projected.

	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
CY 2015									Assessment Set CY 2016. \$9.95			
									DHHS payment \$19,653,132 due 6/30/17	CDC Replacement Credit \$4,377,668		
							SFY 16	SFY 16	SFY 16	SFY 16	SFY 16	SFY 16
CY 2016									Assessment Set CY 2017. \$10.30			
		Assessment Collected \$0.14			CY 2016 Assessment Collected \$9.95			CY 2016 Assessment Collected \$9.95	CY 17 DHHS payment \$18,819,145 due 6/30/18	CDC Replacement Credit \$3,564,068	CY 2016 Assessment Collected \$9.95	
	SFY 16	SFY 16	SFY 16	SFY 16	SFY 16	SFY 16	SFY 17	SFY 17	SFY 17	SFY 17	SFY 17	SFY 17
CY 2017									Assessment Set CY 2018. \$6.70			
		CY 2016 Assessment Collected \$9.95			CY 2017 Assessment Collected \$10.30	CY 2016 Assessment Paid to DHHS \$19,653,132 6/30/17		CY 2017 Assessment Collected \$10.30	CY2018 DHHS payment \$9,234,656 due 6/30/19	CDC Replacement Credit \$4,282,619	CY 2017 Assessment Collected \$10.30	
	SFY 17	SFY 17	SFY 17	SFY 17	SFY 17	SFY 17 DHHS Reports Balance Forward \$9,915,173	SFY 18	SFY 18	SFY 18	SFY 18	SFY 18	SFY 18
CY 2018									Assessment Set CY 2019 \$6.47			
		CY 2017 Assessment Collected \$10.30			CY2018 Assessment Collected \$6.70	CY 2017 Assessment Paid to DHHS \$18,819,145 6/30/18		CY2018 Assessment Collected \$6.70	CY 2019 DHHS expected payment due 6/30/20 \$11,751,393	CDC Replacement Credit \$1,856,544	CY2018 Assessment Collected \$6.70	
	SFY 18	SFY 18	SFY 18	SFY 18	SFY 18	SFY 18 DHHS Reports Balance Forward \$12,979,343	SFY 19	SFY 19	SFY 19	SFY 19	SFY 19	SFY 19
CY 2019									Assessment Set CY 2020 \$6.80			
		CY2018 Assessment Collected \$6.70			CY 2019 Assessment Collected \$6.47	CY 2018 Assessment Paid to DHHS \$9,234,656 6/30/19		CY 2019 Assessment Collected \$6.47	CY 2019 DHHS expects \$16,570,000 due 6/30/21	CDC Replacement Credit \$2,804,834 10/01/19	CY 2019 Assessment Collected \$6.47	
	SFY 19	SFY 19	SFY 19	SFY 19	SFY 19	SFY 2019 DHHS Reports Balance Forward \$6,722,034	SFY 20	SFY 20	SFY 20	SFY 20	SFY 20	SFY 20
CY 2020									Assessment Set CY 2021 \$6.95			
		CY 2019 Assessment Collected \$6.47			CY 2020 Assessment Collected \$6.80	CY 2019 Assessment to Pay to DHHS \$11,751,393 6/30/20		CY 2020 Assessment Collected \$6.80	DHHS payment \$14,790,000 due 6/30/22	CDC Replacement Credit \$1,800,000 10/01/20	CY 2020 Assessment Collected \$6.80	
	SFY 20	SFY 20	SFY 20	SFY 20	SFY 20	SFY 2020 DHHS Reports Balance Forward \$0.00	SFY 21	SFY 21	SFY 21	SFY 21	SFY 21	SFY 21
CY 2021									Assessment Set CY 2022 \$7.00			
		CY 2020 Assessment Collected \$6.80			CY 2021 Assessment Collected \$6.95	CY 2020 Assessment Paid to DHHS \$16,570,000 6/30/21		CY 2021 Assessment Collected \$6.95	DHHS payment \$15,130,000 due 6/30/23	CDC Replacement Credit \$1,800,000 10/01/21	CY 2021 Assessment Collected \$6.95	
	SFY 21	SFY 21	SFY 21	SFY 21	SFY 21	SFY 2021 DHHS Reports Balance Forward \$0.00	SFY 22	SFY 22	SFY 22	SFY 22	SFY 22	SFY 22

			SFY19	SFY18	SFY17	SFY16	SFY15	SFY14	SFY13	SFY12	SFY11	SFY10	SFY09	SFY08
		Source	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Actual Total exp		4+7	\$ 26,837,646	\$ 26,377,918	\$ 24,657,418	\$ 24,741,423	\$ 26,092,637	\$ 20,945,469	\$ 21,918,042	\$ 21,707,838	\$ 21,961,081	\$ 28,121,414	\$ 17,820,721	\$ 25,454,043
VFC	1	CDC Mon Rpt	\$ 11,071,713	\$ 10,329,733	\$ 11,259,750	\$ 9,194,539	\$ 8,570,780	\$ 8,070,843	\$ 7,551,690	\$ 7,715,921	\$ 7,549,887	\$ 11,624,679	\$ 5,002,497	\$ 8,588,458
317 - not used for children	2	CDC Mon Rpt	not provided	not provided	not provided	not provided	not provided	not provided	\$ 156,375	\$ 920,358	\$ 720,612	\$ 1,676,638	\$ 735,871	\$ 2,219,343
State Funds	3	St. Ap(5178-513)	\$ 273,969	\$ 293,211	\$ 392,339	\$ 302,821	\$ 206,762	\$ 460,501	\$ 482,467	\$ 320,494	\$ 492,762	\$ 573,306	\$ 213,821	\$ 422,798
TOTAL GOV'T EXPENDED	4	1+2+3	\$ 11,345,682	\$ 10,622,944	\$ 11,652,089	\$ 9,497,360	\$ 8,777,542	\$ 8,531,344	\$ 8,190,532	\$ 8,956,773	\$ 8,763,261	\$ 13,874,623	\$ 5,952,189	\$ 11,230,599
beg balance	5	State Approp	\$ 12,979,343	\$ 9,915,172	\$ 3,267,370	\$ (1,107,266)	\$ 3,797,531	\$ 207,631	\$ 3,042,624	\$ 6,102,932	\$ 7,039,214	\$ 12,293,560	\$ 7,759,278	\$ 4,919,231
revenue from NHVA*	6	State Approp	\$ 9,234,656	\$ 18,819,145	\$ 19,653,132	\$ 19,618,699	\$ 12,410,298	\$ 16,004,025	\$ 10,892,517	\$ 9,690,757	\$ 12,261,538	\$ 8,992,444	\$ 16,402,814	\$ 17,063,492
Vaccine Insurers expended	7	State Approp	\$ 15,491,964	\$ 15,754,974	\$ 13,005,330	\$ 15,244,063	\$ 17,315,095	\$ 12,414,125	\$ 13,727,510	\$ 12,751,065	\$ 13,197,820	\$ 14,246,791	\$ 11,868,532	\$ 14,223,444
year end encumbered	8	State Approp	\$ 214,014	\$ 4,119,258	\$ 3,912,837	\$ 5,360,641	\$ (1,217,018)	\$ 4,922,400	\$ 2,278,387	\$ 3,498,954	\$ 4,183,155	\$ 2,658,211	\$ 2,636,659	\$ 5,038,824
year end cash	9	State Approp	\$ 6,508,021	\$ 8,860,085	\$ 6,002,336	\$ (2,093,271)	0	\$ 1,124,869	\$ (2,070,756)	\$ (456,331)	\$ 1,919,776	\$ 4,381,002	\$ 9,656,901	\$ 2,720,454
TOTAL BAL FORWARD	10	(5+6) -7	\$ 6,722,035	\$ 12,979,343	\$ 9,915,172	\$ 3,267,370	\$ (1,107,266)	\$ 3,797,531	\$ 207,631	\$ 3,042,624	\$ 6,102,932	\$ 7,039,213	\$ 12,293,560	\$ 7,759,279
CDC end of fiscal year credit	11	CDC Vtracks	\$ 1,856,544	\$ 4,282,619	\$ 3,564,068	\$ 4,377,668	not provided	not provided	not provided	N/A	N/A	N/A	N/A	N/A
Reimbursement from Providers and Excise Tax Added into this account	6A	State Approp			\$ 19,863	\$ 13,916	\$ 37,311	\$ 29,970	\$ 119,460					
		Source: From Beth Daly 603-271-4927 on August 21, 2019												
Note: NHVA as % of total budget			57.72%	59.73%	52.74%	61.61%	66.36%	59.27%	62.63%	58.74%	60.10%	50.66%	66.60%	55.88%



# DHHS Tab D Edits

## - 09-17-2019

[illegible]



DHHS Tab C  
08-01-2019

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# Contact

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Executive Director, NHVA

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603-225-6633

May 15, 2020

Board of Directors and Management  
New Hampshire Vaccine Association  
c/o Helms & Company  
One Pillsbury Street, Suite 200  
Concord, NH 03301-3570

We are pleased to confirm our understanding of the services we are to provide for New Hampshire Vaccine Association for the year ended June 30, 2020.

We will audit the financial statements of New Hampshire Vaccine Association, which comprise the statements of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (the financial statements).

***Audit Objective***

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of New Hampshire Vaccine Association's financial statements. Our report will be addressed to Board of Directors of New Hampshire Vaccine Association. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

***Audit Procedures***

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

#### ***Other Services***

We may assist your bookkeeper with proposed standard, adjusting, or correcting journal entries or other changes affecting the financial statements, including cash to accrual conversions, maintaining depreciation schedules and reconciliations of certain items. Your bookkeeper will provide us with a detailed trial balance and any supporting schedules we require.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.



### ***Management Responsibilities***

You are responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Organization complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

### ***Engagement Administration, Fees, and Other***

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Karen M. Carew, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately July 20, 2020, and to complete your information returns and issue our report no later than August 17, 2020.

Our fees for the audit and other nonattest services will be \$8,500. ***The audit is payable in three installments: \$3,000 due upon signing of this engagement letter, \$3,500 due at the start of field work, and the final payment of \$2,000 will be due with delivery of the draft financial statements.***

This fee includes five bound copies of the financial statements. Additional copies are \$15 per copy. You may also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. No additional expenses are expected at this time. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and our fees will be adjusted accordingly.

In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Carew & Wells, PLLC*  
Carew & Wells, PLLC

RESPONSE:

This letter correctly sets forth the understanding of New Hampshire Vaccine Association

Management Signature:

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Date:

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Governance Signature:

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Date:

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**NHVA**  
**FY 21 Expense Budget**  
July 2020 through June 2021

DRAFT FOR DISCUSSION May 28, 2020

	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	FY2021 Budget Total	FY 2020 Budget Total	FY2020/21 Difference
<b>EXPENSE</b>															
Administrative Fees	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 105,000	\$ 100,000	\$ (5,000)
Subcontractors													\$ -	\$ 1,200	\$ 1,200
Subtotal	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 105,000	\$ 101,200	\$ (3,800)
Bank Fees	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 4,320	\$ 2,000	\$ (2,320)
Board Meeting Expense	\$ -	\$ -	\$ 215	\$ 120	\$ 120	\$ -	\$ 120	\$ -	\$ 120	\$ 95	\$ -	\$ 120	\$ 910	\$ 600	\$ (310)
Stationary and Printing	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 420	\$ -	\$ (420)
Dues and Subscriptions													\$ -	\$ -	\$ -
** Insurance (D&O)							\$ 4,000						\$ 4,000	\$ 2,000	\$ (2,000)
Licenses and Fees				\$ 75									\$ 75	\$ 75	\$ -
Postage and Shipping	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 120	\$ 480	\$ 360
Professional Fees - Audit	\$ 8,500												\$ 8,500	\$ 8,500	\$ -
Professional Fees - Legal	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 2,083	\$ 25,000	\$ 25,000	\$ -
Public Information Expense													\$ -	\$ -	\$ -
Website			\$ 525										\$ 525	\$ 525	\$ -
Subtotal	\$ 10,988	\$ 2,488	\$ 3,228	\$ 2,683	\$ 2,608	\$ 2,488	\$ 6,608	\$ 2,488	\$ 2,608	\$ 2,583	\$ 2,488	\$ 2,608	\$ 43,870	\$ 41,500	\$ (2,370)
<b>TOTAL EXPENSE</b>	<b>\$ 19,738</b>	<b>\$ 11,238</b>	<b>\$ 11,978</b>	<b>\$ 11,433</b>	<b>\$ 11,358</b>	<b>\$ 11,238</b>	<b>\$ 15,358</b>	<b>\$ 11,238</b>	<b>\$ 11,358</b>	<b>\$ 11,333</b>	<b>\$ 11,238</b>	<b>\$ 11,358</b>	<b>\$ 148,870</b>	<b>\$ 142,700</b>	<b>\$ (6,170)</b>

**Budget Notes:**

Administrative Fees - Helms contract = \$100K in Years 1 & 2 with inflator in Year 3 to \$105K  
Subcontractors - In prior years it was a placeholder for any IT system changes (e.g., TRICARE in 2019); none budgeted for FY2021  
Bank Fees - Lockbox was eliminated 01/2020 to reduce expenses and Helms brought it in house  
Board Meeting Expense - materials printing; refreshments  
Stationary and Printing  
\*\* Insurance (D&O) - Highly variable expense: FY2020 budgeted \$2,000 but actual was \$3,360 due to increased assets; prior year expense was \$8,000  
Licenses and Fees - SOS NH Annual Report filing fee  
Postage and Shipping - check tracking for dual signatures  
Audit - same as FY2020 (as of 05.15.2020 waiting on confirmation from Carew & Wells)  
Legal - same as FY2020  
Website - annual hosting fees (last year was \$486)

**Reference: Former Approved Budgets by FY**

FY2017	\$ 162,072
FY2018	\$ 167,600
FY2019	\$ 320,133
FY2020	\$ 142,700