

**MINUTES**  
**Audit Committee Meeting**  
**June 5, 2020**

**9:00 am to 11:00 am**

**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 via Zoom Meeting with a quorum present.

The meeting was called to order by Mr. Sky at 9:00 am.

**1. Welcome and Introductions**

**Attendance** – The following individuals attended the meeting:

**Committee Members:**

David Sky, NHID, Chair  
Susan Tenney, HPHC, Vice Chair  
Jason Margus, Anthem

**Other Attendee & Administrative Staff:**

Colleen Hagerty, NH DHHS, in place of Beth Daly  
Patrick Miller, Helms & Company  
Erin Meagher, Helms & Company  
Keith Nix, Helms & Company  
Tony Mendez, Helms & Company

**Committee Members Excused:**

Beth Daly, NH DHHS

**Members of the Public**

Mark Rossetti, Contoocook

Mr. Sky opened the meeting stating NHVA endeavors to operate our organization pursuant to RSA 91-A:2, III(c), and pursuant to the Governor's emergency executive order #12. We are holding this meeting remotely and have provided public access to the meeting via Zoom Meeting. We have provided public notice on the NHVA website. We have asked all members of the public to register their attendance. The [info@NHVaccine.org](mailto:info@NHVaccine.org) email address is being monitored during this meeting in case additional requests to participate are received. If any member of the public is unable to access this meeting, we will cease business and adjourn the meeting in accordance with the emergency order. The *NHVA's Public Commentary During Meeting* statement was also read.

Mr. Sky then turned the meeting over to Mr. Miller for a roll call. Along with identifying attendees, Mr. Miller announced he was recording the meeting.

**1. Review and Accept September 16, 2019 Audit Committee Minutes**

Mr. Sky asked if anyone had any comments on the September 16, 2019 Audit Committee meeting minutes. Being none,

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

**VOTED:** *To accept the September 16, 2019 Audit Committee minutes as presented.*

**4. Executive Director Report**

Mr. Miller explained he would review the unaudited financials through the end of April 2020, provide an update in assessments collection and investments, and discuss the impact of COVID-19.

40 Mr. Miller reviewed the Statement of Cash Flow, highlighting collections are down slightly as we are awaiting a few  
41 additional assessment payments for the current quarter. Updated numbers will be available at the June Board  
42 meeting. Currently, investments are running ahead of budget, although it is expected to slowdown in the future  
43 with an expected period of lower interest rates. The short-term investments and CDs are being managed by the  
44 Bank of New Hampshire and their investment team. This is the money moved from the ICS count a few months ago.

45  
46 Mr. Miller then reviewed the Statement of Financial Position, highlighting the total assets of \$22,880,040. This  
47 includes the five million reserve fund and the liquidity reserves of \$250,000.

48  
49 Mr. Nix reminded the group this is only a one-month picture being the first month of a quarter. He stated he will be  
50 reviewing the accounting of unrecognized gains/losses with our auditor Karen Carew during the audit process this  
51 summer to ensure the recent investment changes are properly displayed.

52  
53 Mr. Miller reviewed the Statement of Changes in Net Assets. Understanding the quarter is not complete, expenses  
54 compared to budget are running overall within expectations. Bank service charges and legal professional fees are  
55 down, board meeting and website expenses are up a bit. Mr. Miller pointed out the average number of covered  
56 lives are listed at the bottom of the report along with the variance of actual to projected from last year.

57  
58 Regarding assessment collection for this current quarter, the final assessment payment was received this past  
59 Wednesday; there were two refunds issued – one for \$4.26 for an overpayment and one for \$850 for a duplicate  
60 payment; and three interest payments - \$4.05 and \$0.36 interest payments were received with assessment  
61 payments and one \$94.08 interest invoice was issued.

62  
63 Mr. Miller indicated he spoke with Dona Murray regarding the investments held with Bank of New Hampshire's  
64 Wealth Management Team. The ICS interest rate is still at 50 basis points and the money market is at 43. She is  
65 expecting a CD will likely get called in the next couple of days. The strategy is for the Bank of New Hampshire team  
66 to monitor CDs as they are called and to move monies into the highest interest-bearing vehicle – CDs, money market  
67 account, or ICS account. There are no current plans to move additional monies from ICS. Ms. Murray is available to  
68 join a future NHVA meeting for questions or discussion if desired.

69  
70 Finally, Mr. Miller reviewed a presentation developed to examine the COVID-19 pandemic and its effect on assessed  
71 lives. The presentation included background information, historical trends, a model of pre- and post-COVID-19  
72 assumptions, and covered lives expectations. The intent of the presentation was to help start a discussion and to  
73 understand the impact the pandemic will have on assessable lives as unemployment results in a shift of commercial  
74 covered lives to Medicaid or uninsured lives.

75  
76 Governor Sununu issued his first COVID-19 executive order on March 13<sup>th</sup>. Since then, the Governor has projected  
77 a budget shortfall of \$500M to \$700M in the current biennium.

78  
79 Just a year ago the unemployment in New Hampshire was 2.5% and as of May 29<sup>th</sup> it was 18.5%. Today, the national  
80 rate has dropped down to 13.3% with a jobs report gain of 2.5M jobs in May, with many economists seeing this as a  
81 potential for a fast recovery. The NH Department of Employment Security looks at employment rate by County and  
82 it has been dropping for the past seven weeks. Today, the Union Leader reported the drop was for the eighth  
83 consecutive week. What we do not know is how many people in this population have lost insurance coverage. To  
84 date, calendar year 2020 assessment receipts do not appear to have been impacted by the rising unemployment,  
85 however, collections have only been received for covered lives in January, February and March. The Board did vote  
86 last year to put \$5M aside for contingencies.

87  
88 Mr. Miller showed three different models predicting commercial losses including state-specific data from the Kaiser  
89 Family Foundation and Health Management Associates. New Hampshire's Medicaid enrollment changes month to

90 month were fairly stable between April 2019 and February 2020 but saw increases in March and April 2020 which  
91 could indicate a loss of commercially covered lives.  
92

93 Mr. Miller met with the NH Department of Health and Human Service’s Childhood Immunization Program last week  
94 and developed a set of insights shown on page 18. Ms. Haggarty walked the group through the details which outline  
95 the concerns the Department has had since the beginning of the pandemic and the actions the Department has  
96 taken. They have been in very close contact with the healthcare practices since the beginning of the pandemic and  
97 have provided technical guidance to ensure vaccination occurs and that no preventable disease outbreaks occur.  
98

99 Monthly vaccine orders had been declining, but the Department saw an increase in vaccine orders for this past  
100 month, the vaccination trend is going up and practices have designed different processes to ensure well visits are  
101 taking place for young children, adolescents, and young adults. DHHS has not relaxed the childhood vaccination  
102 requirements for school entry this fall. There are provisions in the Department’s vaccine requirements for school  
103 and childcare that allow some leeway depending on what school re-openings look like. The Department continues  
104 to monitor vaccine quantity orders, meeting with their healthcare partners and school nurses on a regular basis.  
105

106 Mr. Miller reviewed the slides showing historical expenditure, assessed lives, and assessment rates for context. The  
107 Department is assuming that total State vaccine expenditure request totals will be similar for the upcoming fiscal  
108 year. The assessed live trends remain constant with a slight decline year over year. The assessment rate has stabilized  
109 in recent year from some of the swings seen in years past.  
110

111 Mr. Miller presented a model of child lives and future assessment collections based upon shifts in commercially  
112 covered lives due to COVID-19. The model inputs can be changed. The slides depict an 8% drop from Q1 CY2020  
113 levels in Q2 CY2020, a 12% drop in Q3 CY2020, a 10% drop in Q4 CY2020, and a 9% drop in Q1 CY2021. These  
114 assumptions are just a starting point and are based on national reports combined with conversations with the State.  
115 The model depicts a cumulative fiscal loss of \$1,308,219 during the next four quarters. Mr. Sky asked Mr. Miller to  
116 confirm that based upon the assumptions and the projected losses that an off-cycle rate assessment would not be  
117 needed due to our reserves. Mr. Miller confirmed that there are more than adequate reserves to cover this loss  
118 should it occur without doing an off cycle special assessment. There is a financial cushion which is planned to keep  
119 rates stable in the coming years.  
120

121 Mr. Miller asked the Insurance Department and Carrier partners to assist with proactively monitoring the change in  
122 child lives over the next several months to enable a more accurate CY2021 rate setting process that accounts for  
123 COVID-19 impacts. With unemployment claims already showing some declining trends and many employees having  
124 been furloughed and not necessarily losing benefits, the numbers are unclear and the need for monitoring is  
125 essential. By mid-August, as we are developing the rate for CY2021, we will have more information on job losses,  
126 unemployment, vaccine purchases, Medicaid enrollment, and the April, May and June carrier assessment numbers.  
127

128 Mr. Sky asked about COVID-19’s impact on the Department’s upcoming request of NHVA to support the  
129 immunization program. Mr. Miller confirmed that in conversations with Ms. Haggerty, the related vaccine  
130 expenditure request should remain about the same as last year. Ms. Haggerty stated that DHHS is committed to  
131 working closely with NHVA to provide the best data to support the assessment process. Mr. Sky also indicated the  
132 Insurance Department will be forthcoming with data and what they are seeing in the marketplace to assist in this  
133 process. It was agreed that Mr. Miller would bring the full Board up to speed on this process and any concerns at  
134 the June Board meeting. The Committee decided that no additional actions were needed.  
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140 **5. Auditor Selection and FY2021 Administrative Budget**

141

142 Mr. Miller reviewed the Carew & Wells engagement letter proposal and stated it replicates last year's process and  
143 budget. Mr. Nix indicated the work would begin in July. Mr. Miller asked for a vote from the Audit Committee to  
144 accept Carew & Wells' proposal. Mr. Sky ask for a motion.

145

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

147 **VOTED:** *To approve Carew & Wells proposed engagement as auditor for FY2020.*

148

149 Mr. Miller will facilitate signature by himself and Mr. Sky to execute the engagement letter.

150

151 Mr. Miller reviewed the proposed FY2021 Administrative Budget. What is displayed is a month by month overview  
152 from July 2020 through June 2021. It includes a comparison with the FY2020 budget and a column reflecting the  
153 difference. A set of budget notes is included.

154

155 The majority of the budget is flat or reduced. Exceptions include the Administrative Fees include the year three  
156 inflator for the Helms & Company contract. As we do not anticipate the need for any subcontractors this year, that  
157 line is zeroed out. Bank fees have been reduced since Ms. Meagher was able to eliminate the lock box and brought  
158 the services in house while also focusing on increasing electronic payments. The Legal fees to date are under budget  
159 and this is left flat for FY2021. The biggest unknown variable is the D&O insurance. When Helms took over is was  
160 about \$8,000 a year; it was then rebid and dropped to \$2,000; and in January it increased closer to \$4,000 due to  
161 increased cash on hand. This budget assumes level funding.

162

163 The past four years' administrative budgets are shown and there is a lot of variation. The total proposed FY2021  
164 budget is \$148,870The investment income in the past eighteen months has more than paid for the administrative  
165 costs. As we move towards lower interest rates as predicted by the Bank of New Hampshire, we still should receive  
166 enough interest to offset a good portion of this.

167

168 Ms. Tenney asked about the bank fees being reflected on the budget, yet it was mentioned the lock box had been  
169 eliminated. Mr. Nix mentioned there still were some bank fees related to the short-term investments. After  
170 discussion it was determined the bank fees should read \$167 a month, not \$360 a month as shown on the budget.  
171 Mr. Miller will provide an update to the Committee immediately following the meeting. With this adjustment to  
172 FY2021 budget total should read \$146,550.

173

174 Ms. Meagher questioned the need for IT support if HB 1665 passes. Mr. Miller stated that per discussion at the last  
175 board meeting any costs related to HB 1665 would be included in a separate budget. As of today, there is no word  
176 on passage of the bill due to the suspended General Court activities.

177

178 Brief discussion ensued as to voting on the budget or moving the process to the June Board meeting. Ms. Tenney  
179 recommended we move forward so the Audit Committee has a recommendation for the Board in June.

180

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

182 **VOTED:** *To approve the proposed FY2021 Administrative Budget with the bank fees*  
183 *amend to \$167 a month, totaling \$2,000 for the year.*

184

185 **6. Other Business**

186

187 Mr. Sky opened it up for comments from members of the Public. Mr. Rossetti thanked the Committee for allowing  
188 him to listen in on the meeting and had no further comments.

189

190 **7. Adjournment**

191

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

193 **VOTED:** *To adjourn the Audit Committee meeting at 10:03 am*

194

195

196

197 Respectfully submitted by

198 Patrick Miller, Helms & Company, Inc.

199 June 13, 2019

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# # #

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