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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:	Other Attendee & Administrative Staff:
David Sky, NHID, Chair	Colleen Hagerty, NH DHHS, in place of Beth Daly
Susan Tenney, HPHC, Vice Chair	Patrick Miller, Helms & Company
Jason Margus, Anthem	Erin Meagher, Helms & Company
	Keith Nix, Helms & Company
Committee Members Excused:	Tony Mendez, Helms & Company
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 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 account a few months
45 ago.

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

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

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

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

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

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

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

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

88

89 Mr. Miller showed three different models predicting commercial losses including state-specific data from the Kaiser
90 Family Foundation and Health Management Associates. New Hampshire’s Medicaid enrollment changes month to
91 month were fairly stable between April 2019 and February 2020 but saw increases in March and April 2020 which
92 could indicate a loss of commercially covered lives.

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

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

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

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

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

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

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5. Auditor Selection and FY2021 Administrative Budget

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

VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Mr. Margus, it was unanimously*
VOTED: *To approve Carew & Wells proposed engagement as auditor for FY2020.*

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

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

The majority of the budget is flat or reduced. Exceptions include the Administrative Fees include the year three inflator for the Helms & Company contract. As we do not anticipate the need for any subcontractors this year, that line is zeroed out. Bank fees have been reduced since Ms. Meagher was able to eliminate the lock box and brought the services in house while also focusing on increasing electronic payments. The Legal fees to date are under budget and this is left flat for FY2021. The biggest unknown variable is the D&O insurance. When Helms took over is was 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 increased cash on hand. This budget assumes level funding.

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

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

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

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

VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Mr. Margus, it was unanimously*
VOTED: *To approve the proposed FY2021 Administrative Budget with the bank fees amend to \$167 a month, totaling \$2,000 for the year.*

6. Other Business

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

190

191 **7. Adjournment**

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

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

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197

198 Respectfully submitted by

199 Patrick Miller, Helms & Company, Inc.

200 June 5, 2020

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