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MINUTES
Audit Committee Meeting
September 9, 2020
9:00am

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 Webinar with a quorum present.

Mr. Sky, Chair, called the meeting to order at 9:02 a.m.

1. Welcome and Introductions

Attendance – The following individuals attended the meeting:

Committee Members:	Other Attendee & Administrative Staff:
David Sky, NHID, Chair	Patrick Miller, Helms & Company
Susan Tenney, HPHC, Vice Chair	Erin Meagher, Helms & Company
Beth Daly, NH DHHS	Keith Nix, Helms & Company
Jason Margus, Anthem	Tony Mendez, Helms & Company
	Members of the Public
	Laura Condon, Bedford
	State Representative Linda Gould, Bedford
	Larisa Trexler, Stoddard

Mr. Sky opened the meeting and turned it over to Mr. Miller for announcements. Mr. Miller advised the group of the new video conference registration format to allow for identification of individual participants. Members of the public are being asked to register for all Audit Committee and Board of Director meetings. A unique link to enter the meeting will be provided to each person who registers; logons cannot be shared. Mr. Miller also explained the process the Committee Members would follow if an Executive Session was necessary. He stated that page two of the meeting packet contained the NHVA’s statement regarding public commentary. Mr. Miller stated he was recording the meeting for the purpose of meeting minutes.

Mr. Sky asked that Mr. Miller take roll call for attendance purposes.

<u>Committee Member</u>	<u>Here</u>	<u>Absent</u>
<i>Beth Daly</i>	X	
<i>Jason Margus</i>	X	
<i>David Sky</i>	X	
<i>Susan Tenney</i>	X	
<u>Helms & Company</u>	<u>Here</u>	<u>Absent</u>
<i>Patrick Miller</i>	X	
<i>Erin Meagher</i>	X	
<i>Tony Mendez</i>	X	
<i>Keith Nix</i>	X	

40 **1. Review and Acceptance of August 20, 2020 Meeting Minutes**

41
42 Mr. Sky asked the Committee if anyone had any questions or changes to the August 20, 2020 meeting minutes. No
43 changes were identified.
44

45 **VOTE RECORDED:** *On a motion by Mr. Margus, seconded by Ms. Daly, by roll call it was unanimously*
46 **VOTED:** *To accept the August 20, 2020 Audit Committee meeting minutes as presented.*

47
48

	<u>Yes</u>	<u>No</u>
49 <i>Beth Daly</i>	<i>X</i>	
50 <i>Jason Margus</i>	<i>X</i>	
51 <i>David Sky</i>	<i>X</i>	
52 <i>Susan Tenney</i>	<i>X</i>	

53

54 **2. CY2021 Assessment Rate Discussion & Recommendation**

55
56 Mr. Miller reviewed the rate setting slides in the meeting packet that contained new information from the August
57 20, 2020 Audit Committee meeting:

- 58
- 59 ▪ *CY2021 Assessment Process Timeline* slide (page 11). This will be updated after this morning's meeting. The
 - 60 next major item will be the rate approval by the Board on September 23.
 - 61 ▪ *Assessment History / Timeline* slide (page 14). This has been updated since the last meeting and will be
 - 62 updated for the next meeting with the outcome of today's rate discussion.
 - 63 ▪ *Shrinking Assessed Lives and Variability in Assessed Rates* slide (page 16). This has been updated to include
 - 64 the most recent quarter of collected assessments which closed August 15, 2020.
 - 65 ▪ Unemployment data for August is not yet available (page 21), so the *US and New Hampshire Unemployment*
 - 66 *Rates, Seasonally Adjusted* slide has only been updated through July 2020 with NH at 8.1% unemployment and
 - 67 the US at 10.2%. The August data may be available for the September 23 meeting.
 - 68 ▪ *NH Medicaid Enrollment* (page 22) also was updated through July 2020 with a continued trend upward. The
 - 69 August data may be available for the September 23 meeting.
 - 70 ▪ There was no update made to the *NH Childhood Immunization Program Vaccine Order Trends* slide (page
 - 71 23) and Ms. Daly stated she will provide August data to Mr. Miller prior to the Board of Directors meeting
 - 72 scheduled for September 23, 2020.

73 Mr. Miller moved onto the next section of the meeting packet, reviewing the data received from DHHS as well as
74 the administrative budget that was fed into final assessment rate setting model. *Tab C* (page 26) has not changed,
75 however a few notations were added at the bottom of the page regarding the NHVA Estimated Cost and the DHHS
76 Request for Program Administrative Costs.
77

78 Mr. Miller reviewed the *CY2021 Core Rate Assumptions* slide (page 31). The assumptions regarding the loss of
79 covered lives due to COVID-19 has been revised upward slightly to 8% from 11% at the last meeting given what
80 appears to be a recovery in unemployment numbers in July. He believes it to be a conservative approach. Mr. Miller
81 paused and asked if there were any questions about the assumptions. Mr. Sky asked the Committee members if
82 everyone was comfortable with the assumptions made and if they were ready to move on to the rate assessment
83 model. All agreed to move forward.
84

85 Mr. Miller directed the Committee to page 32 to review the *CY2021 Cash Flow / Reconciliation / Rate* slide. He walked
86 through the process as to how Helms arrived at the suggested rate of \$6.25 for CY2021. He reminded the group that
87 the updated model has a lot of flexibility and that instead of just reviewing this process yearly, the intent is to update
88 the model quarterly going forward. Mr. Miller then highlighted the following:

- 89 ▪ New Model column, “Net Cash Payments due DHHS” is \$9.59M, which is considerably less than what the
- 90 estimated payment was determined to be last year during this process. This is primarily due to a few factors:
- 91 the CDC credit was more than expected, the total program costs are down approximately \$500,000, the
- 92 TRICARE recoupments were better than budget, and the investment returns were stronger than budget.
- 93 ▪ The “cushion reserve” allowed by the RSA remains at 10%.
- 94 ▪ The cash on hand as of June 30, 2020 is approximately \$300K shy of the projected DHHS payment due June
- 95 30, 2021 after setting aside the \$5M reserve.
- 96 ▪ A conservative \$2.5M CDC credit assumption is made. This number is a significant driver of the way the
- 97 model performs. The true number will be known on October 1, 2020. Ms. Daly stated that she can provide
- 98 Mr. Miller an estimate prior to the September 23 Board meeting.
- 99 ▪ The projected cash on hand at the end of June 2024 is \$7M which is \$2M higher than the \$5M reserve. Mr.
- 100 Miller proposed that this cushion could be used for future vaccines such as for COVID-19.
- 101 ▪ The covered lives are projected to drop to 153,000 in FY21 and rebound to 161,000 by FY25 as the economy
- 102 recovers.
- 103 ▪ A \$6.25 assessment rate is proposed in the current model for the coming calendar year.

104
105 Mr. Miller stated that the NHVA is in a better cash position than expected during the creation of last year’s model.
106 Mr. Miller reiterated that even at the \$6.25 proposed assessment rate, the model is conservative, and still provides
107 a cushion if there is a second resurgence of the virus that further damages the economy.

108
109 Mr. Sky asked for comments or questions from the Committee members. Ms. Tenney referred to DHHS’s *Tab C* on
110 page 26 and asked about the \$3.5M replacement credit listed. Mr. Miller explained that this is the annual CDC credit
111 received on October 1 of each year. Ms. Daly clarified that we will not know the actual amount until October 1st, and
112 that this number is a projection based on the past few years average. Last year’s credit was much lower at \$1.8M.

113
114 Mr. Miller pointed out that in the model, a more conservative \$2.5M was used for this credit when developing the
115 assessment rate in the outer years since it does have a significant impact on the cash on hand. This credit was never
116 accounted for before Helms took over as Administrator and several years of credits created the build-up of NHVA’s
117 cash that was being held by DHHS. The past three years have “clawed back” this cash from DHHS. Last year’s model
118 did not expect to recover any funds, but there are funds totaling \$3.22M at DHHS which NHVA will reclaim on June
119 30, 2021 by making a corresponding lowered payment to DHHS. Ms. Daly stated that she can provide Mr. Miller a
120 better estimate of the CDC credit prior to the September 23 meeting.

121
122 There being no additional questions or comments, Mr. Sky asked if a Committee member would offer a motion
123 regarding the CY2021 rate.

124
125 **VOTE RECORDED:** *On a motion by Ms. Daly, seconded by Mr. Margus, by roll call it was unanimously*
126 **VOTED:** *To recommend to the Board of Directors at the Board meeting scheduled for*
127 *September 23, 2020 to accept the CY2021 recommended assessment rate of*
128 *\$6.25.*

	<u>Yes</u>	<u>No</u>
130		
131	<i>Beth Daly</i>	X
132	<i>Jason Margus</i>	X
133	<i>David Sky</i>	X
134	<i>Susan Tenney</i>	X

135
136 **3. Other Business**

137
138 Mr. Sky asked the Committee members if anyone had any other business to discuss. Being none, he then opened it
139 up for comments from members of the Public reminding all that this is not an interactive session. Any questions a

140 member of the public may have should be submitted to the Executive Director for response. Comments should be
 141 germane to the role the NH Vaccine Association, namely the collection of assessments to fund the non-Federal
 142 portion of the state's purchase and distribution of children vaccines. The Association is not a policy setting
 143 organization and has no influence over the state participation in the Vaccines for Children Program. As Chair of this
 144 Audit Committee, Mr. Sky reserves the right to interrupt any public commentary that is not germane to the business
 145 of this Committee.

146
 147 Ms. Condon stated she appreciates the work that Helms & Company does to allow for public access to the NHVA
 148 meetings. She did experience technical difficulties joining the meeting today due to the new Zoom Webinar process.
 149 Ms. Condon expressed that the process was cumbersome but has confidence it will go more smoothly at the next
 150 meeting. Ms. Meagher did work with Ms. Condon offline to enable access.

151
 152 Ms. Condon stated she does think it important for members of the public be free to express their concerns as it
 153 relates to the Vaccine Association whatever way they deem appropriate understanding this is not interactive session
 154 and that NHVA is under no obligation to respond to those concerns. Ms. Condon then thanked the Committee for
 155 the opportunity to speak.

156
 157 Mr. Sky thanked Ms. Condon for her comments and asked if anyone else wished to speak. No other members of the
 158 public indicated a desire to speak.

159
 160 **4. Adjournment**

161
 162 **VOTE RECORDED:** *On a motion by Ms. Daly, seconded by Ms. Tenney, by roll call it was unanimously*
 163 **VOTED:** *To adjourn the Audit Committee meeting at 9:37 a.m.*

164
 165

	<u>Yes</u>	<u>No</u>
166 <i>Beth Daly</i>	<i>X</i>	
167 <i>Jason Margus</i>	<i>X</i>	
168 <i>David Sky</i>	<i>X</i>	
169 <i>Susan Tenney</i>	<i>X</i>	

170
 171
 172
 173 Respectfully submitted by
 174 Patrick Miller, Helms & Company, Inc.
 175 September 15, 2020

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 177 # # #