

DRAFT

MINUTES

Annual Meeting and Board of Directors Meeting

September 23, 2020

9:00 – 11:00 a.m.

Presiding Officer: Susan Tenney, Chair

A meeting of the of the Board of Directors of the New Hampshire Vaccine Association (NHVA) was held via Zoom Webinar with a quorum present.

The meeting was called to order by Susan Tenney, Chair, at 9:02 a.m.

1. Welcome and Roll Call

Attendance – The following individuals attended the meeting:

Committee Members:

Susan Tenney, HPHC, Chair
David Sky, NHID, Treasurer
Sean Lyons, Cigna, Secretary
Elizabeth Daly, NH DHHS
Patricia Edwards, MD, Healthcare Provider
Jason Margus, Anthem
Edward Moran, Public Member, Vice Chair
Wendy Lee Parker, HealthTrust
Lorraine Radick, RPh, Public Member
Janice Valmassoi, MD, Healthcare Provider

Other Attendees & Administrative Staff:

Karen Carew, Carew & Wells
Mark McCue, Esq., Hinckley Allen
Patrick Miller, Helms & Company, Inc.
Erin Meagher, Helms & Company, Inc.
Keith Nix, Helms & Company, Inc.
Tony Mendez, Helms & Company, Inc.

Members of the Public:

Laura Condon, Bedford
Heather Entenmann, Merck
Elizabeth Kinney, Portsmouth
Lorraine Lindenberg, Derry
Cheryl Rounds, Derry
Holy Ruocco, Salem
Larisa Trexler, Stoddard

For the purpose of meeting minutes, Mr. Miller announced he was recording the meeting. Separately, Ms. Ruocco indicated she was also recording the meeting.

Ms. Tenney welcomed the Board Members, staff, and members of the public to the meeting. She proceeded to read the *Board Chair Statement Regarding Public Commentary During Meetings* drafted by Attorney McCue.

2. FY2020 Audit Review

Ms. Tenney welcomed Ms. Carew from Carew & Wells to the meeting. Ms. Carew began by advising the Board that the Audit Committee has reviewed the financial statements as drafted and subsequently voted to recommend that the full Board accept them. Ms. Carew began with the *Statement of Financial Position* and explained that the most significant change from the prior fiscal year is that the investments reflect an increase of \$6,814,180. This is a result of the organization moving funds into an investment account to provide for a long-term conservative rate of return. The *Statement of Activities and Changes in Net Assets* portrays the assessment income with donor restrictions and \$127,226 left to cover operating expenses after the remittance to the State of New Hampshire.

33 The *Statements of Cash Flow* reconciles the difference between the net income and how the cash position may have
 34 changed. The statement reflects how \$6,724,277 was moved from cash into investments. Mr. Miller reminded
 35 Board members that are not part of the Audit Committee that funds were transferred out of the ICS account earlier
 36 in the year into longer term, higher yielding investments. Under *Notes to Financial Statements*, there was a new
 37 note in the last year which addressed cash and other resources that may be available in the next year.

38
 39 Ms. Carew reviewed the TRICARE assessment settlement and the recoupment of arrearages. The beginning balance
 40 was \$1,334,003 and with \$395,271 that has been received, there is a balance of \$938,732 still to be collected. The
 41 final note in the *Notes of Financial Statements* was referenced by Ms. Carew. The Association has not experienced
 42 any disruption in daily operations because of the pandemic, and Management is actively monitoring the situation
 43 for potential impact to covered lives in the commercial market. It would be impractical to estimate the future effect,
 44 if any, given the ongoing nature of the pandemic.

45
 46 Ms. Carew asked the Board if there were any questions. Given no questions, Ms. Tenney asked the Board if anyone
 47 would like to make a motion to move to Executive Session with Ms. Carew as this opportunity was not afforded to
 48 the Audit Committee on September 9, 2020.

49
 50 **VOTE RECORDED:** *On a motion by Mr. Sky, seconded by Ms. Daly, by roll call it was unanimously*
 51 **VOTED:** *To move into Executive Session.*

52
 53

	<u>Yes</u>	<u>No</u>
54 Elizabeth Daly	X	
55 Patricia Edwards, MD	X	
56 Sean Lyons	X	
57 Jason Margus	X	
58 Edward Moran	X	
59 Wendy Lee Parker	X	
60 Lorraine Radick, RPh	X	
61 David Sky	X	
62 Susan Tenney	X	
63 Janice Valmassoi, MD	X	

64

65 An Executive Session with the Auditor was held.

66
 67 Upon return from the Executive Session, Mr. Sky stated that the *Governance Letter* from Carew & Wells that had
 68 been included and reviewed as part of the draft financial statement packet during the September 9, 2020 Audit
 69 Committee meeting was not included in today's Board meeting packet. It was determined that this letter should be
 70 reviewed by all Board members before taking a vote of acceptance. It was unanimously agreed to postpone the
 71 vote to accept the FY2020 Audit and Financial Statements until the November 18, 2020 Board meeting. Mr. Miller
 72 advised he would forward that letter to the Board immediately following the completion of the Board meeting.

73
 74 **3. Review and Acceptance of the June 17, 2020 Board Meeting Minutes**

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 76 Ms. Tenney asked if there were any questions or comments related to the draft June 17, 2020 minutes. Attorney
 77 McCue indicated he was in attendance of this meeting but was not listed as an attendee. Hearing no other
 78 comments, Ms. Tenney asked for a motion to approve the minutes.

79
 80 **VOTE RECORDED:** *On a motion by Mr. Sky, seconded by Mr. Lyons, buy roll call it was unanimously*
 81 **VOTED:** *To accept the June 17, 2020 Board Meeting minutes with amendment to list*
 82 *Attorney McCue as in attendance.*

83			
84		<u>Yes</u>	<u>No</u>
85	<i>Elizabeth Daly</i>	X	
86	<i>Patricia Edwards, MD</i>	X	
87	<i>Sean Lyons</i>	X	
88	<i>Jason Margus</i>	X	
89	<i>Edward Moran</i>	X	
90	<i>Wendy Lee Parker</i>	X	
91	<i>Lorraine Radick, RPh</i>	X	
92	<i>David Sky</i>	X	
93	<i>Susan Tenney</i>	X	
94	<i>Janice Valmassoi, MD</i>	X	
95			

96 **4. Executive Director Report**

97
98 Ms. Tenney asked Mr. Miller for the Executive Director Report. Mr. Miller stated that the *CY2021 Rate Setting*
99 presentation has been developed over the past two meetings with the Audit Committee and some of this has been
100 previously shared with the Board during the June meeting. The presentation consists of a brief background, a review
101 of historic trends, the potential impact of COVID-19, a review of documents received from the Department of Health
102 and Human Services regarding the assessment process as well as the Administrative Budget approved by the Board
103 during the June 17, 2020 meeting, and the final rate assumptions and proposed CY2021 assessment rate.

104
105 Mr. Miller briefly reviewed the *CY2021 Assessment Rate Setting Process Timeline* slide and the *FY2020 Significant*
106 *Fiscal Events* slide. In terms of the latter, there were no extraordinary expenses to report in FY2020, and notable
107 income included the TRICARE assessment receipt, interest recoupment, investment income, dividend income, and
108 an unrecognized gain on investments.

109
110 Regarding the *Assessment History / Timeline* slide Mr. Miller advised the slide reflects events for both the calendar
111 year and fiscal year. The numbers in black are actual and the numbers in red are projected. Mr. Miller then reviewed
112 the historical trend slides for context.

113
114 The Audit Committee has spent time discussing what the possible impact of COVID-19 might be to covered lives.
115 Various sources of data were examined including national studies, unemployment rates, Medicaid enrollment, and
116 NH DHHS childhood immunization program vaccine orders. While the unemployment rate has increased during
117 COVID-19, we do not know how many children have lost commercial coverage. Ms. Daly provided a brief overview
118 of the work her team has been focused on to assist practices with their efforts to catch up on missed vaccines. Ms.
119 Daly advised that she does not have any information on COVID-19 vaccines as there have been no formal
120 communications around who would be responsible for payment once a vaccine is developed.

121
122 Mr. Miller directed the group to the notes on the bottom of the *DHHS Tab C* slide as they impact the assessment
123 rate model. The State's request of the NHVA for next June totals \$9,590,306.62. Along with the October 2019 CDC
124 replacement credit, there were unspent revenues of \$3.2M as of June 30, 2020 that are accounted for in the model.
125 The DHHS administrative cost request is not included in the model. In response to a question, Ms. Daly explained
126 the CDC replacement credit calculation. In response to a question regarding where the actual vaccines are stored,
127 Ms. Daly explained that all vaccines are stored at McKesson except for small quantities kept on hand by the State.

128
129 In terms of the CDC replacement credit, this has been a factor since 2013. Prior to Helms' role as Administrator it
130 was not part of the rate setting model which resulted in cash building up within DHHS' accounts. These funds have
131 been recouped by NHVA through reduced payments to the State in the last two rate setting cycles. An additional

132 \$3.2M will be recouped in June 2021. The recoupment of these funds has allowed the NHVA to earn interest which
133 has more than paid the administrative fees.

134
135 The *CY2021 Core Rate Assumptions* slide was reviewed by Mr. Miller prior to reviewing the *CY2021 Cash Flow /*
136 *Reconciliation / Rates* slide. The latter contains the methodology for the rate setting. The rate for CY2020 is \$6.80
137 and the proposed rate for consideration by the Board today for CY2021 is \$6.25. The Audit Committee voted on
138 September 9, 2020, to recommend a rate of \$6.25 for CY2021 to the full Board.

139
140 This rate reduction is due to a number of factors including a slight decline in overall program costs, the 10% reserve
141 allowed by RSA 126-Q, the \$3.2M in funds at the State as of June 30, 2020, and the anticipated CDC replacement
142 credit. The organization is starting the fiscal year in a strong cash position and will collect fewer dollars in the coming
143 fiscal year than the last. Over the next five years, the model projects total assessable lives to decrease sharply and
144 then slowing rebound as the economy recovers from the impacts of COVID-19. The goal is to have \$5M in reserves
145 by the end of the five-year period. The current model shows close to \$7M, which ultimately could be less depending
146 on several factors. Board members agreed that this cushion makes sense given uncertainties regarding the funding
147 of a future COVID-19 vaccine, and the desire to keep assessment rates level.

148
149 Ms. Tenney stated that she thought the proposed rate and the model made a lot of sense and that it was discussed
150 quite extensively at the Audit Committee meeting. She stated that she liked the fact that from a payer perspective,
151 NHVA is trying to maintain some consistency in the rates so that they are not significant going up or down every
152 year. Ms. Parker stated that the self-funded employers were also looking for consistency.

153
154 Mr. Miller concluded by saying that over the winter a more detailed quarterly modeling component will be added
155 into in the projections and Helms will continue to simplify the overall modeling process.

156
157 Ms. Tenney asked the Board if there were any questions, and hearing none, she asked for a motion.

158
159 **VOTE RECORDED:** *On a motion by Ms. Parker, seconded by Mr. Lyons, by roll call it was*
160 **VOTED:** *To approve the assessment process, rate calculation, and the proposed CY2021*
161 *assessment rate of \$6.25.*

	<u>Yes</u>	<u>No</u>
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163		
164	X	
165	X	
166	X	
167	X	
168	X	
169	X	
170	X	
171	X	
172	X	
173		

174 Mr. Sky departed the meeting at 10:00am and did not vote.

175
176 Ms. Tenney asked Mr. Miller to review the financial statements. Mr. Miller stated there is not a lot to report as there
177 are only two months reflected for the current fiscal year. He stated that the assessment income is higher than
178 budgeted due to the timing of the collections. When the Board meets in November, the financial statements will
179 include the fiscal year's first quarter plus the first month of the next quarter as well as the assessments that are due
180 November 15, 2020. The balance sheet shows a drop from \$6.8M in short term investments to \$4.969M. This is a

181 result of CDs being called and then funds are transferred back into the ICS account. The ICS account rate will be cut
182 again to 40 basis points as of October 1, 2020.

183
184 Mr. Moran asked whether the cash management was being handled by Helms or through a third party. Mr. Miller
185 explained the NHVA works with the Wealth Management Department at the Bank of New Hampshire. Mr. Moran
186 asked for clarification on the payment made to BoNH for their services. Mr. Miller believes it is 40 basis points but
187 can verify. BoNH invests in vehicle with returns that cover the BoNH fees and are greater than the ICS account
188 returns. \$7M of NHVA's funds have being invested this way since March 2020.

189
190 Mr. Moran expressed that using a big brokerage firm can be very expensive. Mr. Miller agreed and explained that
191 approximately 18 months ago, Helms put out an RFP which enabled the Audit Committee to review two banks and
192 two investment advisory firms. After careful review of fees and other factors, a decision was made to continue with
193 BoNH's Wealth Management group. The current low-interest rate environment does not leave many investment
194 options for NHVA.

195
196 Mr. Miller concluded the Executive Director update by mentioning that the November meeting will include the
197 updated financials, FY2020 Audit review and vote, the Annual Report review and vote, and the adoption of next
198 year's meeting schedule. Finally, Mr. Miller stated that Ms. Meagher will reach out to each Board member following
199 the meeting regarding the annual signing of the Code of Ethics policy.

200
201 **5. DHHS Update**

202
203 Ms. Tenney asked Ms. Daly if she would like to give an update from the Department of Health and Human Services.
204 Ms. Daly advised that she does not have any additional items that did not already come up through the review of
205 the Executive Directors' Report. There were no Board member questions for Ms. Daly. Mr. Miller thanked Ms. Daly
206 and her team for the rate setting process assistance, acknowledging they are in the middle of responding to a
207 pandemic.

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209 **6. Public Comment**

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211 Ms. Tenney invited comments from the members of the public.

212
213 Ms. Condon thanked Helms & Company for their work on the meeting documents and the ability for the public to
214 attend and participate. She requested that it be notated during future meetings how many members of the public
215 are in attendance since it is not displayed on the webinar. Ms. Condon asked that the Board consider if an IRS Form
216 990 is appropriate for NHVA. She stated that RSA 126-Q does not provide for funding of DHHS or their staff salaries
217 and as such she believes it is inappropriate to continue to entertain the DHHS requests for such funding. Ms. Condon
218 questioned whether the CDC replacement credit has been considered since 2013. Ms. Condon stated that she
219 thought the Bank of New Hampshire Wealth Management fees were excessive. She thanked the Board for their
220 time.

221
222 Ms. Tenney asked if there were any other members of the public who desired to make a statement. There were not
223 responses.

224
225 Mr. Miller indicated there were a total of five members of the public currently attending the webinar, and Ms.
226 Meagher added that there had been as many as seven during the meeting.

227
228 Ms. Tenney asked the Board members if there was a desire to enter another Executive Session. Hearing no request
229 to do so, Ms. Tenney asked if anyone had any additional comments, concerns, or anything that Board members
230 would like to discuss. No additional comments were made.

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7. Adjournment

Ms. Tenney asked for a motion to adjourn.

VOTE RECORDED: *On a motion by Ms. Daly, seconded by Mr. Lyons, by roll call it was*
VOTED: *To adjourn Executive Session at 10:39 a.m.*

	<u>Yes</u>	<u>No</u>
<i>Elizabeth Daly</i>	X	
<i>Patricia Edwards, MD</i>	X	
<i>Sean Lyons</i>	X	
<i>Jason Margus</i>	X	
<i>Edward Moran</i>	X	
<i>Wendy Lee Parker</i>	X	
<i>Lorraine Radick, RPh</i>	X	
<i>Susan Tenney</i>	X	
<i>Janice Valmassoi, MD</i>	X	

Mr. Sky departed the meeting at 10:00am and did not vote.

Board of Directors Meeting minutes respectfully submitted by
Sean Lyons, Board Secretary
September 28, 2020

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