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MINUTES
Audit Committee Meeting
April 28, 2021
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 9:03 a.m.

1. Welcome and Introductions

Attendance – The following individuals attended the meeting:

Committee Members:	Other Attendee & Administrative Staff:
David Sky, NHID, Chair	Ed Moran, Board Member
Susan Tenney, HPHC, Vice Chair	Patrick Miller, Helms & Company
Beth Daly, NH DHHS	Erin Meagher, Helms & Company
Jason Margus, Anthem	Keith Nix, Helms & Company
	Members of the Public
	Laura Condon, Bedford
	Neil Dwelley, Haverhill, MA
	Heather Entenmann, Merck, North Wales, PA

Mr. Miller announced that he was recording the meeting for the purpose of drafting minutes. Ms. Condon also announced she would be recording the meeting.

Mr. Sky opened the meeting reciting information related to the requirements of the Governor’s Emergency Order #12 pursuant to Executive Order 2020-04 regarding the authorization of the committee to meet electronically. He advised the group that if there is sufficient time after the Audit Committee’s business is complete, it is the policy of the Committee to reserve time for public comment. Commentary should be limited to matters that are germane to the role of the Audit Committee and are not designed to be interactive. If there are questions, he asked that they be directed to the Executive Director who will respond in the normal course of Association business.

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

<u>Committee Member</u>	<u>Present</u>	<u>Absent</u>
Beth Daly	X	
Jason Margus	X	
David Sky	X	
Susan Tenney	X	
Ed Moran, Board Member	X	
<u>Helms & Company</u>	<u>Present</u>	<u>Absent</u>
Patrick Miller	X	
Erin Meagher	X	
Keith Nix	X	

40 **2. Review and Acceptance of September 9, 2020 Meeting Minutes**

41
42 Mr. Sky asked the Committee if anyone had any questions or changes to the September 9, 2020 meeting minutes.
43 No questions or changes were identified.

44
45 **VOTE RECORDED:** *On a motion by Ms. Daly, seconded by Ms. Tenney, by roll call it was unanimously*
46 **VOTED:** *To accept the September 9, 2020 Audit Committee meeting minutes as*
47 *presented.*

48
49

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

54
55 **3. Executive Director Report**

56
57 Unaudited Financials

58 Mr. Miller directed the Committee to the financial statements and highlighted several areas. The *Statement of Cash*
59 *Flow* shows assessment income and TRICARE assessment income ahead of forecast by \$696,450 due to the actual
60 number of assessed lives being greater than budget. The *Statement of Financial Position* shows the majority of
61 assets are in the ICS account (\$20.3M) with additional short-term investments held in CDs (\$4.3M). Total assets are
62 \$24.6M. In examining the *Statement of Changes in Net Assets* Mr. Miller explained that the organization's YTD
63 expenses are \$17.5K less than budget due primarily to lower legal services and the elimination of bank service fees.
64 There were no comments or questions.

65
66 Assessment Trends Update

67 Mr. Miller reviewed the *Assessment Trends Update Memorandum*. Overall, the child covered lives have declined
68 4.6% since 2014. This pace has accelerated slightly during the pandemic. When the current collection period
69 concludes on May 15, 2021, Mr. Miller anticipates having a better sense of whether the rate of decrease is slowing,
70 and this information will be shared at the June Board meeting. Mr. Miller reviewed the chart tracking the change in
71 *NH Medicaid Enrollment*, and traditional Medicaid and Medicaid Expansion enrollment have both been trending
72 upwards since the pandemic began with some leveling over the past few quarters. They have increased by 9,938
73 and 22,252 covered lives, respectively We are following these statistics as a proxy for loss of commercial
74 membership. The final chart contains the *U.S. and New Hampshire Unemployment Rates, Seasonally Adjusted*. Both
75 rates have been declining with New Hampshire's April 2021 rate of 3.0% close to approaching the pre-pandemic
76 level of 2.6% in February 2020.

77
78 Mr. Miller asked the Committee members if they were seeing similar trends within their respective organizations.
79 Ms. Tenney offered that Harvard Pilgrim has seen some decreases but nothing significant. Mr. Margus echoed Ms.
80 Tenney's comments regarding Anthem. Ms. Daly asked Mr. Miller for clarification regarding covered lives on the
81 charts in the memorandum versus the 153,000 covered lives on the *Statement of Changes in Net Assets*. Mr. Miller
82 responded that the 153,000 covered lives were budgeted versus actual lives for the two periods shown.

83
84 June 2021 NH DHHS Payment

85 In September 2021, the approved amount for the June 2021 payment to NH Department of Health and Human
86 Services was \$9,590,307. The NH DHHS has updated their request so that the June 2021 payment would increase by
87 \$676,612 to \$10,266,919. The increase is a result of two factors. The first being that the CDC replacement credit was
88 budgeted in July 2020 at \$3.5M, but the actual credit provided October 1, 2020 was \$2.82M. Less vaccine was being
89 ordered because of the pandemic so the value of the vaccine stock at the end of September 2020 was less which
90 resulted in a lower credit amount. Ms. Daly explained that if the lower (previously approved) amount is paid to

91 DHHS, the Department will immediately ask the Association for an additional payment to make up the difference
 92 because they cannot close their books with a negative balance for the fiscal year. With the exception of one other
 93 year, this has only occurred once. In the years prior to Helms functioning as Administrator, the NHVA had been
 94 overpaying the Department most years. The past three years have focused on drawing down the historical
 95 overpayment balance during the rate setting process so as to move the funds from the State account to the NHVA
 96 for management/investment. Ms. Daly added that that as of today, the Department has purchased \$13.6M of
 97 vaccines in this fiscal year and has a deficit in the account of \$10.4M. Ideally, instead of changing the amount during
 98 this meeting, Ms. Daly can provide the exact amount at the June meeting for consideration by the full Board.
 99

100 Mr. Miller agreed that it made sense to have the more up to date number at the June meeting, and he wanted to
 101 have the initial discussion today so the Audit Committee members were aware of the situation. Ms. Tenney asked
 102 Mr. Miller if he was looking for this Committee to make a recommendation to bring to the full Board. Mr. Miller
 103 stated he thought the Committee could either make a recommendation today that the exact number would change
 104 between now and the next meeting or perhaps make a recommendation to the Board that we will change the
 105 number at the June meeting based upon information provided in June by Ms. Daly. Either way, Mr. Miller said that
 106 he would develop a summary of today's discussion for the June meeting. Mr. Miller asked Mr. Sky for his thoughts
 107 as Chair. Mr. Sky reminded the group that this Committee was in favor of bringing back the funds that DHHS was
 108 holding and establishing our own reserves. There was an understanding that there might be a situation where over
 109 the course of the year from when the payment amount was approved to when it is due, that the payment amount
 110 might change slightly. Mr. Sky advised that at this time, payment is required and as Committee Chair, he did not feel
 111 any further action is required from this Committee. He offered to remind the Board at the next meeting of the
 112 philosophy regarding recouping the overpayments, or Ms. Tenney as a member of this Committee could do this as
 113 well. At this point, he did not believe a formal vote was needed. Mr. Sky asked the Committee members if anyone
 114 else wanted to add comment. Being none, Mr. Miller thanked everyone for their input and stated he would put this
 115 on the agenda for the June meeting.
 116

117 **4. Auditor Selection FY2021**
 118

119 Mr. Miller referenced the FY2021 audit engagement letter from Carew & Wells. He reminded the group that NHVA
 120 has been working with Carew & Wells since prior to Helms becoming Administrator and he reached out to them to
 121 obtain a proposal for this coming year's audit. Pending the Committee's decision today, dates have been reserved
 122 for onsite work on July 12 and 13, 2021. The proposal letter is very similar to prior years, but the proposed fees
 123 include an increase from \$8,500 to \$9,350. The cost has remained steady at \$8,500 for the past four years. The
 124 proposed increase was deemed reasonable by Mr. Miller given the level of performance. Carew & Wells requires a
 125 payment of \$3,500 upon signing with the balance due with final delivery. Mr. Miller asked that the Committee
 126 consider a vote to approve the proposal for the FY2021 audit. Mr. Sky questioned the Audit Committee's authority
 127 to retain or select an auditor versus that of the Board. Mr. Miller advised that his understanding, per last year's
 128 process, was that this Committee approved the selection of the auditor and that two signatures are required for the
 129 audit engagement letter – one from management and one from Mr. Sky. Ms. Tenney concurred and stated that due
 130 to timing of the services it is not feasible to wait for the June Board meeting. Mr. Sky asked for a motion.
 131

132 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Daly, by roll call it was unanimously*

133 **VOTED:** *To retain Carew & Wells to complete the FY2021 audit.*
 134

	<u>Yes</u>	<u>No</u>
135		
136	<i>Beth Daly</i>	X
137	<i>Jason Margus</i>	X
138	<i>David Sky</i>	X
139	<i>Susan Tenney</i>	X

140
 141

142 **5. FY2022 Administrative Budget**

143
144 Mr. Miller reviewed the FY2022 administrative budget draft. It includes historic total budget amounts from FY2017
145 to present for comparison. In summary, a slight increase is proposed from the current budget of \$146,550 to the
146 proposed budget of \$148,647. The Committee reviewed each line item as summarized:

- 147 ▪ *Administrator Fees* – Budgeted a 4% inflator to take effect October 1, 2021.
- 148 ▪ *Subcontractor Fees* – Left blank as we do not anticipate a need.
- 149 ▪ *Bank Fees* – Eliminated for FY2022 through lockbox vendor termination.
- 150 ▪ *Board Meeting Expense* – Retained in preparation for post-pandemic meetings.
- 151 ▪ *Stationery and Printing* – Remains flat.
- 152 ▪ *Insurance* – Level plus expected inflation based upon size of cash on hand.
- 153 ▪ *Licenses and Fee* – Annual Report fee for the State of New Hampshire.
- 154 ▪ *Postage and Shipping* – Remains flat.
- 155 ▪ *Professional Fees – Audit* – Increase reflected. No increases for four years prior.
- 156 ▪ *Professional Fees – Legal* – Remains flat.
- 157 ▪ *Website* – Remains flat.

158
159 Mr. Sky asked Mr. Miller if he is recommending that the Board approves this budget or is he looking for the Audit
160 Committee to approve. Mr. Miller explained it would be a recommendation to the Board from the Audit Committee
161 for approval.

162
163 There being no questions, Mr. Sky asked for a motion.

164
165 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Daly, by roll call it was unanimously*
166 **VOTED:** *To recommend to the full Board of Directors to approve at the June 2021 meeting*
167 *the FY2022 Administrative Budget as presented.*

	<u>Yes</u>	<u>No</u>
168		
169		
170	<i>Beth Daly</i>	<i>X</i>
171	<i>Jason Margus</i>	<i>X</i>
172	<i>David Sky</i>	<i>X</i>
173	<i>Susan Tenney</i>	<i>X</i>
174		

175 Mr. Miller thanked the Committee and advised this will be added to the June meeting agenda.

176
177 **6. Other Business**

178
179 Mr. Sky asked the Committee members if anyone had any other business to discuss. There were none.

180
181 **7. Public Comment**

182
183 Mr. Sky opened the meeting up for comments from members of the Public. Ms. Condon thanked Helms & Company
184 for making this public access available and had three questions. The first question was regarding the lockbox services
185 being brought back in house. When she was a board member, she recalled that the prior Administrator did not have
186 sufficient checks and balances in place for this. She asked what the NHVA has put in place for checks and balances
187 to assure the accuracy of those assessment collections, especially given the problems experienced in the past. The
188 second question related to the additional payment to the NH DHHS due in June 2021. She asked if there were details
189 available regarding this request beyond the verbal discussion from today's meeting. She then asked if these numbers
190 are audited and where the public can access this information. Finally, Ms. Condon asked about the vote taken today
191 by the Committee to approve the Carew & Wells proposal to conduct the FY2021 audit and whether there could be

192 a follow up review what the governing documents say regarding procedure She again thanked the group for the
 193 opportunity to speak.

194
 195 No other members of the public indicated a desire to speak.

196
 197 **8. Adjournment**

199 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Daly, by roll call it was unanimously*
 200 **VOTED:** *To adjourn the Audit Committee meeting at 9:44 a.m.*

	<u>Yes</u>	<u>No</u>
Beth Daly	X	
Jason Margus	X	
David Sky	X	
Susan Tenney	X	

207
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 209
 210 Respectfully submitted by
 211 Patrick Miller, Helms & Company, Inc.
 212 May 3, 2021

213
 214 # # #

