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**MINUTES**  
**Audit Committee Meeting**  
**August 25, 2021**  
**9:00 a.m.**

**NH Insurance Department, Walker Building Room 274, Concord, NH**  
**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) with a quorum present was held at the NH Insurance Department, Walker Building, Room 274, Concord, NH and remote access for the public was provided via Zoom Webinar.

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	Anne Marie Mercuri, NH DHHS
Susan Tenney, HPHC, Vice Chair	Patrick Miller, Helms & Company
Beth Daly, NH DHHS	Erin Meagher, Helms & Company
Jason Margus, Anthem	Keith Nix, Helms & Company
	Ashley Ithal, Helms & Company
Members of the Public	Karen Carew, Carew & Wells, PLLC
Laura Condon, Bedford	Leslie Walker, Mason + Rich, P.A.
Representative Linda Gould, Bedford	
Jessica Kliskey, Stratham	

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

Mr. Sky opened the meeting reciting NHVA’s statement regarding public commentary during meetings.

**2. Review and Acceptance of April 28, 2021 Meeting Minutes**

Mr. Sky asked the Committee if anyone had any questions or changes to the April 28, 2021, meeting minutes. No questions or changes were identified.

**VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Daly, it was unanimously*  
**VOTED:** *To accept the April 28, 2021, Audit Committee meeting minutes as presented.*

**3. Review and Vote to Recommend Acceptance of the FY2021 Audited Financials**

Mr. Sky invited Ms. Carew to review the audited financial statements. Ms. Carew began with a review of the governance letter. Ms. Carew summarized several significant estimates examined when preparing the financial statements. The first is the estimate of the vaccine expense, including the projected amount requested by the State of New Hampshire, and the underlying assumptions that management considers in developing the estimate to determine if reasonable. The second was an examination of rate stabilization and the \$5M that has been designated

40 for that purpose. Finally, there is an estimate of any balance due or accounts receivable. Typically, there are none,  
41 however, this past quarter there was one small receivable due as of June 30<sup>th</sup> and it has since been received. Ms.  
42 Carew's determination found the three estimates were reasonable.

43  
44 Ms. Carew reported there were no difficulties in performing the audit or in working with management. There were  
45 no misstatements that were material to the financial statements and there were two very small timing adjustments  
46 that were discussed with management and have been included with the letter. Ms. Carew stated that she requested  
47 and received a representation letter from the Mr. Sky and Mr. Miller on behalf of the Association to make sure that  
48 it is understood that the financial statements are the Association's responsibility and Carew & Wells is providing an  
49 opinion on them.

50  
51 Ms. Carew stated that several years ago there were a few, minor management recommendations made to  
52 strengthen internal controls. All recommendations were implemented as suggested. This year there are no  
53 recommended changes for controls. Mr. Miller reported that Helms & Company fully updated the financial  
54 procedures documentation prior to the start of the audit. Ms. Carew commented that they do review the controls  
55 every year as part of the audit process, and it was clear that a tremendous amount of time was spent updating the  
56 document.

57  
58 Ms. Carew reviewed the Auditor's Report and stated that Carew & Wells provided a clean opinion. She stated that  
59 she does not believe there are any misstatements or changes that need to be made to the financial statements to  
60 confirm with Generally Acceptable Accounting Principles. Ms. Carew provided a brief overview of new requirements  
61 for the Auditor's Letter with additional sections making sure there is a clear understanding about how the audit is  
62 performed.

63  
64 Ms. Carew asked the group if anyone needed her to review the financial statements themselves. There being no  
65 questions, she highlighted two items of interest beginning with the Notes on page 10 regarding TRICARE. The  
66 outstanding balance for the TRICARE settlement is at \$468,630. It is anticipated that this will be collected in fiscal  
67 year 2022 and therefore will be settled in the upcoming year. Finally, she directed the group to Subsequent Events  
68 on page 12. As was done last year, there is mention of the ongoing pandemic.

69  
70 Mr. Sky thanked Ms. Carew for her work and asked the Committee members if there was a motion to meet in non-  
71 public session with Ms. Carew.

72

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

74 **VOTED:** *To move to a non-public session with Ms. Carew.*

75  
76 All non-Audit Committee members left the room and the Zoom to enable the Audit Committee to enter into non-  
77 public session with Ms. Carew to discuss the audit.

78  
79 After the non-public session concluded, Mr. Sky asked for a motion to make public the meeting minutes that he will  
80 provide from the non-public session.

81

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

83 **VOTED:** *To make public the meeting minutes provided by Mr. Sky of the non-public*  
84 *session with Ms. Carew.*

85

86 Meeting minutes from the non-public session with Ms. Carew:

87 Committee members engaged in a discussion with Ms. Carew regarding any issues or concerns she had in  
88 conducting the audit. Ms. Carew stated that there were no issues or concerns.

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

90 **VOTED:** *To adjourn the non-public session.*

91 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Daly, it was unanimously*  
92 **VOTED:** *To recommend to the Board of Directors to accept the FY2021 Audited Financials.*  
93

94 Mr. Miller stated that he included in the meeting packet the final FY2021 *Statement of Cash Flow, Statement of*  
95 *Financial Position, and Statement of Changes in Net Assets* for the Committees reference. The statements  
96 correspond to the audit, and they are very similar to what was shared at the June meeting, however, the assessment  
97 revenue has been updated along with a few other changes. Mr. Miller stated that covered lives are similar to lives  
98 for the prior quarter, 161,564 for quarter two and a slight increase to 161,828 for quarter three.  
99

#### 100 **4. CY2022 Assessment Rate Initial Assumptions Discussion**

101  
102 Mr. Miller introduced Ms. Walker from the accounting and auditing firm Mason+Rich. Ms. Walker was retained by  
103 Helms & Company to review and refine the assessment rate setting process. Based on several factors, including the  
104 State no longer maintaining credit balances for overpayments made by the Association, it made sense to do a full  
105 review.  
106

107 Mr. Miller stated that the goal today is to review a set of trends, review the model assumptions, review the model  
108 output, and then discuss specific questions with the Committee. This will allow for additional revisions to be made  
109 between now and the Audit Committee and Board meetings in September.  
110

111 Mr. Miller began by outlining the assessment process goals achieved over the past several years and the focus for  
112 calendar year 2022. Now that the goal of eliminating funds held by the State was met in 2021, in 2022, the process  
113 will address:

- 114 - the historical swings in payments to the State,
- 115 - incorporating the concept of zero funds held at the State,
- 116 - the modeling of a COVID assessment reserve,
- 117 - the conclusion of the TRICARE specific assessments, and
- 118 - the simplification of the model back-end tool.

119  
120 Mr. Miller briefly reviewed the FY2021 Notable Fiscal Events slide including the TRICARE revenue that will be going  
121 away next fiscal year. The impact of this will be close to half a million dollars per year going forward. The historical  
122 trends charts were also briefly reviewed including *Shrinking Assessed Lives and Variability in Assessed Rates* which  
123 reflects a (0.2%) decline in covered lives. The impact of COVID was less than expected. We are paying attention to  
124 these numbers because while overall costs for vaccines are increasing slightly each year, covered lives are also  
125 declining.  
126

127 Mr. Miller then reviewed trends for State/carrier split of expenditures, interest rate changes on investments,  
128 unemployment trends, and Medicaid enrollment. Notably, we have achieved a higher rate of return on the funds  
129 invested by Bank of New Hampshire than those in the ICS account. We continue to seek higher yielding investments  
130 within our investment policy parameters. Unemployment continues to remain low, yet Medicaid enrollment has  
131 increased.  
132

133 Mr. Miller reviewed the assumptions contained in the model. These include:

- 134 - the Board's commitment to keeping rates stable,
- 135 - 10% reserve per RSA 126-Q:4 II.(c),
- 136 - \$5M assessment reserve fund,
- 137 - potential COVID assessment reserve for FY2023-2024,
- 138 - DHHS not holding excess funds,
- 139 - no reimbursement for DHHS' administrative cost request
- 140 - carrier support of 60%,
- 141 - interest rate at 0.9%,

- 142 - assessed lives decline of 0.05% per quarter,  
143 - TRICARE rate remaining at \$14.82 into 2022 anticipating the paydown will be completed in approximately  
144 four quarters,  
145 - a 4% increase to the Administrative budget, and  
146 - no assessment interest payments.

147  
148 Mr. Miller then reviewed the *SFY202-2024 Rate Model*. An assessment placeholder for COVID-19 vaccine payments  
149 has been put in place understanding that the Federal Government is currently paying for these vaccines, but long  
150 term it is believed that this will end. Many state vaccine programs are planning for this. A placeholder of \$500K for  
151 each of fiscal years 2023 and 2024 has been assumed in the model, and this can be lowered, raised, or eliminated  
152 based on what Committee members feel is appropriate. As explained earlier, interest rates are projected to remain  
153 low and has been assumed at 0.9%; the ultimate impact to the model is small. Although the economy is improving  
154 and we anticipate an increase of covered lives, they are likely to continue to decline. The Committee held a discussion  
155 regarding the model's covered live estimates, and they concluded that they are low and should be increased. Mr.  
156 Margus asked if anyone in the group had any expectation of there being a Medicaid disenrollment event next year  
157 when the public health emergency ends? He has heard of maintenance of eligibility requirements that are  
158 happening now that contributed to the increase with Medicaid. Mr. Miller explained that the disenrollment is  
159 expected to begin later this fall, but it happens based on when you enrolled so it does not all happen on one day.  
160 This can be clarified, prior to the meeting in September. The Committee discussed the expected decline in Medicaid  
161 rolls when the Federal state of emergency is lifted. Mr. Miller stated he would find additional information on the  
162 expected change in enrollment.

163  
164 Mr. Miller reviewed the variability of the amount of the prior June payments NHVA has made to the State. One of  
165 the goals is to make this payment more level each year. Beyond next year, the TRICARE revenue will end which will  
166 have a negative impact of nearly half a million dollars per year. The request from DHHS assumes a CDC credit of  
167 \$2.5M, but the model assumed \$2.8M; this will be corrected in the next version of the model. With the assumptions  
168 outlined, the CY 2022 rate would be \$7.20, and it is currently \$6.25 which was reduction from a rate of \$6.80 the  
169 year prior. One way to reduce the proposed rate of \$7.20 would be to use some of the \$5M assessment reserves.

170  
171 Mr. Margus asked for clarification from Mr. Miller relating to the total covered lives. Mr. Miller confirmed that  
172 overall, we have been seeing a reduction of lives of approximately 0.2% per year. Current projections are based on  
173 where we are now vs. from where we were two or three quarters ago. The Committee agreed that the current  
174 model's covered lives show too steep of a decline and should be revised.

175  
176 The Committee directed Mr. Miller and Ms. Walker to revise the model to include rates in the range of ~\$6.80-8.00  
177 for discussion at the September 9, 2021 Audit Committee meeting and with the goal of having the remainder  
178 reserves be as close to \$0 as possible at the end of FY2024. To achieve these goals, they should address the covered  
179 lives assumptions, change the \$2.8M CDC credit estimate to \$2.5M, and rethink the concept of assessment reserves  
180 for COVID.

181  
182 **5. Other Business**

183  
184 Mr. Sky asked the Committee members if anyone had any other business to discuss. There were none.

185  
186 **6. Public Comment**

187  
188 Mr. Sky asked if any members of the public wished to speak, and Ms. Condon indicated she did wish to provide a  
189 statement. Ms. Condon expressed concern that the Association continues to entertain DHHS' request for  
190 administrative support to support their registry program and staff. Ms. Condon referenced a letter from Attorney  
191 Mark McCue to NHVA dated September 5, 2018 which provided guidance for the Association on this reimbursement  
192 request. Ms. Condon also expressed concern regarding NHVA's authority to expend or reserve funds for a COVID-

193 19 vaccine. Mr. Sky thanked Ms. Condon for her comments, asked the group if there was any other business and  
194 hearing none, asked for a motion to adjourn.

195  
196 **7. Adjournment**

197  
198 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Daly, it was unanimously*  
199 **VOTED:** *To adjourn the Audit Committee meeting at 10:41 a.m.*

200  
201  
202 Respectfully submitted by  
203 Patrick Miller, Helms & Company, Inc.  
204 August 31, 2021; revised September 2, 2021

205  
206 # # #