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MINUTES
Audit Committee Meeting
April 19, 2023
9:00 a.m.
Via Zoom Webinar
Presiding Officer: Jason Margus, 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 via Zoom Webinar.

Mr. Margus, Chair, called the meeting to order at 9:00 a.m.

1. Welcome and Introductions

Attendance – The following individuals attended the meeting:

Committee Members:	Administrative Staff & Invited Guests:
Jason Margus, Anthem, Chair	Patrick Miller, Helms & Company
Susan Tenney, HPHC, Vice Chair	Erin Meagher, Helms & Company
Anne Marie Mercuri, NH DHHS	Keith Nix, Helms & Company
	Members of the Public
	Laura Condon

Mr. Margus stated that the meeting was being recorded for the sole purpose of preparing the minutes, and that the recording would be deleted once the minutes were approved. Mr. Margus asked if any member of the public was recording the meeting to please raise their hand in Zoom. Ms. Condon indicated she was recording the meeting.

Mr. Margus opened the meeting by reciting NHVA’s statement regarding meetings held by videoconference and a statement regarding public commentary during meetings.

Mr. Margus took roll call for attendance purposes.

<u>Committee Member</u>	<u>Present</u>	<u>Excused</u>
Jason Margus	X	
Anne Marie Mercuri	X	
Susan Tenney	X	

2. Review and Acceptance of August 24, 2022, Meeting Minutes

Mr. Margus asked the Committee if any members had any questions or changes to the August 24, 2022, meeting minutes. No questions or changes were identified.

VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Ms. Mercuri, by roll call vote, it was*
VOTED: *To accept the August 24, 2022, Audit Committee meeting minutes as presented.*

<u>Committee Member</u>	<u>Yes</u>	<u>No</u>
Jason Margus	X	
Anne Marie Mercuri	X	
Susan Tenney	X	

46 **3. Review and Vote to Recommend to the Board Acceptance of the Proposed FY2024 Administrative**
 47 **Budget**
 48

49 Mr. Margus invited Mr. Miller to discuss his Executive Director Report. Mr. Miller began by reviewing the proposed
 50 FY2024 Administrative Budget. Mr. Miller stated that the budget contains a proposed increase of 2.1% over the
 51 prior year’s budget. All line items remain at their FY2023 levels except for the Helms & Company, Inc. contractual
 52 increase scheduled to take effect October 1, 2023. In the past several years, the Administrative Budget has run
 53 under budget because of lower expenditures for legal fees, insurance, and board support. Detailed budget notes
 54 are included at the bottom of the page.
 55

56 Mr. Margus thanked Mr. Miller for his clarity in reviewing the budget. He then asked if there were any questions and
 57 the Committee had none.
 58

59 **VOTE RECORDED:** *On a motion by Mr. Margus, seconded by Ms. Tenney, by roll call, it was unanimously*
 60 **VOTED:** *To recommend to the full Board at the June 14, 2023 meeting to accept the*
 61 *FY2024 Administrative Budget as presented.*
 62

<u>Committee Member</u>	<u>Yes</u>	<u>No</u>
63 Jason Margus	X	
64 Anne Marie Mercuri	X	
65 Susan Tenney	X	

67
 68 Mr. Miller stated that the March 31, 2023 unaudited financial statements are consistent with the last several months.
 69 There is currently \$15,604,807 in the ICS account, the short-term investments total \$4.7M, and the total assets are
 70 almost \$20.4M. It is anticipated that approximately \$3.2M will be received for the May 15th assessment which will
 71 allow NHVA to meet its June obligation to the State.
 72

73 Mr. Miller stated that the NHVA is currently running ahead of budget in the amount of \$12,505. There continues to
 74 be a small loss of covered lives from quarter to quarter. It is expected that similar declines will occur in the quarter
 75 collections ending May 15.
 76

77 Mr. Miller stated that he, Ms. Walker from Mason+Rich, and Ms. Mercuri had met to start thinking about this
 78 summer’s rate setting process. The three main factors driving the process this year will be 1) the removal of the CDC
 79 credit from the model, 2) increasing vaccine costs, and 3) the shrinking number of assessed covered child lives.
 80

81 The CDC credit will be removed from the model going forward because it causes an underestimate of what is needed
 82 by the State to support the vaccine program. The word “credit” is a misnomer as it is merely a representation of the
 83 inventory of vaccines at the end of the Federal fiscal year. While closing their year-end books, the Federal
 84 government zeroes out the amount of all inventories on September 30 and then reinstates it on October 1 as it
 85 begins the new fiscal year. There are no actual funds – or credit – that are returned to the State.
 86

87 Ms. Mercuri explained that the CDC expects approximately one quarter’s worth of purchases to be always held in
 88 inventory to ensure that New Hampshire can meet its purchasing needs. This offers a multitude of protections. If
 89 for example there were a Federal Government shut down or a problem with the vaccine supply chain, having this
 90 reserve would protect against an interruption in providing necessary vaccines. This inventory amount has been well
 91 below this level since FY2019 when the NHVA began clawing back the funds that had been held by the Department.
 92

93 Ms. Tenney asked how NHVA would receive credit if the amount needed in June was different from the amount
 94 projected in September. Mr. Miller explained that the State provides a final, requested number in June, that could
 95 be either higher or lower than the September projection.
 96

97 Mr. Miller stated that continued improvements to the rate setting model will ideally improve the model’s accuracy.
 98 The issue with the CDC credit also demonstrates the need for a sizable reserve in case of large fluctuations in vaccine
 99 spending occur.

100
 101 Mr. Miller reviewed the CDC’s annual price increases over the past five years which ranged from a low of 2.34% to a
 102 high of 7.3%. These increases are driven by new vaccines, combination vaccines, and supply chain inflation.
 103

104 Mr. Miller reiterated that the persistent reduction in assessed child lives continues to have an impact on the
 105 assessment rate. Covered lives have fallen whereas the assessment rate has been held relatively steady in recent
 106 years. It is expected that the rate will increase in the coming years.
 107

108 Mr. Miller then briefly touched on the unemployment and Medicaid enrollment figures which are consistent with
 109 the previous monthly trends. In closing, Mr. Miller stated that vaccine expenditures will be monitored closely in the
 110 coming months and the assessment model assumptions will be updated in preparation for the work this summer.
 111 He will provide a brief process update to the full Board at the June meeting. The rate setting process for calendar
 112 year 2024 will begin in August and conclude in September.
 113

114 **4. Other Business**

115
 116 Mr. Margus asked the members of the Committee if they had any other business they wished to discuss. There was
 117 no further business.
 118

119 **5. Public Comment**

120
 121 Mr. Margus invited anyone from the public to speak. Mr. Margus opened the floor to Ms. Condon per her request
 122 to speak. Ms. Condon thanked the Committee for the opportunity to speak. Ms. Condon expressed that the CDC
 123 credit was a tough concept to grasp. She advocated for the numbers to be presented as part of assessment model
 124 updates. Ms. Condon stated that the rate setting model was also difficult to follow. Mr. Margus thanked Ms. Condon
 125 and reminded her that this is not an interactive session with the Audit Committee and that she was welcome to
 126 direct any specific questions she had to NHVA’s Executive Director.
 127

128 **6. Adjournment**

129
 130 Having no other business, Mr. Margus asked for a motion to adjourn.
 131

132 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Mercuri, by roll call, it was unanimously*
 133 **VOTED:** *To adjourn the Audit Committee meeting at 9:29 a.m.*
 134

	<u>Committee Member</u>	<u>Yes</u>	<u>No</u>
135	Jason Margus	X	
136	Anne Marie Mercuri	X	
137	Susan Tenney	X	

138
 139
 140
 141 Respectfully submitted by
 142 Patrick Miller, Helms & Company, Inc.
 143 April 25, 2022
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145 # # #