

AGENDA
AUDIT COMMITTEE MEETING
September 5, 2024
9:00am – 10:00am
Location: Online Zoom Meeting

To attend via Zoom webinar, please register at this link:
<https://nhvaccine.org/event/nhva-audit-committee-meeting-september-05-2024/>

9:00am-9:05am	1. Call to Order (J. Margus) a. Roll Call b. Audit Committee Chair Statement re: Public Commentary During Meetings*
9:05am-9:10am	2. Review and Accept the August 21, 2024 Meeting Minutes (J. Margus)
9:10am-9:50am	3. CY 2025 Rate Setting Discussion Continued from August 21, 2024* VOTE (P. Miller / L. Walker)
9:50am-9:55am	4. Other Business
9:55am-10:00am	5. Public Comments (J. Margus)
10:00am	6. Call to Adjourn (J. Margus)

* Indicates an attachment

NEW HAMPSHIRE VACCINE ASSOCIATION

Audit Committee Chair Statement re: Public Commentary During Meetings

I welcome members of the public. Please inform the Committee now via Chat or raising your hand in the webinar if you will be recording this meeting.

If the Committee has sufficient time to conduct its business, then it is our policy to reserve time later in the meeting for public commentary. This commentary should be limited to matters that are germane to the role of the NH Vaccine Association: namely, the assertion and collection of assessments to fund the non-federal portion of the State's purchase and distribution of vaccines under the federal Vaccines for Children program. The Vaccine Association is not a policy-setting organization, it has no influence over the State's participation in the Vaccines for Children Program, and its role is not to challenge the vaccine program cost estimates provided by the State absent obvious error. Therefore, as Chair of the Audit Committee, I reserve the right to interrupt and end any public commentary that is not germane to the business of this Association.

Lastly, I remind the public that the commentary period is not an interactive session. If you have questions for the Committee or for its executive staff, please direct them to our Executive Director who will respond in the normal course of Association business.

Thank you in advance for adhering to these public commentary guidelines so that we may have a productive meeting.

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MINUTES
Audit Committee Meeting
August 21, 2024
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) was held via Zoom Webinar with a quorum present.

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

1. Welcome and Introductions

Attendance – The following individuals attended the meeting:

Committee Members: Jason Margus, Anthem, Chair Susan Tenney, HPHC, Vice Chair Anne Marie Mercuri, NH DHHS	Administrative Staff: Patrick Miller, Helms & Company Erin Meagher, Helms & Company
Committee Members Excused	Members of the Public: Laura Condon, NVIC, Bedford, NH Elizabeth Manley, Sanofi, Medford, MA

Mr. Margus opened the meeting by reciting NHVA’s statement regarding public commentary during meetings. He asked if any member of the public was recording to please raise their hand or indicate so in the Zoom chat. No member of the public indicated they were recording initially, and Ms. Condon later raised her hand.

Mr. Margus conducted 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 April 17, 2024, Meeting Minutes

Mr. Margus asked the Committee if any members had questions or comments about the April 17, 2024, meeting minutes. With no comments heard, Mr. Margus asked for a motion.

VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Mr. Margus, by roll call vote, it was unanimously VOTED: To accept the April 17, 2024, Audit Committee meeting minutes as presented.*

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

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3. Review and Recommend FY2024 Audited Financial Statements

Mr. Margus invited Ms. Carew to present the draft financial statements for fiscal years ending June 30, 2024 and 2023. She began with a review of the governance letter. There was one adjustment that occurs each year that is considered immaterial related to accrued legal expenses. Ms. Carew will re-date the governance letter to reflect August 31, 2024. There was no management letter this year as there were no recommendations for the Administrator (Helms). Ms. Carew stated that the draft financial statements for fiscal years ending June 30, 2024 and 2023 were considered to have a clean opinion and that the process was smooth with full cooperation from the Administrator’s staff. She noted that the total assets were down slightly, but that the organization had funds to meet its obligations. She asked the Committee members if they had any questions. There were none.

Mr. Margus asked for a motion to move into Executive Session with the Committee members and Ms. Carew.
VOTE RECORDED: *On a motion by Ms. Tenney, seconded by Ms. Mercuri, by roll call vote, it was unanimously VOTED: To move into Executive Session with the Committee members and Ms. Carew.*

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

After the Committee and Ms. Carew returned from the Executive Session, Mr. Margus thanked Ms. Carew for her efforts. Mr. Miller thanked Mr. Nix and Ms. Meagher for their work throughout the year and the audit process.

4. Executive Director Report

Mr. Margus invited Mr. Miller to present the Executive Director Report.

4.a. CY 2025 Initial Rate Setting Discussion

Mr. Miller and Ms. Walker reviewed the CY2025 rate setting presentation. Mr. Miller began by stating that the FY2025 NH DHHS immunization program budgeted \$39.6M for childhood vaccines, of which 60% is attributed to the commercial population. For CY2025 rate setting, the high-level assumptions include no growth in covered lives, the inclusion of nirsevimab given the passage of SB559, and strengthening the reserves.

Mr. Miller proceeded to review the historical trends: assessment rates, covered lives, CDC weighted price increases, specific immunization cost increases, fund source split, cash and investments, unemployment rates, and NH Medicaid enrollment.

Mr. Miller then reviewed the data provided by the NH DHHS related to prior expenditures, projected cost estimates, and administrative costs. Mr. Miller stated that the NH DHHS estimates costs will be \$2.1M greater than last fiscal year due to increased childhood population, increased cost of vaccine, new immunizations, and maintaining the CDC balance. To manage costs, NH DHHS reduced the pre-book influenza amounts by 5,000 doses and is conservatively ordering nirsevimab and COVID-19 immunizations.

Mr. Miller then reviewed each of the rate modeling components used in the NHVA assessment rate modeling tool. He provided an overview of why reserves are necessary given the recent introduction of high-volume high-cost immunizations and continued expectation of this trend. He further provided information regarding the due dates by calendar year of the ladder CD portfolio as this is part of the cash management strategy under consideration during the assessment setting process. Finally, Mr. Miller reviewed two different rate options, the first being a level rate for three years and the second being a level rate for three years, plus a one-time assessment for nirsevimab. Ms. Walker highlighted the nirsevimab figures in the model.

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96 Discussion ensued amongst the Committee members, Ms. Walker, and Mr. Miller. Mr. Margus stated that
97 the model assumptions seemed reasonable. Ms. Tenney stated that she was not in favor of an additional, one-time
98 assessment for nirsevimab, but would like to see additional modeling options so as to have a higher level of reserves
99 at the end of 2027. Ms. Mercuri was asked about the modeling done for the RSV projections and she stated that
100 4,500 children were expected to receive one dose of nirsevimab, and an additional 1,680 two doses based upon
101 birth projections and high-risk populations.

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103 Mr. Miller and Ms. Walker said that they would model different rate options for the Committee to consider
104 at the September 5, 2024, Audit Committee meeting.

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106 **4.b. Unaudited Financial Statements as of July 31, 2024**

107 Mr. Miller reviewed the unaudited financial statements for July 2024. They reflect initial assumptions for
108 receipts, which will be adjusted after the rate setting process has been completed. Total assets are \$6.3M with the
109 majority being held in the laddered CD portfolio. The FY2025 administrative budget is reflected in the statements.
110 There were no questions.

111
112 **4.c. Assessments Received as of August 15, 2024**

113 Mr. Miller reported that as of August 21, a total of 484,480 total lives have been reported. Final numbers
114 will be presented in the August 2024 unaudited financial statements in September.

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116 **5. Other Business**

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118 Mr. Margus asked the Committee members if there was any other business to transact. There was none.

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120 **6. Public Comment**

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122 Ms. Condon raised her hand to speak, and Mr. Margus welcomed her to the meeting. Ms. Condon had one comment
123 and multiple questions¹. She commented that the NH DHHS request for administrative funds should not be
124 submitted by NH DHHS due to Attorney McCue’s prior letter to the Board.

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126 **7. Adjournment**

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128 Having no other business, Mr. Margus asked for a motion to adjourn.

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130 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Mr. Margus, by roll call, it was unanimously*
131 **VOTED:** *To adjourn the Audit Committee meeting at 10:28 a.m.*

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

137
138 Respectfully submitted by
139 Patrick Miller, Helms & Company, Inc.
140 August 29, 2024

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142 # # #

¹ Per the public commentary statement read at the beginning of the meeting, questions should be directed to the Administrator as the public comment section is not an interactive session.

CY2025 Rate Setting

NHVA Audit Committee Meeting
September 5, 2024

Patrick Miller, MPH
Executive Director
pmiller@helmsco.com
603-344-8931 (m)

Meeting Purpose

- Continue August 21, 2024 Audit Committee Discussion Regarding CY2025 Assessment Rate
- Examine Model Options
- Determine and Recommend a CY2025 Rate to the Board of Directors at Their September 18, 2024 Meeting

CY2025 Assessment Rate Setting Process Timeline

= completed milestone
 = future milestone

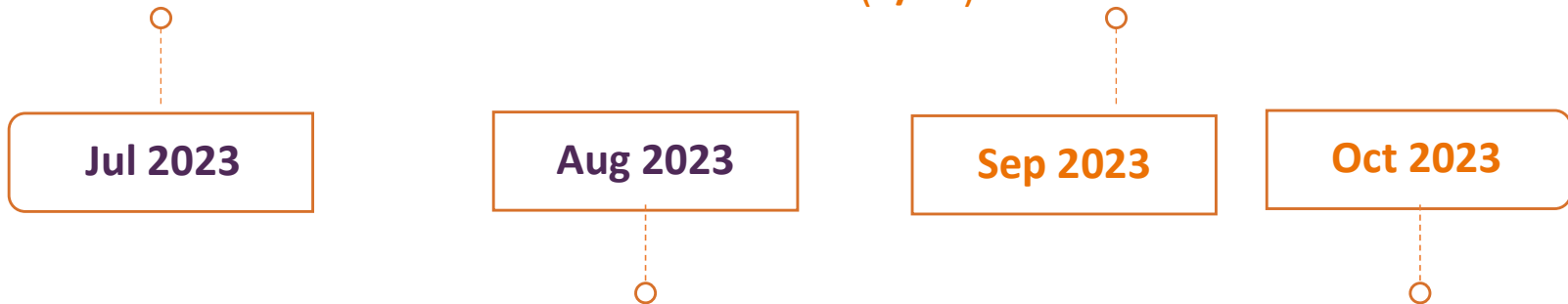
Data Collection for Actual FY2024 and YTD CY2024

Modeling Prep Work Begins



Audit Committee Work Session (9/5)

Review and Approval by Board of Directors (9/18)



- DHHS Data Received (8/1)
- Modeling Based Upon Trends and Initial NH DHHS data (8/2-8/14)
- Audit Committee Work Session (8/21)
- Modeling Final Assumptions (8/22-8/28)

Carrier Notification of CY2025 Rate (10/4)

Initial Options Comparison (08.21.2024)

Options	CY2025	CY2026	CY2027
Rate Option A Rates; Reserves	\$12.50; \$6.6M	\$12.50; \$5.4M	\$12.50; \$2.2M*
Rate Option B Rates; Reserves	\$12.50 + \$1.27 <u>one-time</u> for RSV; \$9.0M	\$12.50; \$7.9M	\$12.50; \$4.6M*

* Below reserves target.

** Proposed one-time RSV assessment for 2/15/2025 if needed.

- Reserves needed due to the volatility of year-to-year asks as a result of:
 - utilization variation,
 - pricing increases, and
 - new vaccines in manufacturer pipelines.

For Discussion August 2024
Updated 8/14/24

Actual SFY20 2019/2020	Actual SFY21 2020/2021	Actual SFY22 2021/2022	Actual SFY23 2022/2023	Actual SFY24 2023/2024	Forecast SFY25 2024/2025	Forecast SFY26 2025/2026	Forecast SFY27 2026/2027
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SFY25-27 Rate Model – Ex. A (as of Aug 14, 2024)

CY25 - \$12.50
 CY26 - \$12.50
 CY27 - \$12.50

	Actual SFY20 2019/2020	Actual SFY21 2020/2021	Actual SFY22 2021/2022	Actual SFY23 2022/2023	Actual SFY24 2023/2024	Forecast SFY25 2024/2025	Forecast SFY26 2025/2026	Forecast SFY27 2026/2027
ASSUMPTIONS								
1 Average Annual Covered Lives per Quarter	495,795	487,768	481,130	477,605	482,000	482,000	482,000	482,000
2 Assessment Rate	6.47-6.80	6.80-6.25	6.25-6.85	6.85-8.50	8.50-12.50	12.50-12.50	12.50-12.50	12.50-12.50
Average Annual Covered Lives RSV Assessment Rate, One time paid in Nov on Annual Covered Lives								
RESERVES								
4 10% Reserve (RSA 126-Q:4 II.(c))	\$ 1,524,930	\$ 1,505,465	\$ 1,747,887	\$ 1,808,259	\$ 2,165,998	\$ 2,131,894	\$ 2,550,978	\$ 2,737,557
5 Assessment Reserve			\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
6 Operational Reserve	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
7 Remainder Reserves	\$ 12,553,810	\$ 14,159,657	\$ 3,632,864	(\$282,869)	(\$1,389,711)	(\$772,847)	(\$2,387,054)	(\$5,787,747)
TOTAL EXPENSES								
	\$ 26,126,101	\$ 26,067,468	\$ 29,080,442	\$ 30,094,717	\$ 34,438,651	\$ 39,618,600	\$ 42,516,302	\$ 45,625,942
Percent Change								
		-0.22%	11.56%	3.49%	14.43%	15.04%	7.31%	7.31%
10 Total NHVA Expended	\$ 15,249,304	\$ 15,054,653	\$ 17,478,869	\$ 18,082,585	\$ 19,655,730	\$ 21,318,941	\$ 25,509,781	\$ 27,375,565
Total NHVA Expended for RSV 2025								
11 %	58.37%	57.75%	60.11%	60.00%	57.07%	59.97%	60.00%	60.00%
NHVA OUTFLOWS								
12 Total Distributed by NHVA (June Payment)	\$11,751,393	\$11,830,529	\$17,777,373	\$17,850,929	\$19,600,000	\$ 23,760,041	\$ 25,509,781	\$ 27,375,565
13 Administrative Expenses	\$127,226	\$125,713	\$136,150	\$134,675	\$154,116	\$157,198	\$160,342	\$163,549
14 Total Outflows	\$11,878,619	\$11,956,242	\$17,913,523	\$17,985,604	\$19,754,116	\$ 23,917,240	\$25,670,124	\$27,539,114
NHVA INFLOWS								
15 Assessments	\$13,390,088	\$13,470,273	\$12,785,174	\$13,879,279	\$18,310,143	\$24,100,000	\$24,100,000	\$24,100,000
16 Investment Income	\$336,301	\$75,858	(\$224,867)	\$322,083	\$694,790	\$400,000	\$375,000	\$225,000
17 Total Inflows	\$13,726,389	\$13,546,131	\$12,560,307	\$14,201,362	\$19,004,933	\$24,500,000	\$24,475,000	\$24,325,000
18 NHVA BEGINNING CASH BALANCE	12,481,766	7,514,560	11,448,477	5,294,329	2,293,531	1,601,553	2,184,313	989,190
19 Outflows	11,878,619	11,956,242	17,913,523	17,985,604	19,754,116	23,917,240	25,670,124	27,539,114
20 Inflows	13,726,389	13,546,131	12,560,307	14,201,362	19,004,933	24,500,000	24,475,000	24,325,000
21 Accrual to Cash Items	(796)	(3,507)	68,845	(65,339)	80			
22 Transfer (to)/from Investments	(6,814,180)	2,347,535	(869,777)		57,125			4,424,734
23 To Supplement Assessments		0						
24 Ending Cash Balance	7,514,560	11,448,477	5,294,329	2,293,531	1,601,553	\$2,184,313	\$989,190	\$2,199,810
25 Ending Investment Balance	6,814,180	4,466,645	5,336,422	4,481,859	4,424,734	4,424,734	4,424,734	0
	14,328,740	15,915,122	10,630,751	6,775,390	6,026,287	\$ 6,609,047	\$ 5,413,924	\$ 2,199,810
BALANCE HELD AT STATE								
26 Beginning	\$6,722,035	\$3,224,124		\$298,504	\$66,848	\$11,119	\$0	\$0
27 Additions/Subtractions	(\$3,497,911)	(\$3,224,124)	\$298,504	(\$231,656)	(\$55,729)	(\$11,119)	\$0	\$0
	\$3,224,124	(\$0)	\$298,504	\$66,848	\$11,119	\$0	\$0	\$0

For Discussion August 2024
Updated 8/14/24

Actual SFY20 2019/2020	Actual SFY21 2020/2021	Actual SFY22 2021/2022	Actual SFY23 2022/2023	Actual SFY24 2023/2024	Forecast SFY25 2024/2025	Forecast SFY26 2025/2026	Forecast SFY27 2026/2027
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SFY25-27 Rate Model – Ex. B (as of Aug 14, 2024)

CY25 - \$12.50 +
\$1.27 2/15/25
CY26 - \$12.50
CY27 - \$12.50

Separate
Assessment for
RSV

ASSUMPTIONS	Actual SFY20	Actual SFY21	Actual SFY22	Actual SFY23	Actual SFY24	Forecast SFY25	Forecast SFY26	Forecast SFY27
1 Average Annual Covered Lives per Quarter	495,795	487,768	481,130	477,605	482,000	482,000	482,000	482,000
2 Assessment Rate	6.47-6.80	6.80-6.25	6.25-6.85	6.85-8.50	8.50-12.50	12.50-12.50	12.50-12.50	12.50-12.50
Average Annual Covered Lives						1,928,000		
RSV Assessment Rate, One time paid in Nov on Annual Covered Lives						1.27		

RESERVES	Actual SFY20	Actual SFY21	Actual SFY22	Actual SFY23	Actual SFY24	Forecast SFY25	Forecast SFY26	Forecast SFY27
4 10% Reserve (RSA 126-Q:4 II.(c))	\$ 1,524,930	\$ 1,505,465	\$ 1,747,887	\$ 1,808,259	\$ 2,165,998	\$ 2,131,894	\$ 2,550,978	\$ 2,737,557
5 Assessment Reserve	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
6 Operational Reserve	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
7 Remainder Reserves	\$ 12,553,810	\$ 14,159,657	\$ 3,632,864	(\$282,869)	(\$1,389,711)	\$1,668,253	\$54,046	(\$3,346,647)

TOTAL EXPENSES	Actual SFY20	Actual SFY21	Actual SFY22	Actual SFY23	Actual SFY24	Forecast SFY25	Forecast SFY26	Forecast SFY27
Total NHVA Expended	\$ 15,249,304	\$ 15,054,653	\$ 17,478,869	\$ 18,082,585	\$ 19,655,730	\$ 21,318,941	\$ 25,509,781	\$ 27,375,565
Total NHVA Expended for RSV 2025					N/A	\$ 2,441,100		
%	58.37%	57.75%	60.11%	60.00%	57.07%	59.97%	60.00%	60.00%

NHVA OUTFLOWS	Actual SFY20	Actual SFY21	Actual SFY22	Actual SFY23	Actual SFY24	Forecast SFY25	Forecast SFY26	Forecast SFY27
12 Total Distributed by NHVA (June Payment)	\$11,751,393	\$11,830,529	\$17,777,373	\$17,850,929	\$19,600,000	\$ 23,760,041	\$ 25,509,781	\$ 27,375,565
13 Administrative Expenses	\$127,226	\$125,713	\$136,150	\$134,675	\$154,116	\$157,198	\$160,342	\$163,549
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NHVA INFLOWS	Actual SFY20	Actual SFY21	Actual SFY22	Actual SFY23	Actual SFY24	Forecast SFY25	Forecast SFY26	Forecast SFY27
15 Assessments	\$13,390,088	\$13,470,273	\$12,785,174	\$13,879,279	\$18,310,143	\$26,541,100	\$24,100,000	\$24,100,000
16 Investment Income	\$336,301	\$75,858	(\$224,867)	\$322,083	\$694,790	\$400,000	\$375,000	\$225,000
17 Total Inflows	\$13,726,389	\$13,546,131	\$12,560,307	\$14,201,362	\$19,004,933	\$26,941,100	\$24,475,000	\$24,325,000

18 NHVA BEGINNING CASH BALANCE	12,481,766	7,514,560	11,448,477	5,294,329	2,293,531	1,601,553	4,625,413	3,430,290
19 Outflows	11,878,619	11,956,242	17,913,523	17,985,604	19,754,116	23,917,240	25,670,124	27,539,114
20 Inflows	13,726,389	13,546,131	12,560,307	14,201,362	19,004,933	26,941,100	24,475,000	24,325,000
21 Accrual to Cash Items	(796)	(3,507)	68,845	(65,339)	80			
22 Transfer (to)/from Investments	(6,814,180)	2,347,535	(869,777)		57,125			4,424,734
23 To Supplement Assessments		0						
24 Ending Cash Balance	7,514,560	11,448,477	5,294,329	2,293,531	1,601,553	\$4,625,413	\$3,430,290	\$4,640,910
25 Ending Investment Balance	6,814,180	4,466,645	5,336,422	4,481,859	4,424,734	4,424,734	4,424,734	0
	14,328,740	15,915,122	10,630,751	6,775,390	6,026,287	\$ 9,050,147	\$ 7,855,024	\$ 4,640,910

BALANCE HELD AT STATE	Actual SFY20	Actual SFY21	Actual SFY22	Actual SFY23	Actual SFY24	Forecast SFY25	Forecast SFY26	Forecast SFY27
26 Beginning	\$6,722,035	\$3,224,124		\$298,504	\$66,848	\$11,119	\$0	\$0
27 Additions/Subtractions	(\$3,497,911)	(\$3,224,124)	\$298,504	(\$231,656)	(\$55,729)	(\$11,119)	\$0	\$0
	\$3,224,124	(\$0)	\$298,504	\$66,848	\$11,119	\$0	\$0	\$0

Comments on Model 08.21.2024

- Would like RSV costs absorbed in CY2025 rate without an additional assessment
- Would like CY2025 rate to remain at CY2024 rate if possible
- Would like to ensure that reserve targets are met in CY2026 and CY2027

Alternate Options Comparison (09.05.2024)

Options	CY2025 Rate / FY2025 Ending Reserves	CY2026 Rate / FY2026 Ending Reserves	CY2027 Rate / FY2027 Ending Reserves
Rate Option A (initial 8/21) Rates; Reserves	\$12.50; \$6.6M	\$12.50; \$5.4M	\$12.50; \$2.2M
Rate Option B Rates; Reserves	\$12.50; \$6.6M	\$13.00; \$5.9M	\$13.75; \$4.4M
Rate Option C Rates; Reserves	\$12.50; \$6.6M	\$13.25; \$6.1M	\$13.50; \$4.6M
Rate Option D Rates; Reserves	\$12.75; \$6.7M	\$13.25; \$6.3M	\$13.50; \$4.6M
Rate Option E Rates; Reserves	\$13.00; \$6.8M	\$13.00; \$6.6M	\$13.50; \$4.6M

Contact

Patrick Miller, MPH

Executive Director, NHVA

pmiller@helmsco.com

603.225.6633 (o)