

HEALTHTRUST, INC.
BOARD OF DIRECTORS
Minutes of October 11, 2023

BOARD OF DIRECTORS PRESENT:

Rossner, Daniel, Bus Admin, SAU #48, <i>Chair</i>	Hilchey, Susan, Director of HR, SAU #25
Dunn, Scott, Town Admin, Gilford, <i>Vice Chair</i>	Rapp, Brian, Deputy Chief, Claremont Fire Department
Clark, Michelle, Bus Admin, SAU #66	Sheing, Jill, HR/Payroll Coord, Strafford Cnty
Codling, Brigitte, Town Manager, Haverhill (virtual)	Stacey, Cathy Ann, Reg of Deeds, Rockingham Cnty
Dean, Russell, Town Manager, Exeter	Trahan, Sarah, Teacher, Winnacunnet H. School

BOARD MEMBERS UNABLE TO PARTICIPATE

Ford, Duane, Business Admin, SAU #67	
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STAFF PRESENT:

Bodwell, Erica, Benefits & Coverage Counsel	Parker, Wendy, Executive Director
DeRoche, Scott, Member & Enrollee Services Mgr (<i>did not return after meeting with counsel</i>)	Saucier, Pamela, Executive Assistant
Easterling-Wood, Suzy, Compliance, Risk & Control	Simmons, Darlene, Engagement Manager
Herrick, Jeanne, General Counsel	Tsiopras, George, Chief Financial Officer
Kalgren, Jason, Reporting & Data Manager	

CONSULTANTS PRESENT:

Buzby, Eric, Milliman, Actuary (virtual)	Murphy-Barron, Catherine, Actuary, Milliman
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Chair Daniel Rossner opened the HealthTrust Board meeting at 9:30am. Chair Rossner noted that Brigitte Codling would be participating remotely as it was not reasonably practical for her to attend in-person. When Chair Rossner asked if there was anyone in the room with Ms. Codling, she responded, no. Chair Rossner stated that all votes would be taken by roll call.

Minutes of the August 9, 10, & 11, 2023 HealthTrust Board of Directors Meetings

Chair Rossner asked if there were any questions or revisions to be made to the minutes. None were raised.

MOTION by Cathy Ann Stacey, seconded by Michelle Clark to adopt the minutes of the August 9, 10, & 11, 2022 HealthTrust Board of Directors meetings.

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Sheing, Jill	Y
Codling, Brigitte	Y	Rapp, Brian	Y	Stacey, Cathy Ann	Y
Dean, Russell	Y	Rossner, Daniel	Y	Trahan, Sarah	Y

MOTION passed unanimously.

Executive Director's Report

Wendy Parker first started with introducing HealthTrust's new Compliance, Risk & Control Officer, Suzy Easterling-Wood. Ms. Parker shared updates on recent activities of the organization to include rate renewals, education and updates to the Well-Being Programs. Over 8,000 people now enrolled in Virgin Pulse program with 70% actively participating, and 12% working with a health coach. The social engagement portion of the Virgin Pulse program has been popular, and the use of daily cards to drive education has been successful. LifeResources with ComPsych is now at over 40% participation (both online and live services), which is the

highest engagement to date. Corigen Medication Safety Program is increasing in participation with over 2,600 enrolled to date. Staff has been working to provide targeted education on the services provided by Included Health for both Expert Medical Opinions and provider referrals in an effort to increase participation. Ms. Parker also reviewed the Accordant Care Rare program and its positive impact for Covered Individuals. Ms. Parker also informed the Board on FSA and Medicare Advantage Program updates.

Recess to Non-Public to meet with Counsel at 9:50. Meeting resumed at 10:13am.

HealthTrust Financials FY2024 through August 31, 2023

Chair Rossner invited Mr. George Tsiopras to present on the FY2024 year-to-date financials through August 31, 2023. Mr. Tsiopras reviewed the financials in detail and offered to answer any questions the Board may have. Discussion ensued. George noted the funds from the recent sale of equities are being segregated from the fixed income investment portfolio as they are intended to cover daily liquidity requirements for claims.

MOTION by Michelle Clark, seconded by Russell Dean to accept the FY2024 financials through August 31, 2023, as presented, with gratitude.

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Sheing, Jill	Y
Codling, Brigitte	Y	Rapp, Brian	Y	Stacey, Cathy Ann	Y
Dean, Russell	Y	Rossner, Daniel	Y	Trahan, Sarah	Y

MOTION passed unanimously.

HealthTrust Audited Financial Statements for FY2023 Ending June 30, 2023

Chair Rossner invited George Tsiopras to review the draft financial audit report from Johnson Lambert that was presented to the Finance and Personnel Committee on September 21, 2023. Mr. Tsiopras stated that the report was clean, there were no significant deficiencies or material weaknesses in internal controls, and no noncompliance issues were identified. The Finance & Personnel Committee recommended to the full Board the adoption of the Johnson Lambert Audit Report for the Fiscal Year ended June 30, 2023. He offered to answer any questions and noted that staff from Johnson Lambert were available via phone to address any concerns. Chair Rossner made note that the external auditor has consistently applauded HealthTrust for their clean audits. No questions or concerns were raised by the Board.

MOTION by Michelle Clark, seconded by Russell Dean to accept the Johnson Lambert Audited Financial Statements for FY2023 ending June 30, 2023.

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Sheing, Jill	Y
Codling, Brigitte	Y	Rapp, Brian	Y	Stacey, Cathy Ann	Y
Dean, Russell	Y	Rossner, Daniel	Y	Trahan, Sarah	Y

MOTION passed unanimously.

Report on Public Hearings on Rates

Wendy Parker shared a report on the public hearings on rates, which were held on September 28 in Concord. There were 49 individuals in attendance at the morning session in addition to 5 Board members, and 13 individuals at the afternoon session, in addition to 6 Board members.

At both public hearings, HealthTrust staff presented extensive information on the setting of the Capital Adequacy Reserve including what it is, why it is needed and how it is determined, as well as a review of historical and current claims volatility patterns and their impact on Net Position and reserves. The

presentation included an explanation of the relationship between the financial results and the setting of the Capital Risk Charge and the return of surplus. Catherine Murphy-Barron, HealthTrust's consulting actuary from Milliman presented on the rate development process for medical and dental. The public hearings also included presentations on ancillary coverage renewals (CY2024 and FY2025). In addition to the rate renewal topics, Staff presented information on the new fully insured Medicare Advantage with Prescription Drug plan for Medicare-eligible retirees starting January 1, 2025. Participants asked a number of questions throughout the presentations including questions about capital reserve and return of surplus, and the reason why the surplus in FY2020 and FY2021 was returned. Participants also expressed their excitement for the rollout of the Medicare Advantage program. Ms. Parker shared in depth information about the rate information and education that was being provided to Member Groups.

Finance & Personnel Committee Report

Daniel Rossner invited Cathy Murphy-Baron to provide the Board with a review on the history of claims, how the rates were set, and the impact of the current claims levels on increased rates for CY2024 and FY2025. Currently, HealthTrust is seeing higher claims due to significantly increased utilization overall, as well as increased severity and use of specialty drugs. She noted that in FY2020, claims were lower than expected due to COVID and that it was expected that claims would come back in FY2021, but they did not. In those two fiscal years, HealthTrust had surpluses that it was statutorily required to return to Member Groups. Then, in FY2022 HealthTrust had a slight loss and that appeared to be the new normal utilization levels. In FY2023, however, less driven by COVID, there were much higher utilization levels, higher claims and very high specialty drug utilization. In FY2023, HealthTrust had to rely heavily on the Capital Adequacy Reserve to pay claims costs which were significantly higher than expected. Looking at the entire four year period, however, there was an \$8M operating gain, which is masked by the requirement to return surplus. She further noted that the Board has adopted a Capital Reserve target of \$90 million as of June 30, 2023 and that with a Capital Risk Charge of 5.0% of claims, HealthTrust is projected to achieve a capital level of \$77 million by June 30, 2026. Mr. Rossner noted that at 6.2% it would take 2 years, but if the Board had a goal of 1 year to rebuild the reserve to the adopted \$90 million the Capital Risk Charge would be 12.3%. Discussion ensued about rebuilding the Capital Adequacy Reserve within 2 years versus 4 or 5 years, and it was also suggested that the Board should consider lowering the Capital Risk Charge below 5% and rebuilding over a longer amount of time since HealthTrust has the ability to adjust rates annually. Concerns about the impact the longer timeframes for rebuilding would have on HealthTrust's solvency were also addressed. Chair Rossner reiterated the importance of solvency to continue being able to pay claims.

Wendy Parker suggested that with the recent claims experience it would be prudent of the Board to include a capital risk charge of 5%. She noted that it will not have a significant impact until FY2025 with the July Renewal. She reminded the Board that they could relook at the Capital Risk Charge in a year and if they did not see the same increase, then the charge could be lowered. Discussion about the higher cost of claims continued and the setting of the Capital Risk Charge ensued.

Scott Dunn arrived at 10:50am.

The Board continued to discuss the many variables of making rate setting decisions, and reviewed the rates recommended by the Finance & Personnel Committee on September 21, 2023.

- Rates for CY2024 and FY2025 (Medical, Dental, Short-Term Disability)

Coverage/Renewal	Finance & Personnel Committee Recommended Rates
July Medical GMR (FY2025)	+16.5%
January Medical (CY2024)	+12.8%
Dental (CY2024 and FY2025)	+4.7%

Short-Term Disability (CY2024 and FY2025)	-1.3%
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MOTION by Scott Dunn, seconded by Russel Dean to accept an overall rate increase for the July Medical GMR (FY2025) at +16.5%, which includes a Capital Risk Charge of 5.0%

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Stacey, Cathy Ann	Y
Codling, Brigitte	Y	Rapp, Brian	N	Trahan, Sarah	Y
Dean, Russell	Y	Rossner, Daniel	Y		
Dunn, Scott	Y	Sheing, Jill	Y		

MOTION carried.

MOTION by Russell Dean, seconded by Scott Dunn to accept an overall rate increase for January Medical (CY2024) at +12.8%, which includes a Capital Risk Charge of 5.0%.

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Stacey, Cathy Ann	Y
Codling, Brigitte	Y	Rapp, Brian	N	Trahan, Sarah	Y
Dean, Russell	Y	Rossner, Daniel	Y		
Dunn, Scott	Y	Sheing, Jill	Y		

MOTION carried.

MOTION by Michelle Clark, seconded by Brian Rapp to an overall rate increase of 4.7% for the CY2024 and FY2025 Dental program, which includes a Capital Risk Charge of 5.0%.

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Stacey, Cathy Ann	Y
Codling, Brigitte	Y	Rapp, Brian	Y	Trahan, Sarah	Y
Dean, Russell	Y	Rossner, Daniel	Y		
Dunn, Scott	Y	Sheing, Jill	Y		

MOTION passed unanimously.

MOTION Michelle Clark, seconded by Brian Rapp to accept an overall base rate decrease of 1.3% for the CY2024 and FY2025 Short-Term Disability program.

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Stacey, Cathy Ann	Y
Codling, Brigitte	Y	Rapp, Brian	Y	Trahan, Sarah	Y
Dean, Russell	Y	Rossner, Daniel	Y		
Dunn, Scott	Y	Sheing, Jill	Y		

MOTION passed unanimously.

FSA/HRA Fees for CY2024 and FY2025

Scott Dunn, Chair of the Finance & Personnel Committee, stated that the Committee concurred with staff's recommendation to maintain both the program structure and the FSA and HRA fees of \$2.75 per-participant, per-month for CY2024 and FY2025

MOTION by Michelle Clark seconded by Susan Hilchey to accept the Finance & Personnel Committee recommendation to continue the current FSA and HRA Administrative Fee and program with no change in the Administrative Fee of \$2.75 per-participant, per-month, for FSA and HRA for CY2024 and FY2025.

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Stacey, Cathy Ann	Y
Codling, Brigitte	Y	Rapp, Brian	Y	Trahan, Sarah	Y
Dean, Russell	Y	Rossner, Daniel	Y		
Dunn, Scott	Y	Sheing, Jill	Y		

MOTION passed unanimously.

Other Business

Chair Rossner asked if there was any other business to discuss. Wendy Parker noted that Base Life and LTD rates were 15% lower for most groups, and the dependent life benefits level is being enhanced and rates were being adjusted accordingly. Ms. Parker thanked the Board for their time and the positive, strategic decisions the Board continues to make. For example, the implementation of the Medicare Advantage Program in January 2025 will save retirees on average 50% when comparing the Medcomp Three rates in effect for CY2024 and FY2025, with the range going from anywhere between 30% and 70%. She provided an example that there are married retirees currently paying \$2,400 a month for two single Medcomp plans and this will be reduced to closer to \$800 a month based on the current projections for the new Medicare Advantage program. The Board praised staff's continued detailed work on the new Medicare Advantage program in lowering contribution rates for Retirees while maintaining excellent benefits. There were no additional items brought forward.

MOTION by Michelle Clark, seconded by Brian Rapp to adjourn the meeting.

Roll Call Vote

Clark, Michelle	Y	Hilchey, Susan	Y	Stacey, Cathy Ann	Y
Codling, Brigitte	Y	Rapp, Brian	Y	Trahan, Sarah	Y
Dean, Russell	Y	Rossner, Daniel	Y		
Dunn, Scott	Y	Sheing, Jill	Y		

MOTION passed unanimously.

MOTION passed unanimously at 11:13 a.m.

Respectfully submitted,



Pamela Saucier, HealthTrust Executive Assistant