

HEALTHTRUST, INC.
BOARD OF DIRECTORS
Minutes of March 21, 2024

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>	Ruehr, Timothy, Chief Financial Officer, SAU #29
Clark, Michelle, Bus. Admin, SAU #66 (<i>virtual</i>)	Sheing, Jill, HR/Payroll Coord, Strafford Cnty
Codling, Brigitte, Town Manager, Haverhill	Stacey, Cathy Ann, Reg. of Deeds, Rockingham Cnty (<i>virtual</i>)
Dean, Russell, Town Manager, Exeter	

BOARD MEMBERS UNABLE TO PARTICIPATE

Rapp, Brian, Deputy Chief, Claremont Fire Department	Trahan, Sarah, Teacher, Winnacunnet H. School
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STAFF PRESENT:

Blodgett, Allison, Human Resources Coordinator	Kalgren, Jason, Chief Information Officer
Bodwell, Erica, Benefits & Coverage Counsel	Saucier, Pamela, Executive Assistant
DeRoche, Scott, Executive Director	Simmons, Darlene, Engagement Manager
Fox, Kathy, Controller	Tsiopras, George, Chief Financial Officer
Herrick, Jeanne, General Counsel	

GUESTS PRESENT:

Ferrari, Christina, Bernstein, Shur, Sawyer & Nelson, P.A.	Murphy-Baron, Cathy, Milliman Actuary
Forcier, Eric, Deputy Secretary, Secretary of State	Scanlan, David M. Secretary of State
Lang, David, Chief of Staff, Secretary of State	
Li, Hua, Complete Actuarial Solutions Company	

Chair Daniel Rossner opened the HealthTrust Board meeting at 9:09 a.m. Chair Rossner noted that Cathy Ann Stacey and Michelle Clark would be participating remotely as it was not reasonably practical for them to attend in-person. When Chair Rossner asked if there was anyone in the room with Ms. Stacey, she responded, no. When Chair Rossner asked if there was anyone in the room with Ms. Clark, she responded, no. Chair Rossner stated that all votes would be taken by roll call.

Chair Rossner welcomed representatives of the Bureau of Securities Regulation (BSR) and began by stating that HealthTrust would like to have a productive and collaborative relationship with its regulator. He further confirmed that the BSR's letter was distributed to all members of the board prior to the meeting. He noted, however, that the letter contains many assertions that are not true but that the Board was not there to contest the facts but to listen to the presentation with open minds.

Secretary of State David Scanlan opened the BSR presentation by stating that the BSR requested the opportunity in the interest of the citizens of New Hampshire and the municipalities participating in HealthTrust. He noted that HealthTrust has an important fiduciary responsibility and shared Chair Rossner's hope that the BSR and HealthTrust can work collaboratively and productively. He further remarked that a decade ago, there was contention between HealthTrust and the BSR and there is hope that both groups can move forward productively. Secretary Scanlan introduced Chief of Staff David Lang, outside legal counsel Christina Ferrari, and Deputy Secretary Eric Forcier. The Secretary stated he would be unable to remain for the entirety of the meeting and introduced Christina Ferrari and Hua Li to present.

Christina Ferrari thanked the HealthTrust Board for allowing them the time to present and stated they would like a productive and collaborative discussion. Ms. Ferrari stated that the BSR is concerned about the losses that HealthTrust incurred over the past two fiscal years. She observed that such losses were unprecedented and stated that the goal of the BSR is to work with HealthTrust to ensure those losses do not repeat and that the organization is strong and continues to protect its members. She noted that there may be additional factors yet to be determined, and the financial condition may have occurred due to a confluence of conditions over the past few years. Particularly in 2023, the BSR believes that rating, reserve, and investment decisions caused and/or contributed to those losses and they believe those manners of operation do not align with RSA 5-B standards of operations which require an annual actuarial evaluation to determine adequacy of contributions needed to fund the program. She stated that HealthTrust is a, “Fundamentally different construct than other insurance” and therefore, “not an insurance company.”

Ms. Ferrari continued, stating that in terms of rating, instead of charging members rates based on what was actuarial determined, they were set lower than determined for the purpose of retaining membership. She called this, “Smoothing out of actuarial recommended rate increases” and the purposeful “undercharging of members.” She claimed that their analysis shows that HealthTrust relies on a large reserve of capital in lieu of actuarial rate analysis. She also cited concerns about collecting a capital risk charge from members for losses that they did not incur. This she claims, “creates a winners and losers situation we don’t want to be in” and “depriving other members of funds that could be declared a surplus.” The BSR stated that it is taking these same positions with all New Hampshire risk pools and expects implementation of changes to keep in alignment with RSA 5-B and better protect the members and strengthen HealthTrust.

Ms. Ferrari introduced actuary Hua Li. Mr. Li stated that he is an actuary with expertise in property, casualty, life and health and specifically works with boards on business decisions and strategy. He further stated that he works under a contract with the BSR and is employed by Complete Actuarial Solutions Company (CASCO).

Mr. Li stated his review of past meeting minutes suggests that by using a GMR cap, HealthTrust is not charging what the actuary has recommended. Mr. Li stated that recommendations to the board by the prior executive director may have more focused more on protecting “market share” than following the recommendations of the actuary. Mr. Li surmised that if HealthTrust needs to “manipulate rates” downward in a competitive market that is an indication that they are not within optimal market share. Mr. Li stated that his review suggests that HealthTrust focuses on providing “superior services” and that a certain portion of the marketplace values these services and are willing to pay associated administrative expenses. He averred that the optimal market share is comprised of those who value these services even if at a higher price., Mr. Li claimed that HealthTrust is the only entity in New Hampshire that has suffered losses over the past two years; others broke even or experienced surpluses. Based on this claim, he suggested that HealthTrust’s losses therefore could not be attributable to increased utilization or increased severity of claims due to deferred care during Covid because that would have been similarly experienced by all other entities in the market.

Russ Dean exited at 9:48

He continued claiming that setting a GMR limits the increase recommended by the actuary, which could lead to adverse selection. He stated that he understood that GMR helps member groups know the amount they must budget for and suggested that this can be accomplished by providing a preliminary rate and then calculating a risk load. The “risk load” can be taken off when the rate is provided to the member group.

Mr. Li also suggested that HealthTrust should engage the actuary to look at benefit plan relativities to improve the accuracy of pricing for each benefit plan.

Chair Daniel Rossner expressed concern about the length of the presentation as the BSR stated that about 20 to 30 minutes would be needed and that they are now at an hour. Christina Ferrari noted that they could wrap up in 10 minutes and then would provide a written summary via email to General Counsel Jeanne Herrick to share with the HealthTrust Board.

Mr. Li continued with what he called practical suggestions, since HealthTrust will have to replenish contingency reserve. He suggested that HealthTrust remove the capital risk charge for new members. Tim Ruehr asked Mr. Li if the intention of this is to only have existing members contribute to capital funding; and if new members haven't put any money into the capital fund then how would it be fair for them to benefit if there were future losses? Christina Ferrari stated that she disagreed that any unfairness would result. Mr. Ruehr requested that all of the BSR's points and recommendations be provided in writing. Attorney Ferrari stated to the Board that their desire is to have a collaborative process, so they will provide a written summary of the points made today.

Mr. Li made one final major recommendation for HealthTrust Board to commit to charge what is actuarially recommended for each group. Attorney Ferrari thanked the Board for their time.

Daniel Rossner thanked the BSR for their presentation and information; he noted that the provided information would require an in depth analysis by HealthTrust staff, professional advisors, and the Board and that they look forward to receiving the written summary of their presentation.

Break at 10:15 – representatives of the BSR exited

HealthTrust Board of Directors returned at 10:23

Minutes of the HealthTrust Board of Directors Meetings and Ad Hoc Executive Director Hiring Committee Meeting

Chair Rossner asked if there were any questions or other revisions to the six sets of Board and Ad Hoc Hiring Committee minutes. Scott Dunn noted that minutes in the past had been approved, adopted and accepted; he requested that all wording for approval of minutes be changed to "Approved" for consistency.

MOTION by Scott Dunn, seconded by Brigitte Codling to approve all minutes as amended including, the February 8, 2024 Ad Hoc Executive Director Hiring Committee meeting, January 11, 2024, February 8, 2024 (Public and Non-Public), February 9, 2024, and February 15, 2024 HealthTrust Board of Directors meetings.

Roll Call Vote

Clark, Michelle	Y	Rossner, Daniel	Y
Codling, Brigitte	Y	Ruehr, Timothy	Y
Dunn, Scott	Y	Sheing, Jill	Y
Hilchey, Susan	Y	Stacy, Cathy Ann	Y

MOTION passed unanimously.

Executive Director Report

Scott DeRoche began the Executive Director report by noting that HealthTrust has seen significant success in recruitment since the last Board meeting on February 8, 2024. In February, two new Contact Center Representatives were brought on. David Salois was recently promoted to the new Benefit Services Manager position; he has been with HealthTrust for 6 years and brings significant management experience to the table as a former Police Chief. David Salois's former position of Member Relations Advisor has now been filled by Janet Foley, who has 15 years of experience in member relations, most recently at Anthem as a Sales Account Representative. He additionally reported on the hiring of a new Financial Analyst, Mark Stevens, who brings significant finance experience to the role. Staff is currently interviewing for an open Benefit Advisor. Mr. DeRoche provided a brief update on Medicare Advantage plan mentioning that July MAPD packets, updated Retiree

Individual Billing agreements and retiree announcements would go out in a couple of weeks. He also let the Board know that Retreat planning is underway and the Strategic Planning Committee would be deciding on presentations at today's meeting. In final note, Mr. DeRoche announced that today would be Darlene Simmons last Board meeting as she is retiring at the end of the month. He thanked her for her contributions over her 19 years at HealthTrust and 40 years in the public sector.

Financials – FY2024 Year-to-Date through January 31, 2024

George Tsiopras reviewed the financials, in detail. In the month of January 2024, HealthTrust increased its Net Position by \$1.8M, which included \$177K of investment gains. As a result, for the seven months ended January 31, 2024, Net Position is \$33.9M, up \$10.2M from the prior fiscal year-end. He continued his presentation with detailed review of July and January Medical Coverage contributions and claims, as well as Dental contributions, and claims. In addition, he reviewed the budget to actual expense as well as the investment portfolio performance.

MOTION by Michelle Clark, seconded by Brigitte Codling, to accept the HealthTrust Financials for FY2024 Year-to-Date through January 31, 2024, as presented.

Roll Call Vote

Clark, Michelle	Y	Rossner, Daniel	Y
Codling, Brigitte	Y	Ruehr, Timothy	Y
Dunn, Scott	Y	Sheing, Jill	Y
Hilchey, Susan	Y	Stacy, Cathy Ann	Y

MOTION passed unanimously.

Proposed FY2025 Budget

Daniel Rossner turned the floor over to Scott Dunn, Chair of the Finance and Personnel Committee to review the proposed FY2025 budget. Mr. Dunn asked if the Board had reviewed the included budget request and noted that staff proposed a very moderate increase of 2.2%, which also contains the adjustment of salary for the Executive Director position.

MOTION by Scott Dunn, seconded by Brigitte Codling to approve the FY2025 budget request as presented.

Roll Call Vote

Clark, Michelle	Y	Rossner, Daniel	Y
Codling, Brigitte	Y	Ruehr, Timothy	Y
Dunn, Scott	Y	Sheing, Jill	Y
Hilchey, Susan	Y	Stacy, Cathy Ann	Y

MOTION passed unanimously.

FY2025 July Revisit Medical Rating

Daniel Rossner introduced Cathy Murphy-Baron, HealthTrust's principal actuary from Milliman to present. Ms. Murphy-Baron stated that Milliman uses actual experience as a starting point in order to determine the revisit rate. She reviewed the rating assumptions in detail to show the difference between the GMR rate and the Revisit rate. The indicated overall rate increase is 15.3%, which is 1.2% lower than the overall guaranteed maximum rate (GMR) increase of 16.5%. She also noted that although the revisit increase is lower than the overall GMR increase, for 32 entities, the revisit rate increase exceeds their GMR. For those entities, the aggregate revisit rate is \$4.2 million higher than the GMR rating. The proposed overall revisit rate increase of 15.3% includes an assessment of up to 2.4%, (subject to each entity's GMR rating) which fully funds the cost to honor the GMR and results in rate changes by group ranging from +6.4% to +25.0%.. Mr. Rossner asked for clarification that if this were adopted, the

Board would be following the actuarial recommendation. Cathy Murphy-Baron stated that this is Milliman's recommendation.

Darlene Simmons exited at 10:53am

MOTION by Scott Dunn, seconded by Michelle Clark to accept the actuarial recommendation of an overall revisit rate increase of 15.3%.

Roll Call Vote

Clark, Michelle	Y	Rossner, Daniel	Y
Codling, Brigitte	Y	Ruehr, Timothy	Y
Dunn, Scott	Y	Sheing, Jill	Y
Hilchey, Susan	Y	Stacy, Cathy Ann	Y

MOTION passed unanimously.

CY2025 Medicare Advantage Administrative Fee

Daniel Rossner turned the floor over to Executive Director Scott DeRoche to present information on the CY2025 Medicare Advantage Administrative Fee. Mr. DeRoche noted that the fee is calculated to strictly cover costs of administration for the program. Staff is proposing an Administrative Fee of \$35.98 per member per month for the calendar year 2025 (January 1 – December 31, 2025). The Finance and Personnel Committee discussed in detail the methodology of how this fee was developed; this information is included in the memorandum provided with meeting materials. Mr. DeRoche offered to answer any questions.

MOTION by Timothy Ruehr, seconded by Scott Dunn to adopt the fee of \$35.98 for Medicare Advantage for both renewal groups for CY2025, effective January 1, 2025.

Roll Call Vote

Clark, Michelle	Y	Rossner, Daniel	Y
Codling, Brigitte	Y	Ruehr, Timothy	Y
Dunn, Scott	Y	Sheing, Jill	Y
Hilchey, Susan	Y	Stacy, Cathy Ann	Y

MOTION passed unanimously.

Position Title Change for Current Deputy Director Role

Chair Daniel Rossner asked Executive Director Scott DeRoche to review the proposed position title change. Mr. DeRoche reviewed that the Finance and Personnel Committee had approved to bring to the full Board the title change and to reaffirm the organizational chart, but had requested a salary review prior to the Board meeting.

Mr. DeRoche discussed the salary review process that was conducted by HR Coordinator Allison Blodgett recommending the position is classified as Pay Grade 22, down from the current Pay Grade 23. Daniel Rossner asked Michelle Clark if she was satisfied with the information that was researched, since she requested the study during the Finance meeting. Ms. Clark stated she was happy that the due diligence was taken in conducting the salary review.

Cathy Ann Stacey asked if a review of all wage bands is warranted, since it was not completed during the reorganization. Mr. Rossner noted that the Board practice has been to conduct a Pay and Classification study every 5 years. There was discussion about having HR Coordinator Allison Blodgett complete the same salary review process for all the positions that were affected by the July 2023 reorganization.

Conversation and discussion continued in regards to the merit of maintaining a Deputy Director designation and associated duties.

Further discussion ensued regarding the Director of Risk Pool Operations pay grade and the responsibilities of that position based on the past consolidation of Leadership team positions. Mr. DeRoche stated that the organizational structure adopted by the Board effective July 1, 2023 is proving to be effective and staff is not recommending further changes beyond retitling this position and adjusting its salary grade down to Pay Grade 22 based on the salary review process.

MOTION by Scott Dunn, seconded by Brigitte Codling to approve the job description and title change to Director of Risk Pool Operations with a salary band of Pay Grade 21; in addition to update the job description of the CFO to include the title of Deputy Director.

Roll Call Vote

Clark, Michelle	N	Rossner, Daniel	Y
Codling, Brigitte	Y	Ruehr, Timothy	Y
Dunn, Scott	Y	Sheing, Jill	Y
Hilchey, Susan	N	Stacy, Cathy Ann	N

MOTION carried 5-3.

Investment Policy

George Tsiopras reviewed the substantive changes to the Investment Policy as recommended by HealthTrust's current Investment Managers and Advisor based on the latest standards and benchmarks for public sector risk pools. The policy with redlined changes and comments was provided to the Board for thorough review. Jeanne Herrick noted that the revisions include a clearer statement with respect to investment objectives on the first page.

MOTION by Scott Dunn, seconded by Cathy Ann Stacey, to adopt the revised Investment Policy as proposed.

Roll Call Vote

Clark, Michelle	Y	Rossner, Daniel	Y
Codling, Brigitte	Y	Ruehr, Timothy	Y
Dunn, Scott	Y	Sheing, Jill	Y
Hilchey, Susan	Y	Stacy, Cathy Ann	Y

MOTION passed unanimously.

Other Business

Chair Daniel Rossner asked if there was any other business. None was brought forth.

Chair Rossner declared the meeting adjourned at 11:42 a.m.

Respectfully submitted,



Pamela Saucier, Executive Assistant