JohnsonLambert LLP
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HealthTrust, Inc.

Audited Financial Statements
with Supplementary Information

Years ended June 30, 2018 and 2017
with Report of Independent Auditors

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Contents

Report of Independent Auditors

Board of Directors
HealthTrust, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of HealthTrust, Inc. (HealthTrust) and its discretely presented component unit, Center at Triangle Park, Inc., which comprise the statements of net position as of June 30, 2018 and 2017 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HealthTrust and its discretely presented component unit as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 - 16, the Reconciliation of Claims Liabilities by Type of Contract on pages 50 - 51, the Ten-Year Schedule of Claims Development Information on pages 52 - 53 and the Ten-Year Schedule of Employer Pension Information on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reporting on Other Legal and Regulatory Requirements
In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2018 on our consideration of HealthTrust and its discretely presented component unit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Johnson Lambert LLP

Burlington, Vermont
October 10, 2018

Firm registration: 092-0000267

HealthTrust, Inc.

Management's Discussion and Analysis (Unaudited)

Years ended June 30, 2018 and 2017

Introduction:
As management of HealthTrust, Inc. (HealthTrust), we offer readers of the financial statements this narrative overview and analysis of the financial activities of HealthTrust for the fiscal years ended June 30, 2018, 2017 and 2016. This section, the management's discussion and analysis, is intended to provide an overview of HealthTrust's financial condition, results of operations, and other key information.

HealthTrust's basic financial statements are comprised of four components, 1) the statement of net position, 2) the statement of revenues, expenses and changes in net position, 3) the statement of cash flows and 4) the notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

The financial statements contained within this report are reflective of the years ending June 30, 2018 and 2017.

Overview:
HealthTrust is governed by its Board of Directors and operates on a fiscal year ending June 30.

HealthTrust's mission is to provide high quality, cost-effective employee benefit products and services for public employers and employees in New Hampshire in order to reduce costs through pooling strategies with a commitment to education, health promotion and disease prevention.

HealthTrust offers employee benefit coverage lines and related services to its Member Groups (hereafter "Members"). HealthTrust operates in accordance with New Hampshire RSA 5-B. This statute and the HealthTrust Bylaws permit political subdivisions of the State of New Hampshire, and their instrumentalities, to participate in its pooled risk management program.

HealthTrust is a New Hampshire voluntary corporation, with its income not subject to federal income taxation under Internal Revenue Code Section 115. HealthTrust believes that operating without profit seeking contributes to its ability to deliver products to public sector employers and through them to their employees at lower rates than might otherwise be obtained for comparable products within the commercial marketplace.

As part of its pooled risk management program HealthTrust offers its Members medical (including prescription drug), dental, short and long-term disability and life coverage lines. HealthTrust bears the financial risk of the coverage agreements with Members for medical, dental and short-term disability coverage. Long-term disability and life coverage is provided on a fully insured basis through a third-party insurer.

HealthTrust has long-term administrative service contracts with Anthem Blue Cross and Blue Shield (Anthem), CaremarkPCS Health LLC (Caremark), and Delta Dental Plan of New Hampshire (Delta Dental) to provide access to a comprehensive provider network and third party claims administration and related services for HealthTrust's medical and dental coverage lines.

Overview (Continued):
HealthTrust works collaboratively with these vendors to provide a full range of medical and dental benefit options to meet the evolving demands of the public sector. Together we bring focus to public sector issues and concerns to better meet the public sector's healthcare needs.

Statement of Net Position:
This statement provides information about HealthTrust's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2018 and 2017. The majority of HealthTrust's assets are cash, can be converted to cash quickly, or are expected to become cash soon.

The liabilities reflect claims paid by contracted third party administrators in the audit period, but not reported to HealthTrust until after year end, amounts owed to outside companies for services within the period that were paid after year end, amounts on deposit with HealthTrust as part of the self-funded plus program, amounts calculated by qualified actuarial consultants as reasonable estimates for claims incurred but not yet reported to the claims administrators, premium deficiency reserves, amounts required to be returned to Members, and other accrued expenses.

Net position identifies the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources and represents investments in Center at Triangle Park, Inc. (CTP) and capital assets along with unrestricted net position. HealthTrust's governing board, with advice from its consulting actuary, annually reviews the proper level of capital adequacy reserve (also known as the designated total net position target level) it needs to maintain solvency.

Statement of Revenues, Expenses and Changes in Net Position:
The results of HealthTrust's operating activity are shown on this statement. This statement provides information about the level of contributions, claims and operating expenses for the fiscal year. Information about other sources of income and other expenses is provided. Lastly, this statement sets forth HealthTrust's change in net position for the year.

Statement of Cash Flows:
This statement reviews how HealthTrust's cash balance changed during the fiscal year. It is divided into three different areas explaining where HealthTrust provided or used cash during the year. These areas relate to HealthTrust's operations, investing activities and capital and related financing activities (sale and acquisition of capital assets). It substantiates and reconciles the increase or decrease in HealthTrust's cash position.

Net Position and Changes in Net Position:
HealthTrust's total assets as of June 30, 2018, 2017 and 2016 are $124.1 million, $122.3 million and $115.2 million, respectively. The increase in assets as of June 30, 2018 is primarily due to an increase in cash and cash equivalents (the Statement of Cash Flows identifies inflows and outflows of cash and cash equivalents), resulting from the timing of vendor payments and deposits. The increase in assets as of June 30, 2017 is largely due to an increase in cash and cash equivalents, resulting from lower than anticipated claims experience and increased prescription rebates from contract renegotiations. The fair value of HealthTrust's investments in equities and fixed-maturity securities increased by $5 thousand during the year ended June 30, 2018 as compared to $386 thousand during the year ended June 30, 2017, primarily due to fluctuations in equities' and fixed-maturity securities' market performance.

Net Position and Changes in Net Position (Continued):
HealthTrust's total liabilities as of June 30, 2018, 2017 and 2016 are $44.7 million, $37.6 million and $51.1 million, respectively. The increase in liabilities as of June 30, 2018 is primarily the result of the premium deficiency reserve and accrued expenses. The decrease in liabilities as of June 30, 2017 is primarily the result of reductions in the premium deficiency reserve and accrued expenses.

HealthTrust's total net position as a result of the combined effects of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of June 30, 2018, 2017 and 2016 totaled $79.5 million, $84.9 million and $64.8 million respectively.

The following table shows HealthTrust's condensed net position as of June 30:

	2018	2017	% Chg	2016	% Chg
Assets	$117,729,969	$115,725,330	2 %	$108,342,383	7 %
Property and equipment, net	250,717	311,399	(19)%	421,959	(26)%
Investment in Center at Triangle Park, Inc.	6,099,334	6,274,398	(3)%	6,461,888	(3)%
Total Assets	124,080,020	122,311,127	1 %	115,226,230	6 %
Deferred Outflows of Resources	1,241,732	924,527	34 %	1,076,950	(14)%
Liabilities	44,708,913	37,564,717	19 %	51,138,814	(27)%
Return of surplus liabilities	-	-	- %	-	- %
Total Liabilities	44,708,913	37,564,717	19 %	51,138,814	(27)%
Deferred Inflows of Resources	1,068,344	737,967	45 %	330,990	123 %
Unrestricted net position	73,375,966	78,622,522	(7)%	58,322,596	35 %
Investment in Center at Triangle Park, Inc.	6,099,334	6,274,398	(3)%	6,461,888	(3)%
Investment in property and equipment, net	69,195	36,050	92 %	48,892	(26)%
Total Net Position	$ 79,544,495	$ 84,932,970	(6)%	$ 64,833,376	31 %

Consistent with the Governmental Accounting Standards Board's requirements, HealthTrust reflects net position in three categories: restricted, unrestricted and invested in capital assets. The amount invested in capital assets reflects the amount invested in Center at Triangle Park, Inc. (CTP) and the amount invested in property and equipment (equipment, computer software, hardware, furniture, etc.), net of accumulated depreciation and related capital obligations. The amount in unrestricted net position reflects all other categories of net position, including the net unrealized gain/(loss) on marking investments to fair value. As described in Note 4 of the audited financial statements, these amounts are segregated into several categories as recognized by the HealthTrust Board of Directors. The categories include amounts for designated total net position target to protect HealthTrust's Members from unanticipated events such as larger than expected claims volume, unexpected decline in the value of invested funds, or other similar unforeseen events.

Liabilities:
Liabilities totaled $44.7 million at June 30, 2018, as compared to $37.6 million at June 30, 2017 and $51.1 million at June 30, 2016. Liabilities at June 30, 2018 are primarily comprised of a premium deficiency reserve of $7.5 million, claim and claim administration reserves totaling $21.2 million, accounts payables and accrued expenses totaling $14.8 million, and a net pension liability of $1.3 million. The increase in liabilities is primarily related to the premium deficiency reserve liability of $7.5 million; no premium deficiency reserve recorded at June 30, 2017 as compared to a recorded premium deficiency reserve of $11.0 million at June 30, 2016. In addition, HealthTrust also experienced a $2.0 million reduction in contingent liability at June 30, 2018 which was offset by increased accounts payable and net pension liability. Claims reserves are based on estimates of the ultimate cost of claims that have been reported, but not settled, and of claims that been incurred, but not reported.

In accordance with GASB Statement No. 30, “Risk Financing Omnibus,” premium deficiencies are required to be calculated and reported by public entity risk pools. As GASB is not specific to healthcare entities, in establishing a premium deficiency reserve, HealthTrust also looks to generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB) as well as applicable National Association of Insurance Commissioners (NAIC) relative to prepaid health care services contracts. Such guidance provides premium deficiency reserve guidance specific to health insurance entities, and has been used by HealthTrust to clarify and supplement GASB GAAP guidance issued within GASB Statement No. 30 which is specific to property liability insurance coverage. A premium deficiency can result when expected costs for coverage obligations as of the financial statement date exceed expected contributions (based on rates set prior to the financial statement date) for such coverage. As further described in Note 6, HealthTrust recorded a premium deficiency reserve of $7.5 million as of June 30, 2018, no reserve as of June 30, 2017 and $11.0 million as of June 30, 2016, respectively.

Operating Results:
HealthTrust’s operating results for the years ended June 30, 2018, 2017 and 2016 totaled $(6.8) million, $18.3 million, and $(21.4) million, respectively. Including non-operating revenues and expenses and investment in the Center at Triangle Park, Inc., net position during FY2018, FY2017 and FY2016 decreased by $5.4 million, increased by $20.1 million, and decreased by $19.4 million, respectively. The operating results are impacted by positive and negative claims experience as compared to estimates made during the rating process and are directly impacted by return of surplus payments. The changes in net position from non-operating revenues are due to investment income and changes in the fair value of investments resulting from market fluctuations.

After finalizing the results for the year ended June 30, 2018, the governing board reviews the total net position to identify the amount above the designated total net position target to be returned to participating Member Groups.

Operating Results (Continued):

The following table summarizes HealthTrust's operations, as shown in the Statement of Revenues, Expenses and Changes in Net Position, for the years ended June 30:

	2018	2017	% Chg	2016	% Chg
Operating Revenues					
Contributions earned from Member Groups	$393,905,251	$394,102,089	- %	$400,803,186	(2)%
Other revenues	2,629,326	6,771,321	(61)%	5,270,384	28 %
Total operating revenues - net	396,534,577	400,873,410	(1)%	406,073,570	(1)%
Operating Expenses					
Claims incurred	363,138,243	358,104,484	1 %	379,960,611	(6)%
Anthem EPHC provider payments	1,899,327	2,213,852	(14)%	2,720,207	(19)%
Premium deficiency expense (gain)	7,500,000	(11,000,000)	(168)%	8,600,000	(228)%
Claims administrative fees paid	18,043,166	17,769,255	2 %	17,476,966	2 %
Affordable Care Act - Federal Taxes	117,521	32,219	265 %	2,224,142	(99)%
Contingent liability expense	(2,029,395)	7,982	(25,525)%	2,300,000	100 %
General and administrative expenses	14,690,002	15,461,820	(5)%	14,206,942	9 %
Total operating expenses	403,358,864	382,589,612	5 %	427,488,868	(11)%
Operating (loss) gain	(6,824,287)	18,283,798	(137)%	(21,415,298)	(185)%
Non-Operating Revenues					
Net investment income	1,577,034	1,617,085	(2)%	1,538,208	5 %
Net increase in fair value of investments	4,551	386,201	(99)%	879,440	(56)%
Total non-operating revenues	1,581,585	2,003,286	(21)%	2,417,648	(17)%
Change in net position before investment in subsidiary	(5,242,702)	20,287,084	(126)%	(18,997,650)	(207)%
Change in investment in Center at Triangle Park, Inc.	(145,773)	(187,490)	(22)%	(442,076)	(58)%
Change in net position	(5,388,475)	20,099,594	(127)%	(19,439,726)	(203)%
Net position, beginning of year	84,932,970	64,833,376	31 %	84,273,102	(23)%
Net position, end of year	$ 79,544,495	$ 84,932,970	(6)%	$ 64,833,376	31 %

Operating Revenues:
Net operating revenues for FY2018, FY2017 and FY2016 totaled $396.5 million, $400.9 million and $406.1 million, respectively. FY2018 net operating revenues decreased 1% due to a contractual change regarding prescription rebates. Prescription rebates are now credited at the point of sale, thereby reducing claims expense. FY2017 net operating revenue decreased due to a decrease in covered persons compared to FY2016.

Operating revenues are primarily comprised of contributions earned from participating Member Groups. The cash provided by operating activities is detailed in the Statements of Cash Flows.

Operating Expenses:
Total operating expenses for FY2018, FY2017 and FY2016 totaled $403.4 million, $382.6 million and $427.5 million, respectively. FY2018 operating expenses increased $20.8 million over the prior year as a result of increased claims experience and changes in the premium deficiency reserve from the prior year. FY2017 operating expenses decreased $45.0 million as compared to FY2016 as a result of decreased claims experience and the premium deficiency reserve gain.

FY2018 operating expenses primarily include claims and provider payments incurred totaling $365.0 million, claims administration fees totaling $18.0 million, general and administrative expenses totaling $14.7 million, premium deficiency reserve expenses totaling $7.5 million, and a reduction in contingent liability expenses of $2.0 million.

Operating expenses as a percentage of contributions earned from Member Groups are as follows for the years ended June 30:

	2018	2017	2016
Claims incurred	92.2 %	90.9 %	94.8 %
Anthem EPHC provider payments	0.5 %	0.6 %	0.7 %
Premium deficiency expense (gain)	1.9 %	(2.8)%	2.1 %
Administrative fees paid	4.6 %	4.5 %	4.4 %
Affordable Care Act - Federal Taxes	- %	- %	0.6 %
Contingent liability expense	(0.5)%	- %	0.6 %
Administrative expenses	3.7 %	3.9 %	3.5 %

Cash Flows:
Cash and cash equivalents increased by $2.9 million for FY2018. As seen on the Statement of Cash Flows, $1.8 million was generated by operating activities and $1.1 million was generated by investing and capital and related financing activities. HealthTrust has several policies to ensure its cash flow needs are met. These policies address the level of cash:

- To be maintained in interest-bearing accounts
- To be allocated to cash and investments maturing in three years or less

Cash Flows (Continued):
HealthTrust maintained sufficient cash and investments to meet these policies for the period ending June 30, 2018. All cash is maintained in interest bearing, collateralized accounts at all times. At June 30, 2018 HealthTrust had approximately 45.0 days of cash on hand as compared to 46.7 days of cash on hand at June 30, 2017 and 35.5 days of cash on hand at June 30, 2016. HealthTrust deems this to be a sufficient level of cash on hand to meet obligations and to provide ample time to liquidate investments should the need arise. The duration of the portfolio, as calculated by the investment managers, was 4.29 years at June 30, 2018 as compared to 4.37 years at June 30, 2017, and 3.40 years at June 30, 2016.

Changes in Member Groups and Covered Enrollees:
HealthTrust closely watches changes in the number of Member Groups and the number of covered Enrollees, both in total and by benefit option. These indicators are important factors in administering the coverage lines, and could potentially affect claim volume. Significant shifts in the benefit options selected at the Member and Enrollee level can impact claims projections and future trend development. An increase in the number of covered Enrollees could create more participation in HealthTrust's *Slice of Life* wellness program, resulting in additional incentive dollars being paid as well as the need for additional capacity to service the expanded Enrollee base.

As of June 30, 2018, HealthTrust covered 70,776 unique covered persons participating in at least one of the following coverage lines: medical, dental, short-term disability, long-term disability, and life insurance. These covered persons represent Employees, Retirees, Spouses, and Dependents. HealthTrust continues to see enrollment shifts to lower cost benefit options that have increased copayments and deductibles. While the current HMO plans have the largest number of Enrollees at slightly over 10,000, the new Site-of-Service benefit options have continued to see significant growth and now have over 4,300 Enrollees. It is anticipated that this will continue to grow over the next few years. The Point-of-Service (POS) enrollment has been declining over the last few years and now has just over 3,000 Enrollees. The MediComp III coverage enrollment continues to grow with over 6,300 Enrollees over age 65 covered by this benefit option. Enrollment in the Consumer Driven Health Plan (CDHP) remains small at just over 600 Enrollees, but it is an important part of the benefit options provided to Member Groups as they look for alternatives to meet the changing needs of their Employees. Dental and long-term disability enrollment remain fairly consistent over time, with the short-term disability and life insurance enrollment growing slightly over the same period.

The number of covered persons by coverage line is as follows:

	2018	2017	2016
Medical	51,295	51,602	53,302
Dental	56,012	55,119	54,632
Life	8,219	7,808	7,558
Short-term disability	3,686	3,260	2,932
Long-term disability	4,563	3,994	3,998

Participation:
HealthTrust contracts with Member Groups for coverage and the associated contribution rates on an annual basis for the upcoming coverage year. HealthTrust Bylaws provide that a Member may withdraw from coverage at any time, if proper notice is given as outlined in the HealthTrust Bylaws. HealthTrust does not maintain any multi-year contracts with its Members. However, Members generally maintain coverage for a full annual cycle, making any changes on their plan's renewal date, which is either on January 1 or July 1. If a Member withdraws from HealthTrust's medical coverage, they are required to wait two years before becoming eligible to rejoin the medical coverage line.

Market Share:
HealthTrust operates in a marketplace where there is targeted competition from other pooled risk management programs as well as insurance brokers. HealthTrust estimates, that as of June 30, 2018, HealthTrust Member Groups participating in its medical coverage line, represent approximately 72% of the total eligible number of groups in the New Hampshire public sector marketplace for medical coverage. HealthTrust offers annual renewals for current Members and proposals for eligible groups seeking new coverage. Due to the extremely competitive environment, HealthTrust expects to continue to see some movement between public sector risk pool entities on a regular basis.

Rating:
HealthTrust retains recognized actuarial firms for advice regarding the anticipated revenue needed for its self-coverage lines at each renewal and the resulting rates to be established for such coverage lines at each renewal. The rating process is designed to raise only the amount of revenue necessary to meet HealthTrust's needs for payment of claims, administration (including health management expenses) and adequate reserves. As with any actuarial prediction, there is a degree of uncertainty as to whether a particular rating will be sufficient in any one year to meet all of the needs of HealthTrust for that year. Similarly, there exists in the rating process the possibility that rates established in any year will produce higher revenue than is needed. HealthTrust believes there is a high degree of likelihood that the rates established over time, the revenue raised and the funded reserves will be adequate to meet HealthTrust's obligations to its Members and their Employees, Retirees and Dependents.

Outlook:
HealthTrust and its Board of Directors continue to focus on providing high quality, comprehensive coverage at the lowest possible cost while maintaining exceptional services and providing education and training focused on improving and maintaining the health of the covered population. HealthTrust continues to offer the *Slice of Life* wellness program along with many other administrative services that HealthTrust believes sets us apart in the New Hampshire public sector marketplace. The following are a few of the highlighted services that continue to set HealthTrust apart from the other marketplace options.

Benefit Options and Flexibility:
Members have a menu of more than fifteen different medical plan options combined with two different prescription drug plan components from which to choose, HealthTrust continues to work with Anthem and our other third-party administrators to explore the marketplace for benefit options and services that are innovative. HealthTrust has seen significant migration to the Access Blue New England Site of Service (SOS) Plans which provide access to quality care while saving money when covered individuals choose a lower-cost independent lab, radiology centers or ambulatory surgery center (ASC) for their services. If covered

Benefit Options and Flexibility (Continued):
individuals select a provider from the preferred cost-effective network, they can reduce their out of pocket costs, and the total cost of the claim that impacts the rates for the Member Group.

Retiree Billing Services:
HealthTrust Member Groups may elect for HealthTrust to provide billing administration for their Retirees' medical and dental coverage. If elected, HealthTrust handles all aspects of billing, including sending monthly invoices, collecting payments, coordinating with the New Hampshire Retirement System, and following up on unpaid accounts. Member Groups remain ultimately liable for any uncollectible Retiree billings. As of June 30, 2018, HealthTrust manages payments for medical and/or dental coverage for over 8,828 Retirees on behalf of Member Groups.

Retiree Specialists:
HealthTrust offers the services of Retiree Specialists, who assist Members and their Retirees alike with a multitude of questions and issues relative to Retiree eligibility, health coverage, Medicare, and the New Hampshire Retirement System medical subsidy. On behalf of Member Groups and their Retirees, the Retiree Specialists work closely with the New Hampshire Retirement System relative to issues of eligibility and annuity deduction payments. Additionally, HealthTrust offers four workshops a year to Retirees turning age 65, providing valuable information regarding the Medicare supplement plan and enrollment assistance. Member Benefit Administrators are also offered sessions on Retiree eligibility and coverage during two available workshops a year. Additionally, the Retiree Specialists provide Retiree presentations onsite at Members' locations.

COBRA Administration and Billing Services:
On behalf of HealthTrust Member Groups offering HealthTrust-sponsored medical and/or dental plan coverage, HealthTrust administers the various required COBRA notices, including the Initial COBRA Notice, Notice of Qualifying Event, COBRA Election Notice, and COBRA Termination Notice. As an added service for Members that elect COBRA billing services, HealthTrust, on the Member's behalf, will issue invoices directly to COBRA Beneficiaries and collect COBRA payment directly from COBRA Enrollees, thereby relieving HealthTrust Members of the administration of collecting COBRA contribution payments. For the period of July 1, 2017 – June 30, 2018, HealthTrust handled COBRA billing administration for nearly 200 COBRA Beneficiaries.

Transition Care and Survivor Care:
These two services offered through HealthTrust are designed to continue providing medical and/or dental plan coverage to covered family members of Enrollees who die while they are an active employee of a HealthTrust Member Group. Transition Care pays the required contribution for an employee's surviving covered family members for COBRA or retiree coverage for up to 12 months after an employee's death. In the event that the death occurred while the employee was performing his or her job responsibilities, the Survivor Care benefit will continue to cover the required contributions toward medical and/or dental coverage for an employee's previously enrolled family members until certain cutoff events occur. For the period of July 1, 2017 – June 30, 2018 HealthTrust provided Transition Care benefits to 29 surviving families and Survivor Care to 3 surviving families.

Onsite Services:
HealthTrust strives to continually meet the needs of Member Groups and Enrollees. Benefits Advisors and Wellness Advisors work collaboratively to provide open enrollment presentations and other various benefit education sessions throughout the year designed to support both the Member Groups and their employees in understanding the wide variety of coverage and services available to them through the HealthTrust offerings. This support is most often provided onsite at the Member's location.

Workshops:
Staff present a number of workshops designed to assist Member Benefits Administrators in performing the duties related to benefits administration. These workshops include the annual Benefits Administrator Workshops and Healthcare Reform Workshops which provide Benefits Administrators with updates and new relevant information needed to comply with healthcare reform and administration of employee benefits.

Claims Advocates:
Covered individuals who need guidance with claims processing can call on HealthTrust's Enrollee Services to assist by facilitating communication between the covered individuals and the third party claims administrator (Anthem, Caremark, and Delta Dental). Member and Enrollee Services staff continues to provide advocate support to hundreds of covered individuals annually.

HealthTrust Incentive Program:
The HealthTrust Incentive Program is extended to medically covered Enrollees as an incentive to watch for billing errors by monitoring their healthcare providers' invoices and processed claims statements. With the incentive program, Enrollees may be eligible for 50% of the savings for each claim error that is identified and corrected, up to a $1,000 maximum.

Communications:
HealthTrust strives to serve as a resource for information regarding benefits administration. HealthTrust regularly communicates with Members and Enrollees through various newsletters and our comprehensive website. These resources keep Members and Enrollees up to date on available options and services. HealthTrust's robust website, www.healthtrustnh.org, offers HealthTrust's Members and Enrollees a comprehensive location for accessing coverage and service-related information. The website includes a public section, and two password-protected portals, one each for Members and Enrollees.

Through the Secure Member Portal, designated key contacts of Member Groups can use the secure portal to submit electronic transactions such as ID card requests, salary changes, and notice of membership changes. Additionally, Members can download and print many enrollment forms and access certain resources such as the Benefits Administrator Manual, plan documents, Summaries of Benefits and Coverage and other Member specific information for billing and enrollment purposes.

Through the Secure Enrollee portal, Enrollees with medical and/or dental plan coverage can create a password-protected online account. When they sign in to this account, they can complete and submit interactive forms, such as ID card requests or address changes, download printable forms, and view resources and program details (such as plan documents) not available to the general public.

Communications (Continued):
Through our enhanced single sign-on, Enrollees who log in to their secure HealthTrust account also have direct, one-click access to their accounts at five vendor websites: CVS/caremark, Onlife Health, SmartShopper, BioIQ and Anthem. One username and password allows Enrollees to do wide-ranging tasks such as refill prescriptions by clicking the CVS/caremark button, track their health behaviors and earn points toward cash incentives by clicking the Onlife Health button, and shop for cost-effective medical procedures and services by clicking the SmartShopper button.

HealthTrust's *Slice of Life* Program:
Slice of Life provides activities and services designed to increase cost savings resulting from fewer healthcare claims. Any individuals who are covered by a HealthTrust medical program may avail themselves, at no additional cost, to valuable health management support and incentives.

Two components of Slice of Life – the Health Assessment (HA) questionnaire and Biometric Health Screenings – give participants a clear picture of their current health, help them to set health goals and create a plan for achieving those goals.

The confidential HA questionnaire is designed to help assess an Enrollee's health from year to year. Upon submission of their completed HA, Enrollees and their Covered Spouses become eligible to participate in and receive financial incentives from other Slice of Life program components. They also receive a personalized health report that identifies areas of health risk and provides information about how those risks can be reduced to maximize health status. During the fiscal year ended June 30, 2018, 12,722 HealthTrust Enrollees, Retirees, and Spouses who participated in the Slice of Life Health Assessment program received a financial incentive for completing the HA, and qualified for access to other Slice of Life program components.

Through the Slice of Life Biometric Health Screening program, covered individuals can learn their vital health measurements that can help give them a clear picture of their current health. Those measurements include blood pressure, blood sugar, blood cholesterol, body weight, waist circumference and body mass index (BMI). To participate in this component of Slice of Life, covered individuals can either complete a Biometric Health Screening form with their own primary care provider at a check-up, at a Convenient MD site, or they can attend a Biometric Health Screening event sponsored by HealthTrust. During the fiscal year ended June 30, 2018, HealthTrust sponsored 56 Biometric Health Screening events throughout New Hampshire at which 12,239 HealthTrust Enrollees, Retirees, and Covered Spouses were screened.

The following are some other key components to the Slice of Life program:

- *Health Coaching* provides individuals with some additional support to effectively manage chronic conditions or develop strategies to support changes in lifestyle such as becoming more active, losing weight or reducing stress. During the fiscal year ended June 30, 2018, 4,055 HealthTrust Enrollees, Retirees, and Covered Spouses participated in Health Coaching programs.

HealthTrust's *Slice of Life* Program (Continued):

- *Personal Wellness Journey* - Enrollees can earn cash incentives by participating in the following programs:
  - Healthy Habit Rewards - Participating in an eligible healthy class or activity
  - Tracking - Using an application or wearable fitness device to track nutrition, steps or other activity
  - Challenges - Participating in an eligible personal nutrition, physical activity or sleep challenge

- *LifeResources Employee Assistance Program* offers comprehensive mental health counseling and referral services for issues such as stress management, parenting, addictions, help to finding housing options for aging parents, and guidance about managing credit card debt.

- *Slice of Life* newsletters are quarterly publications sent to Enrollees (including Retirees), containing information related to important health and wellness issues plus important health plan news.

- *Flu Vaccine Program* provides a reimbursement program for onsite flu shot clinics for covered individuals.

- *Wellness Coordinator Academy* provides health and safety leaders with the necessary knowledge and resources that will enable them to guide their coworkers to become more aware of the issues that affect health and safety both at work and at home. HealthTrust has 189 coordinators providing wellness campaigns at their worksites. The goal is to train thirty new coordinators per year while still keeping the existing coordinators engaged by meeting with them annually and continuing to provide them with $500 per year to use toward their annual wellness campaigns. Consultation Services provided by HealthTrust's Wellness Advisors help design and implement group wellness programs, including by analyzing a Member Group's health claims history and customizing a health management program based on the Group's specific needs.

- *SmartShopper* engages individuals with HealthTrust coverages to be savvy medical consumers and rewards them when they make smart healthcare choices by choosing a low cost, quality provider. This program is completely voluntary, however, HealthTrust has seen positive results with almost 5,000 distinct covered individuals shopping for services and 2,976 incentives/rewards being paid with an average savings of $535 per claim, resulting in a gross savings of $3,147,293 during the fiscal year ended June 30, 2018.

HealthTrust Benefit Advantage:

Effective January 1, 2018, HealthTrust introduced HealthTrust Benefit Advantage, our new HRA and enhanced Flexible Spending Account (FSA) services. Benefit Advantage provides Members the opportunity to add integrated HRA administration along with FSA services HealthTrust has previously provided. To support this new initiative, HealthTrust collaborates with Benefit Strategies, an organization based in New Hampshire with more than 25 years' experience in claims processing as well as expertise in HRA design and administration. HRAs and FSAs can be valuable tools for controlling rising medical plan costs for both Employers and Employees.

Healthcare Reform Education and Assistance:
Benefits Counsel and staff continue to monitor requirements and proposed changes of the federal healthcare reform law. Through presentations at HealthTrust Benefits Administrator workshops and various other conferences and seminars for associations of school and municipal officials and administrators, HealthTrust educates and assists HealthTrust Members regarding the healthcare reform requirements that are in effect as well as proposed legislative changes. Our educational efforts also included publication of articles, newsletters and various other correspondence and presentation of webinars on the primary aspects of healthcare reform impacting HealthTrust Groups and their Employees.

Conclusion:
HealthTrust is a nonprofit provider of high quality, cost-effective medical, dental, prescription drug and ancillary benefit plans offered exclusively to New Hampshire political subdivisions and through them available to public sector Employees and their families.

As a nonprofit, public risk pool, HealthTrust has one primary goal: To serve our Members, the people who work in and govern New Hampshire’s schools, towns, cities, counties and other public entities. Our Members pool their coverage dollars and rely on HealthTrust to help them reduce their risks, contain costs, and meet the unique needs of their employees and their families. We collaborate with our Members to share resources, new ideas, best practices, and problem-solving strategies. This synergistic partnership enables HealthTrust to provide proactive, forward-focused, comprehensive coverage plans and services, while containing costs to meet taxpayer demands.

The HealthTrust Board is elected by the Members and is made up of elected officials, employees and management from schools, municipalities, and counties. As such, its decisions are focused directly on the needs and values of the Members and HealthTrust's services takes a holistic approach to meeting the employee benefit coverage and service needs of its Members.

HealthTrust is committed to providing high quality, cost-effective employee benefit products and services for public employers and employees in New Hampshire in order to reduce costs through pooling strategies with a commitment to education, health promotion and disease prevention.

HealthTrust, Inc.

Statements of Net Position

As of June 30, 2018 and 2017

	HealthTrust, Inc.		Center at Triangle Park, Inc.	
	2018	2017	2018	2017
Assets				
Cash and cash equivalents	$ 49,700,694	$ 46,757,503	$ 595,563	$ 506,263
Fixed-maturity securities	45,820,452	46,832,617	-	-
Mutual and exchange-traded funds	13,086,636	11,734,203	-	-
Contributions receivable	6,015,905	4,562,009	-	-
Accounts receivable	564,522	1,872,421	-	-
Accrued interest receivable	238,227	238,687	-	-
Prepaid expenses	240,609	235,571	-	-
Escrow deposit	-	2,029,395	-	-
Deposits - contractual	2,062,924	1,462,924	-	-
Property and equipment, net	250,717	311,399	5,685,434	5,916,612
Investment in Center at Triangle Park, Inc.	6,099,334	6,274,398	-	-
Total Assets	124,080,020	122,311,127	6,280,997	6,422,875
Deferred Outflows of Resources				
Deferred gain on pension assets	1,090,055	770,387	-	-
Deferred pension contributions	151,677	154,140	-	-
Total Deferred Outflows of Resources	1,241,732	924,527	-	-
Liabilities				
Claims payable	10,994,329	10,346,499	-	-
Claims reserves	18,578,987	18,627,118	-	-
Claims administration reserves	2,574,547	2,530,953	-	-
Deposit held for self-funded group	279,981	269,887	-	-
Accounts payable and accrued expenses	2,789,879	1,979,172	96,559	61,214
Accounts payable - vaccine program	203,312	314,778	-	-
Due to other entities	-	-	8,124	8,124
Unearned contributions	353,847	178,957	-	-
Contingent liability	-	2,029,395	-	-
Premium deficiency reserve	7,500,000	-	-	-
Capital lease liability	181,521	275,349	-	-
Net pension liability	1,252,510	1,012,609	-	-
Total Liabilities	44,708,913	37,564,717	104,683	69,338

See accompanying notes to the financial statements.

HealthTrust, Inc.

Statements of Net Position (Continued)

As of June 30, 2018 and 2017

	HealthTrust, Inc.		Center at Triangle Park, Inc.	
	2018	2017	2018	2017
Deferred Inflows of Resources				
Deferred pension expenses	1,068,344	737,967	-	-
Total Deferred Inflows of Resources	1,068,344	737,967	-	-
Net Position				
Unrestricted	68,054,202	73,305,310	490,880	436,925
Unrestricted - net unrealized gain on investment securities	5,321,764	5,317,212	-	-
Investment in Center at Triangle Park, Inc.	6,099,334	6,274,398	-	-
Investment in capital assets, net	69,195	36,050	5,685,434	5,916,612
Total Net Position	$ 79,544,495	$ 84,932,970	$ 6,176,314	$ 6,353,537

See accompanying notes to the financial statements.

HealthTrust, Inc.

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2018 and 2017

	HealthTrust, Inc.		Center at Triangle Park, Inc.	
	2018	2017	2018	2017
Operating Revenues				
Contributions earned from Member Groups	$ 393,905,251	$ 394,102,089	$ -	$ -
Self-funded plus program - net	291,864	52,078	-	-
Rental income	-	-	505,030	491,458
Support services income	99,606	196,532	-	-
Prescription administration and rebates	375	4,522,727	-	-
Ancillary services	1,980,832	1,803,338	-	-
Cobra and Medicare Part D	26,013	23,990	-	-
Other revenues	230,636	172,656	7,669	4,793
Total operating revenues - net	396,534,577	400,873,410	512,699	496,251
Operating Expenses				
Claims incurred	363,138,243	358,104,484	-	-
Anthem EPHC provider payments	1,899,327	2,213,852	-	-
Premium deficiency expense (gain)	7,500,000	(11,000,000)	-	-
Claims administrative fees paid	18,043,166	17,769,255	-	-
Affordable Care Act - Federal Taxes	117,521	32,219	-	-
Contingent liability expense	(2,029,395)	7,982	-	-
Vaccine program	1,080,309	1,283,188	-	-
Depreciation and amortization	115,104	138,216	238,650	245,870
General and administrative expenses	13,494,589	14,040,416	421,357	441,328
Net loss (gain) on sale of property and equipment	-	-	329	(1,086)
Total operating expenses	403,358,864	382,589,612	660,336	686,112
Operating (loss) gain	(6,824,287)	18,283,798	(147,637)	(189,861)

See accompanying notes to the financial statements.

HealthTrust, Inc.

Statements of Revenues, Expenses and Changes in Net Position (Continued)

For the years ended June 30, 2018 and 2017

	HealthTrust, Inc.		Center at Triangle Park, Inc.	
	2018	2017	2018	2017
Non-Operating Revenues				
Net investment income	$ 1,577,034	$ 1,617,085	$ 64	$ 54
Net increase in fair value of investments	4,551	386,201	-	-
Total non-operating revenues	1,581,585	2,003,286	64	54
Change in net position before investment in subsidiary	(5,242,702)	20,287,084	(147,573)	(189,807)
Change in investment in Center at Triangle Park, Inc.	(145,773)	(187,490)	-	-
Change in net position	(5,388,475)	20,099,594	(147,573)	(189,807)
Net position, beginning of year	84,932,970	64,833,376	6,353,537	6,543,344
Shareholder distribution	-	-	(29,650)	-
Net position, end of year	$ 79,544,495	$ 84,932,970	$ 6,176,314	$ 6,353,537

See accompanying notes to the financial statements.

HealthTrust, Inc.

Statements of Cash Flows

For the years ended June 30, 2018 and 2017

	HealthTrust, Inc.		Center at Triangle Park, Inc.	
	2018	2017	2018	2017
Cash Flows from Operating Activities				
Contributions collected from Member Groups	$ 394,257,523	$ 398,705,212	$ -	$ -
Cash received from other sources	2,203,273	2,060,720	7,669	4,793
Claims paid	(364,394,277)	(359,946,433)	-	-
Rental income collected	-	-	505,030	500,389
Salaries and benefits paid	(6,524,596)	(6,737,537)	-	-
Claims administrative fees and certain taxes paid	(18,160,687)	(17,801,474)	-	-
Vaccine program expenses paid	(1,191,775)	(1,281,624)	-	-
Wellness expenses paid	(4,280,447)	(4,454,093)	-	-
Support services income collected	99,606	196,532	-	-
Other expenses paid	398,591	(6,788,814)	(386,012)	(440,305)
Net cash from self-funded plus program	13,162	141,478	-	-
Deposits paid	(600,000)	(41,700)	-	-
Net cash provided by operating activities	1,820,373	4,052,267	126,687	64,877
Cash Flows from Investing Activities				
Proceeds from sales and maturities of investments	8,235,500	11,282,574	-	-
Purchases of investments	(8,679,421)	(11,415,966)	-	-
Interest and dividends received	1,685,698	1,694,525	64	54
Proceeds from shareholder distribution	29,291	-	-	-
Net cash provided by investing activities	1,271,068	1,561,133	64	54
Cash Flows from Capital and Related Financing Activities				
Purchases of property and equipment	(54,422)	(27,656)	(8,053)	(7,570)
Principal repayments on capital lease	(93,828)	(97,718)	-	-
Proceeds from sale of property and equipment	-	-	252	5,792
Payment of shareholder distribution	-	-	(29,650)	-
Net cash used in capital and related financing activities	(148,250)	(125,374)	(37,451)	(1,778)
Net change in cash and cash equivalents	2,943,191	5,488,026	89,300	63,153
Cash and cash equivalents, beginning of year	46,757,503	41,269,477	506,263	443,110
Cash and cash equivalents, end of year	$ 49,700,694	$ 46,757,503	$ 595,563	$ 506,263

See accompanying notes to the financial statements.

HealthTrust, Inc.

Statements of Cash Flows (Continued)

For the years ended June 30, 2018 and 2017

	HealthTrust, Inc.		Center at Triangle Park, Inc.	
	2018	2017	2018	2017
Reconciliation of operating gain (loss) to net cash provided by operating activities				
Operating (loss) gain	$ (6,824,287)	$ 18,283,798	$ (147,637)	$ (189,861)
Add (deduct) items not affecting cash:				
Depreciation and amortization	115,104	138,216	238,650	245,870
Net loss (gain) on sale of property and equipment	-	-	329	(1,086)
Changes in statement of net position accounts:				
Contributions receivable	(1,453,896)	2,074,975	-	-
Accounts receivable	1,307,899	(1,514,026)	-	5,273
Prepaid expenses	(5,038)	57,378	-	1,282
Escrow deposit	2,029,395	(2,029,395)	-	-
Deposits - contractual	(600,000)	(41,700)	-	-
Deferred gain on pension assets	(319,668)	149,004	-	-
Deferred pension contributions	2,463	3,419	-	-
Claims payable	647,830	143,964	-	-
Claims reserves	(48,131)	250,799	-	-
Claims administration reserves	43,594	(22,860)	-	-
Deposit held for self-funded group	10,094	9,679	-	-
Accounts payable and accrued expenses	810,707	(1,910,438)	35,345	(259)
Accounts payable - vaccine program	(111,466)	1,564	-	-
Due to other entities	-	-	-	5,658
Unearned contributions	174,890	(340,096)	-	-
Contingent liability	(2,029,395)	(270,605)	-	(2,000)
Premium deficiency reserve	7,500,000	(11,000,000)	-	-
Net pension liability	239,901	(338,386)	-	-
Deferred pension expenses	330,377	406,977	-	-
Net cash provided by operating activities	$ 1,820,373	$ 4,052,267	$ 126,687	$ 64,877

See accompanying notes to the financial statements.

HealthTrust, Inc.

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

Note 1 - Organization and Nature of Operations

HealthTrust, Inc. (HealthTrust), a New Hampshire voluntary corporation, was formed to provide employee benefits coverage to political subdivisions of the State of New Hampshire. In accordance with HealthTrust By-Laws, all political subdivisions of the State of New Hampshire and their instrumentalities are eligible to participate. The HealthTrust Board of Directors (Board of Directors) governs HealthTrust. HealthTrust serves as an association of local governments voluntarily joining together to finance their exposure to employee healthcare costs and is funded by its participating risk pool groups (Members or Member Groups). HealthTrust covered the following separate individuals among all coverage lines as of June 30:

	2018	2017
Medical	51,295	51,602
Dental	56,012	55,119
Life	8,219	7,808
Short-term disability	3,686	3,260
Long-term disability	4,563	3,994

HealthTrust's mission is to provide high quality, cost-effective employee benefits products and services for public employers and employees in New Hampshire in order to reduce costs through pooling strategies with a commitment to education, health promotion and disease prevention. HealthTrust's underwriting and rate setting policies have been established after consultation with actuaries.

Center at Triangle Park, Inc. (CTP) was formed as a voluntary corporation and a 501(c)(25) entity for the purpose of acquiring and holding title to real estate. As of June 30, 2018 and 2017, HealthTrust owns 98.8% of outstanding CTP shares and New Hampshire Municipal Association, Inc. (NHMA) owns 1.2%. CTP leases the real estate to HealthTrust, NHMA and third parties. The assets and all activity of CTP are included in these financial statements as a discretely presented component unit. HealthTrust's investment in CTP is recognized under the equity method of accounting, whereby the gain or loss in the operations of CTP is recognized in proportion to the ownership shares and the investment in CTP is adjusted to recognize the associated gain or loss, net of any distributions from CTP.

Note 2 - **Summary of Significant Accounting Policies**

Basis of Presentation
The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to proprietary funds of governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. HealthTrust's and CTP's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Note 2 - Summary of Significant Accounting Policies (Continued)

CTP is primarily an internal service fund providing office space to related entities on a cost reimbursement basis. Given HealthTrust's 98.8% ownership interest in CTP, along with its intent that owning CTP enhances its abilities to provide services to Members, the financial statements of CTP have been included as a component unit to maximize transparency.

Use of Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred inflows and outflows of resources, and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Subsequent Events
HealthTrust has evaluated subsequent events for disclosure and recognition through October 10, 2018, the date these financial statements were available to be issued.

Cash Equivalents
Cash equivalents consist of money market funds and all highly liquid investments with original maturities of three months or less.

Investments
HealthTrust's investments consist of mutual and exchange-traded funds and fixed-maturity securities including U.S. government agency securities, U.S. Treasury securities, corporate bonds, municipal bonds, commercial mortgage backed securities (MBS) and asset backed securities. Investments are stated at fair value based upon quoted market prices or through a recognized pricing service.

HealthTrust accounts for its investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (Statement No. 31). Statement No. 31 establishes fair value standards on accounting for all investments held by governmental external investment pools and governmental entities. All investment income, including changes in the fair value of investments, is recognized in the statements of revenues, expenses and changes in net position. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold during the current year were included as a change in the fair value of investments reported in the prior years and the current year. Realized gains and losses on the sale of investments are recognized using the specific ID method for fixed-maturity securities and average cost for mutual and exchange traded funds to determine the costs of the investments sold. Investment purchases are recognized on the trade date.

HealthTrust's estimates of fair value for financial assets are based on the framework established in GASB Statement No. 72, "Fair Value Measurement and Application." The framework is based on the inputs used in valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance includes a hierarchy based on whether significant valuation inputs are observable. In determining the level of the hierarchy in which the estimate is disclosed,

Note 2 - Summary of Significant Accounting Policies (Continued)

the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the HealthTrust's significant market assumptions.

If the inputs used to measure the assets fall within different levels of the hierarchy, the classification is based on the lowest level of input that is significant to the fair value measurement of the asset. Classification of assets within the hierarchy considers the markets in which the assets are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices for identical assets traded in active markets.

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs.

- Level 3 – Valuations based on models where significant inputs are not observable. The unobservable inputs reflect HealthTrust’s own assumptions about the inputs that market participants would use.

Fair values are based on quoted market prices when available (Level 1). HealthTrust receives the quoted market prices from a third party, nationally recognized pricing service. When market prices are not available, HealthTrust utilizes a pricing service to determine an estimate of fair value. The fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). These valuation techniques involve some level of management estimation and judgment. HealthTrust recognizes transfers between levels at the end of the reporting period. No transfers were made during 2018 and 2017.

In accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3," certain disclosures regarding deposit and investment risks have been provided in Note 5.

Contributions from Member Groups
Contributions from Members participating in HealthTrust's coverage lines are generally recognized as revenue on a monthly basis over the participation contract term. The portion of the contributions received in cash that will be earned in the future is deferred and reported as unearned contributions on the statements of net position. Contributions receivable consist primarily of contributions billed to Member Groups for the current contract term that have not been collected. Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management considers all contributions receivable to be collectible as of June 30, 2018 and 2017, therefore, an allowance for doubtful accounts has not been provided.

Note 2 - Summary of Significant Accounting Policies (Continued)

Prescription Administration and Rebates
HealthTrust receives prescription rebates related to the use of prescription drugs. Prescription rebates received in cash are recorded as prescription administration and rebates revenue on the statements of revenues, expenses and changes in net position and amounted to $375 and $4,522,727 during the years ended June 30, 2018 and 2017, respectively. Starting January 1, 2017, HealthTrust's agreement with Caremark changed the payment of rebates to a point-of-sale prescription rebate methodology. Point-of-sale prescription rebates are applied against prescription costs at the point of sale and as such are applied directly against claims incurred on the statements of revenues, expenses and changes in net position.

Prescription rebates receivable from HealthTrust's service providers are included in accounts receivable on the statements of net position and amounted to $23,580 and $1,654,483 as of June 30, 2018 and 2017. Prescription rebates receivable are stated at the amount management expects to collect from outstanding balances. Management considers all prescription rebates receivable to be collectible as of June 30, 2018 and 2017, therefore, an allowance for doubtful accounts has not been provided.

Escrow Deposit
As described more fully in Note 16, funds held in escrow are held to pay certain current and former HealthTrust members in restitution as a result of ongoing legal proceedings with the New Hampshire Department of State. The escrow deposit amounted to $2,029,395 as of June 30, 2017. As a result of HealthTrust's successful appeal of the matter, escrow deposits were returned to HealthTrust in 2018 and no funds were held in escrow as of June 30, 2018.

Property and Equipment, Net
Property and equipment with an estimated useful life greater than one year is capitalized at cost. The cost of maintenance and repairs is charged to expense as incurred, while renewals, replacement of existing systems and betterments are capitalized. Upon the sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operating gain (loss).

Land is not depreciated. Other property and equipment is depreciated or amortized using primarily the straight-line method over the following useful lives:

	Estimated Useful Life (Years)
Land improvements	15
Buildings and building improvements	31 - 40
Office equipment, computers and other equipment	3 - 5
Furniture and fixtures	3 - 5

Note 2 - Summary of Significant Accounting Policies (Continued)

Classification of Revenues and Expenses
HealthTrust's statements of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues primarily result from contributions earned from participating Member Groups to cover estimated benefits obligations and administrative costs, and increases needed to maintain the actuarially-determined capital reserve levels. HealthTrust's operating revenues also include Ancillary Services and Cobra and Medicare Part D revenue, which consist of administration fees charged for Members who elect to have HealthTrust administer their flexible spending accounts, life insurance programs, long-term disability programs and Cobra billing or Medicare Part D Retiree drug subsidy programs. Prescription administration and rebates revenue and support services income from providing administrative and business support services to other entities, as more fully described in Note 9, are also included in HealthTrust's operating revenues. Operating expenses primarily consist of expenses incurred to provide underwriting and claims payment services, administrative expenses and depreciation of property and equipment. Other revenues and expenses, including interest income and changes in the fair value of HealthTrust's investments, are classified as non-operating on the statements of revenues, expenses and changes in net position.

CTP's statements of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues primarily result from rental of property, CTP's principal activity. Operating expenses are all expenses incurred in rental operations. Interest income is reported as non-operating revenue.

Claims and Administration Reserves
HealthTrust establishes claims and claims administration reserves based on estimates of the ultimate cost of claims that have been reported, but not settled, and of claims that have been incurred, but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Claims reserves are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent claim costs, claim frequency, and other economic and societal factors. Adjustments to claims reserves are charged or credited as an expense in the periods in which they are made. HealthTrust's administrative service agreements for medical and dental coverage include a provision for two months of administrative service fees to be paid for run-out services in the event the agreements are terminated. As such, HealthTrust has accrued for this contractual obligation as a component of the claims and administrative reserves.

HealthTrust utilizes an independent consulting actuary to estimate claims and claims administration reserves for health, dental and short-term disability coverages.

Income Taxes
HealthTrust and CTP are exempt from federal and New Hampshire state income taxes under provisions of the Internal Revenue Code and New Hampshire law.

Note 2 - Summary of Significant Accounting Policies (Continued)

Reclassifications
Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation. These changes had no effect on net position as of June 30, 2017 or the change in net position for the year then ended.

Note 3 - Cash and Cash Equivalents

HealthTrust and CTP maintain cash in bank deposits and cash management accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. As of June 30, 2018 and 2017, HealthTrust's total bank balance of cash held in excess of the FDIC limit was approximately $49.5 million and $46.5 million, respectively. As of June 30, 2018 and 2017, CTP's total bank balance of cash held in excess of the FDIC limit was approximately $312 thousand and $256 thousand, respectively. The balances in excess of the FDIC limit are collateralized with securities held in joint custody with a third party custodian.

Note 4 - Net Position

Total net position is available to fund HealthTrust's designated total net position target with the remaining balance to be returned to Member Groups as surplus. HealthTrust's total net position includes the following at June 30:

	2018	2017
Board-designated total net position target	$ 85,000,000	$ 85,000,000
Deficiency from Board-designated target	(5,455,505)	(67,030)
Total net position	$ 79,544,495	$ 84,932,970

There is always the risk of unpredictable claim fluctuations beyond expected levels. The following are some reasons why claims might exceed expected levels: (1) medical trend is significantly higher than expected; (2) a small number of very large randomly occurring claims; (3) influx of new participants that are not as healthy as average existing participants; (4) departure of participants that are healthier than average; (5) federal/state legislation that results in higher costs; and (6) new technologies/treatments such as high cost drugs and advanced imaging techniques. In order to protect HealthTrust's Member Groups and their covered employees and dependents from these potential unexpected costs, HealthTrust designates a certain level of net position, which it identifies as the capital adequacy reserve target, to ensure the availability of sufficient capital to cover these risks.

The Board of Directors relies upon the opinion of a qualified independent consulting actuary, Milliman, who is a member of the American Academy of Actuaries and qualified in the area of health coverage, using an actuarially sound methodology to determine the required capital adequacy reserve for HealthTrust to ensure that all obligations for the payment of claims and expenses can be met.

Note 4 - Net Position (Continued)

Milliman recommended that HealthTrust should target a required capital adequacy reserve of between $85 million to $130 million as of June 30, 2018 and 2017. Milliman advised the Board of Directors that the lower end of the range is appropriate if HealthTrust has pricing flexibility and the upper range is appropriate if HealthTrust does not have pricing flexibility.

Based on the Milliman recommendation, the HealthTrust Board of Directors set HealthTrust’s capital adequacy reserve target at $85 million as of June 30, 2018 and 2017.

HealthTrust's investment in capital assets consists of the following at June 30:

	2018	2017
Investment in property and equipment, net of accumulated depreciation and capital lease obligations	$ 69,195	$ 36,050
Investment in CTP	6,099,334	6,274,398
Total investment in capital assets, net	$ 6,168,529	$ 6,310,448

As of June 30, 2018 and 2017, CTP's investment in capital assets represents the amount of assets which have been invested in property and equipment, net of accumulated depreciation.

Note 5 - Investments

During the years ended June 30, 2018 and 2017, HealthTrust realized net (losses) gains on sales of investments of $(58,076) and $32,021, respectively.

Risks and Uncertainties
HealthTrust invests in various investments. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

CTP maintains commercial insurance coverage for its buildings and improvements. Coverage limits are set at replacement values with customary levels of deductibles.

Concentration of Credit Risk
Concentration risk is the risk of loss attributable to the magnitude of an investment in a single issuer. HealthTrust addresses this risk by limiting single-issuer investments to 5% of total investments (with the exception of U.S. Government obligations and mutual and exchange-traded funds, which have no limit). There are no single investments that exceed that limit as of June 30, 2018 and 2017.

Note 5 - Investments (Continued)

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. HealthTrust mitigates the risk that the market value of securities will fall due to changes in general interest rates by structuring the portfolio so that securities mature to meet the cash requirements for ongoing operations, thus avoiding the need to sell securities on the open market prior to maturity. The matching of investments to expected cash is not applied to the required capital adequacy reserve, as consistent with the purpose of that reserve, it is needed to cover unexpected events at some unknown future date.

The following table provides a summary of the fair value of HealthTrust's fixed-maturity securities by contractual maturity as of June 30, 2018. Mortgage and asset backed securities are categorized based upon their contractual maturities. Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
U.S. Treasuries	$ -	$ 3,728,492	$ 2,309,368	$ -	$ 6,037,860
U.S. Agencies	338	1,131,072	2,744,215	13,311,721	17,187,346
Commercial MBS	-	121,973	-	3,177,817	3,299,790
Corporate bonds	721,588	7,630,641	4,759,444	133,055	13,244,728
Municipal bonds	346,044	786,141	563,846	471,507	2,167,538
Asset backed	-	2,851,716	1,031,474	-	3,883,190
Total	$ 1,067,970	$ 16,250,035	$ 11,408,347	$ 17,094,100	$ 45,820,452

The effective duration of the fixed-maturity securities portfolio, as calculated by HealthTrust's investment manager, is 4.29 and 4.37 years at June 30, 2018 and 2017, respectively.

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of failure of the counterparty, HealthTrust will not be able to recover the value of its investments that are in the possession of the outside party. As of June 30, 2018 and 2017, HealthTrust did not have any investments subject to custodial credit risk.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured by an assigned rating from a nationally recognized credit rating agency such as Standard and Poor's or Fitch's Rating Services. These organizations look at a number of factors in order to evaluate the credit risk of an obligation and rate the risk. This rating allows investors to make informed buying and selling decisions. HealthTrust's investment policy mitigates credit risk by limiting investments to investment-grade securities and diversifying the portfolio.

Note 5 - Investments (Continued)

The table below outlines the credit ratings of HealthTrust's fixed-maturity securities as of June 30, 2018:

	U.S. Treasuries	U.S. Agencies	Corporate Bonds	Municipal Bonds	Commercial MBS	Asset Backed	Total
Aaa	$ 6,037,860	$ 17,187,346	$ 166,600	$ -	$ 3,299,790	$ 3,883,190	$ 30,574,786
Aa1	-	-	-	147,189	-	-	147,189
Aa2	-	-	286,925	737,917	-	-	1,024,842
Aa3	-	-	320,610	405,353	-	-	725,963
A1	-	-	2,164,142	448,960	-	-	2,613,102
A2	-	-	1,145,097	83,683	-	-	1,228,780
A3	-	-	2,965,611	47,461	-	-	3,013,072
Baa1	-	-	3,189,360	246,864	-	-	3,436,224
Baa2	-	-	2,017,940	50,111	-	-	2,068,051
Baa3	-	-	988,443	-	-	-	988,443
Total	$ 6,037,860	$ 17,187,346	$ 13,244,728	$ 2,167,538	$ 3,299,790	$ 3,883,190	$ 45,820,452

** The credit rating agency used for this disclosure was Moody's.

At times after purchase, the rating of a security may fall below investment grade and the security may be retained if the risk of default is deemed low by HealthTrust's investment manager and investment advisor.

Fair Value

The following table present the levels within the fair value hierarchy at which HealthTrust's investments are measured on a recurring basis as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Fixed-maturity securities:				
U.S. Treasuries	$ 6,037,860	$ -	$ -	$ 6,037,860
U.S. Agencies	-	17,187,346	-	17,187,346
Commercial MBS	-	3,299,790	-	3,299,790
Corporate bonds	-	13,244,728	-	13,244,728
Municipal bonds	-	2,167,538	-	2,167,538
Asset backed	-	3,883,190	-	3,883,190
Total fixed-maturity securities	$ 6,037,860	$ 39,782,592	$ -	$ 45,820,452

Note 5 - Investments (Continued)

	Level 1	Level 2	Level 3	Total
Mutual and exchange-traded funds:				
Institutional index fund	$ 9,466,113	$ -	$ -	$ 9,466,113
Small cap index fund	2,011,683	-	-	2,011,683
Developed markets index fund	1,608,840	-	-	1,608,840
Total mutual and exchange-traded funds	$ 13,086,636	$ -	$ -	$ 13,086,636

The following table present the levels within the fair value hierarchy at which HealthTrust's investments are measured on a recurring basis as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Fixed-maturity securities:				
U.S. Treasuries	$ 5,467,127	$ -	$ -	$ 5,467,127
U.S. Agencies	-	16,752,196	-	16,752,196
Commercial MBS	-	3,856,618	-	3,856,618
Corporate bonds	-	12,945,581	-	12,945,581
Municipal bonds	-	2,589,556	-	2,589,556
Asset backed	-	5,221,539	-	5,221,539
Total fixed-maturity securities	$ 5,467,127	$ 41,365,490	$ -	$ 46,832,617
Mutual and exchange-traded funds:				
Institutional index fund	$ 8,436,016	$ -	$ -	$ 8,436,016
Small cap index fund	1,752,302	-	-	1,752,302
Developed markets index fund	1,545,885	-	-	1,545,885
Total mutual and exchange-traded funds	$ 11,734,203	$ -	$ -	$ 11,734,203

Note 6 - Premium Deficiency

In accordance with GASB Statement No. 30, "Risk Financing Omnibus," premium deficiencies are required to be calculated and reported by public entity risk pools. A premium deficiency can result when expected costs for coverage obligations as of the financial statement date exceed expected contributions (based on rates set prior to the financial statement date) for such coverage. In establishing a premium deficiency reserve HealthTrust also considers generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB) relative to prepaid health care services contracts and Statement of Statutory Accounting Principles No. 54, Individual and Group Accident and Health Contracts, issued by the National Association of Insurance Commissioners (NAIC). Such guidance provides premium deficiency reserve guidance specific to health insurance entities, and has been used by HealthTrust to clarify and supplement GASB GAAP guidance issued within GASB Statement No. 30 which is specific to property liability insurance coverage. Accordingly, in deriving the estimate of future health care costs and maintenance costs to be considered in determining whether a premium deficiency loss has been incurred, HealthTrust includes

Note 6 - Premium Deficiency (Continued)

projections of fixed and variable, direct and allocable indirect costs allocated to each of its operating pools. HealthTrust recorded a premium deficiency reserve in the amount of $7,500,000 as of June 30, 2018. No premium deficiency reserve was recorded as of June 30, 2017. Investment income was included as part of the calculation in determining if a premium deficiency existed. HealthTrust relies on the work of a consulting actuary to determine the premium deficiency reserve at June 30, 2018 and 2017.

Note 7 - Property and Equipment

HealthTrust's property and equipment balances and activity for the year ended June 30, 2018 are as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Property and equipment, at cost:				
Office equipment	$ 124,660	$ 13,403	$ (32,317)	$ 105,746
Computer equipment	1,315,033	41,019	(226,039)	1,130,013
Total at cost	1,439,693	54,422	(258,356)	1,235,759
Less: accumulated depreciation	(1,128,294)	(115,104)	258,356	(985,042)
Total property and equipment, net	$ 311,399	$ (60,682)	$ -	$ 250,717

HealthTrust's property and equipment balances and activity for the year ended June 30, 2017 are as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Property and equipment, at cost:				
Office equipment	$ 116,995	$ 7,665	$ -	$ 124,660
Computer equipment	3,740,359	19,991	(2,445,317)	1,315,033
Total at cost	3,857,354	27,656	(2,445,317)	1,439,693
Less: accumulated depreciation	(3,435,395)	(138,216)	2,445,317	(1,128,294)
Total property and equipment, net	$ 421,959	$ (110,560)	$ -	$ 311,399

Note 7 - Property and Equipment (Continued)

CTP's property and equipment balances and activity for the year ended June 30, 2018 are as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Property and equipment, at cost:				
Land and land improvements	$ 1,210,962	$ -	$ (65,333)	$ 1,145,629
Buildings and building improvements	7,418,958	-	(3,115)	7,415,843
Equipment	542,021	8,053	(219,016)	331,058
Furniture and fixtures	431,397	-	(431,397)	-
Total at cost	9,603,338	8,053	(718,861)	8,892,530
Less: accumulated depreciation	(3,686,726)	(238,650)	718,280	(3,207,096)
Total property and equipment, net	$ 5,916,612	$ (230,597)	$ (581)	$ 5,685,434

CTP's property and equipment balances and activity for the year ended June 30, 2017 are as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Property and equipment, at cost:				
Land and land improvements	$ 1,210,962	$ -	$ -	$ 1,210,962
Buildings and building improvements	7,417,180	7,570	(5,792)	7,418,958
Equipment	542,021	-	-	542,021
Furniture and fixtures	431,397	-	-	431,397
Total at cost	9,601,560	7,570	(5,792)	9,603,338
Less: accumulated depreciation	(3,441,942)	(245,870)	1,086	(3,686,726)
Total property and equipment, net	$ 6,159,618	$ (238,300)	$ (4,706)	$ 5,916,612

No impairment losses were recorded during the year ended June 30, 2018 or 2017.

Note 8 - Claims and Administration Reserves

As discussed in Note 2, HealthTrust establishes a liability for both reported and unreported covered events, which includes estimates of both future payments of claims and related claim adjustment credits. The following represents changes in the aggregate undiscounted claims and claims administration reserves for HealthTrust during the years ended June 30:

	2018	2017
Claims and administration reserves at beginning of year	$ 21,158,071	$ 20,930,132
Incurred claims and claim adjustment expenses:		
Provision for covered events of current year	368,060,427	360,790,779
Adjustments to provision for covered events of prior years	(4,922,184)	(2,686,295)
Total incurred claims and claim adjustment expenses	363,138,243	358,104,484
Payments of claims and claim adjustment expenses:		
Payments attributable to covered events of current year	(347,263,425)	(339,883,523)
Payments attributable to covered events of prior years	(15,879,355)	(17,993,022)
Total payments	(363,142,780)	(357,876,545)
Claims and administration reserves at end of year	$ 21,153,534	$ 21,158,071

Incurred claims and claim adjustment expenses included in claims payable on the statements of net position as of June 30, 2018 and 2017 are considered to have been paid for the purpose of the claims and claims administration reserves reconciliation above as of and for the years ended June 30, 2018 and 2017.

Note 9 - Transactions With Other Entities

HealthTrust leases office space from CTP pursuant to a lease agreement whose current term runs through June 30, 2018, and automatically renews for additional two-year terms unless either party notifies the other of its intent not to renew pursuant to the terms of the lease agreement. Rent expense under this arrangement was $340,854 and $363,934 for the years ended June 30, 2018 and 2017, respectively, to cover its share of CTP's operating expenses based on HealthTrust's proportional usage of the building. CTP has included these amounts as operating revenues in the same year. Total expected future minimum lease payments through June 30, 2019 under this agreement are $326,002.

CTP leases office space to NHMA pursuant to a lease agreement that extends through May 30, 2026. Rental income recorded by CTP under this arrangement was $37,188 and $37,918 for the years ended June 30, 2018 and 2017, respectively, to cover its share of CTP's operating expenses based on NHMA's proportional usage of the building.

Note 9 - Transactions With Other Entities (Continued)

CTP leased office space to Property-Liability Trust, Inc. (PLT) pursuant to a lease agreement that was terminated effective September 30, 2016. There was no rental income from PLT recorded by CTP under this arrangement for the year ended June 30, 2018. Rental income from PLT was $3,413 for the year ended June 30, 2017.

HealthTrust received administrative and other business support services income from CTP, PLT and NHMA pursuant to service agreements ratified by each entity's governing board. Under those agreements, HealthTrust earned $99,606 and $196,532 of support services income during the years ended June 30, 2018 and 2017, respectively. CTP has included its $99,606 and $140,594 share of these amounts as operating expenses in the same year. The agreements with PLT and NHMA were terminated effective December 31, 2016 and June 30, 2017, respectively.

HealthTrust provides employee benefits coverage to its employees. HealthTrust also provides employee benefits coverage to the employees of PLT (through September 30, 2016) and NHMA, as participating Member Groups in HealthTrust. The associated revenue is included in contributions earned from Member Groups on the statements of revenues, expenses and changes in net position. The costs incurred by HealthTrust related to providing employee benefits coverage to its employees are included in salaries and benefits expense within operating expenses on the statements of revenues, expenses and changes in net position.

Although PLT and NHMA are not technically related parties to HealthTrust, transactions with those entities are reported here due to the historical relationship that previously existed between the entities.

Note 10 - Self-Funded Plus Option

HealthTrust currently provides a Self-Funded Plus (SFP) option to one participating risk pool group. SFP is a financial arrangement for Member Groups with 100 or more eligible employees and retirees that allows the Member Group to assume responsibility for the payment of medical claims incurred by its covered employees, Retirees and dependents, subject to the contracted individual stop-loss coverage protection provided by HealthTrust. In addition to its claims liability, a participating Member Group pays a fee to HealthTrust to cover the administrative and other costs associated with this program. The net activity from the program is recorded as part of operating revenues on the statements of revenues, expenses and changes in net position.

Note 11 - Life Insurance and Long-Term Disability Programs

HealthTrust provides access for its Member Groups to life insurance and long-term disability coverage provided on a fully insured basis by other insurance companies. HealthTrust pays the premiums to the insurance providers on behalf of the participating Member Groups, which are then reimbursed to HealthTrust by the participating Member Groups. During the years ended June 30, 2018 and 2017, HealthTrust paid $1,869,457 and $1,726,166, respectively, in premiums for life insurance and long-term disability coverage. These amounts are included in both ancillary services revenue and as a component of claims administrative fees paid on the statements of revenues, expenses and changes in net position.

Note 12 - Exemption from Statutory Accounting Practices

HealthTrust and its risk pool were established for the benefit of the political subdivisions of the State of New Hampshire. As such, HealthTrust is not considered an insurer under the laws of the State, and administration of the activities of HealthTrust do not constitute conducting an insurance business for purposes of regulation or taxation. At June 30, 2018 and 2017, Statements of Statutory Accounting Practices as promulgated by the National Association of Insurance Commissioners are not applicable to HealthTrust.

Note 13 - Deferred Compensation Plan

The employees of HealthTrust are covered by a Section 457 Deferred Compensation Plan administered by ICMA Retirement Corporation. All full-time employees are immediately eligible to participate in the plan and may elect to defer up to 100% of their gross compensation up to the federal limits. Contributions to the plan and the related income on those contributions are held by ICMA Retirement Corporation.

Employee contributions to the deferred compensation plan totaled $137,717 and $160,071 for the years ended June 30, 2018 and 2017, respectively. There were no employer contributions during 2018 and 2017.

Note 14 - Defined Benefit Pension Plan

Plan Description
The HealthTrust/PLT/NHMA Pension Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan. The Boards of Directors of the participating employers in the Plan, HealthTrust, PLT and NHMA, collectively retain the authority to establish, amend or terminate the Plan and its provisions at any time subject to any legal limitations. The Plan documents have established a Retirement Committee to administer the Plan. The majority of of the members of the Retirement Committee are appointed by that is appointed by the Board of Directors of the participating employers. The Retirement Committee serves as the Plan administrator to the Plan and has discretionary authority regarding issues related to administration, interpretation and application. All active, non-temporary employees of HealthTrust, PLT and NHMA are required to participate in the Plan as a condition of employment. The Plan provides a monthly benefit when a Plan participant retires or leaves after qualifying for benefits. The Plan does not issue a standalone financial report.

On February 19, 2016, the Retirement Committee determined that partial termination of the Plan occurred when the PLT Board of Directors voted to commence runoff on April 14, 2015. The partial termination triggered a clause in the Plan granting all PLT employees, regardless of service, who terminate employment on or after April 14, 2015, 100% vested status, eligible for pension benefits as provided in the Plan. Pursuant to the terms of the Plan, PLT must give 90-days advanced notice to the Retirement Committee before ceasing to make contributions and effectively withdrawing from the Plan. An employer may only withdraw as of the Plan’s year-end, resulting in a withdrawal liability as calculated by the Plan’s consulting actuary. The withdrawing employer must pay the withdrawal liability in one lump sum within 60 days of being notified of the withdrawal liability by the Retirement Committee. On June 3, 2016, PLT gave notice of its intent to withdraw from the Plan effective December 31, 2016. As of June 30, 2017, PLT's withdrawal liability was $99,387, which was paid by PLT into the fund in full during the fiscal year ended June 30, 2018 and the resulting liability was reduced to $0.

Note 14 - Defined Benefit Pension Plan (Continued)

Summary of Significant Accounting Policies
GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" (Statement No. 68) establishes financial reporting requirements for most governmental organizations that provide their employees with pension benefits. In accordance with Statement No. 68, HealthTrust recognizes its proportionate share of the Plan's collective net pension liability and pension expense, and the related deferred outflows and inflows of resources, on the financial statements.

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense reported by the Plan have been determined using the accrual basis of accounting in conformity with GAAP as applied to governmental entities. The Plan's investments are reported at fair value based upon quoted market prices.

Benefits
The participants' benefits are established in the Plan and may only be changed with an amendment to the Plan. A participant's benefit is determined under a formula that multiplies the participant's final average earnings by her/his credited service. The formula is 1.50% of the final average earnings for each year of credited service, not to exceed 50% of the participant’s final average salary. Final average salary is defined as the average of the highest three consecutive years out of the last ten years base salary prior to retirement or termination. Participants are eligible for normal retirement at age 65, or early retirement at the age of 55 with 10 years of credited service. If a participant chooses early retirement, the benefit will be reduced by 0.25% for each month prior to the normal retirement date. If a participant remains employed after age 65, benefits will continue to accrue without any actuarial adjustment for late retirement. Upon reaching eligible retirement age, a vested participant who elects to retire generally receives benefit payments in annuity installments based upon the participant's retirement elections; however, participants may elect to receive a lump sum payment if the lump sum benefit is less than $10,000 ($5,000 prior to June 2017).

Contributions
The contribution requirements of the participating employers under the Plan are established and may be amended by the Retirement Committee based on the annual actuarial valuation of the Plan. The contribution requirements of the participating employees are established in the Plan and may only be changed with an amendment to the Plan.

Participants contribute 5% of their base earnings to the Plan. For the plan years ended December 31, 2018, 2017 and 2016, the employers contributed 6.91%, 6.91% and 7.27%, respectively, of each participant's earnings to the Plan.

A summary of employer and employee contributions to the Plan is as follows for the plan years ended December 31:

	Annual Required Contributions	Employer Contributions	Employee Contributions	Percentage Contributed
2017	$ 463,996	$ 463,996	$ 263,827	100%
2016	$ 411,169	$ 411,169	$ 282,631	100%

Note 14 - Defined Benefit Pension Plan (Continued)

Summary Plan Financial Information

The net pension liability was measured as of December 31, 2017 and 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

A schedule of the Plan's fiduciary net position is as follows as of the plan year ended December 31:

	2017	2016
Cash and cash equivalents	$ 506,128	$ 211,207
Accrued interest and other dividends	26,147	15,730
Investments, at fair value:		
Equities - domestic and foreign	5,126,302	4,854,117
Exchange-traded funds	4,111,902	3,139,873
Corporate bonds	1,715,910	1,809,536
U.S. Treasuries	1,792,094	1,803,219
Accounts payable	(16,787)	(6,754)
Net position available for pension benefits	$ 13,261,696	$ 11,826,928

As of December 31, 2017 and 2016, the Plan's equities and exchange-traded funds are categorized as Level 1 in accordance with the fair value hierarchy and are valued based on quoted prices for identical assets traded in active markets. As of December 31, 2017 and 2016, the Plan's corporate bonds are categorized as Level 2 and U.S. Treasuries as Level 1 in accordance with the fair value hierarchy and are valued based on quoted prices for similar or identical assets in active or non-active markets, or inputs other than quoted prices that are observable for the asset and market-corroborated inputs.

Note 14 - Defined Benefit Pension Plan (Continued)

The schedule of changes in net pension liability and relative funding progress of the Plan is as follows for the plan years ended December 31:

	2017	2016
Service cost	$ 546,749	$ 625,316
Interest on total pension liability	854,015	819,563
Changes of benefit terms	-	-
Difference between expected and actual experience on total pension liability	(139,538)	(481,795)
Changes of assumptions	858,770	-
Benefit payments	(435,283)	(257,844)
Refunds of employee contributions	(49,720)	(44,683)
Net change in total pension liability	1,634,993	660,557
Total pension liability - beginning	13,107,820	12,447,263
Total pension liability - ending (a)	$ 14,742,813	$ 13,107,820
Employer contributions	$ 463,996	$ 411,169
Employee contributions	263,827	282,631
Plan net investment income	1,251,910	884,639
Benefit payments	(435,283)	(257,844)
Refunds of employee contributions	(49,720)	(44,683)
Plan administrative expenses	(57,328)	(59,763)
Other changes in Plan fiduciary net position	(2,634)	(2,986)
Net change in Plan fiduciary net position	1,434,768	1,213,163
Plan fiduciary net position - beginning	11,826,928	10,613,765
Plan fiduciary net position - ending (b)	$ 13,261,696	$ 11,826,928
Net pension liability - ending (a) - (b)	$ 1,481,117	$ 1,280,892
Plan fiduciary net position as a percentage of total pension liability	89.95 %	90.23 %
Covered payroll	$ 5,270,767	$ 5,652,187
Net pension liability as a percentage of covered payroll	28.10 %	22.66 %

Note 14 - Defined Benefit Pension Plan (Continued)

An independent consulting actuary was engaged to perform the annual actuarial valuation as of December 31, 2017 and 2016. The information included in the schedule of changes in net pension liability and relative funding progress of the Plan from the December 31, 2017 and 2016 actuarial valuations was prepared using the entry age normal cost method. The purpose of providing the above schedule is to provide information that serves as a surrogate for the funded status and funding progress of the Plan. The December 31, 2017 and 2016 actuarial valuations were prepared treating all former PLT employees employed as of the December 31, 2015 valuation date as 100% vested, except for one non-vested employee that terminated after the partial plan termination and before the valuation date. The above table reflects the quantitative value of change in assumptions used to project the net pension liability of $858,770. The assumption changes are outlined on page 42 and 43 of the notes to the financial statements.

The schedule of total pension expenses is as follows for the plan years ended December 31:

	2017	2016
Service cost	$ 546,749	$ 625,316
Interest on total pension liability	854,015	819,563
Current year benefit changes	-	-
Employee contributions	(263,827)	(282,631)
Projected earnings on Plan investments	(774,693)	(700,572)
Plan administrative expenses	57,328	59,763
Other changes in Plan fiduciary net position	2,634	2,986
Recognition of outflow (inflow) of resources due to liabilities	(25,536)	(144,765)
Recognition of outflow (inflow) of resources due to assets	198,732	294,175
Total pension expenses	$ 595,402	$ 673,835

Note 14 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions
The significant assumptions and methods used in the actuarial valuations for the December 31, 2017 and 2016 measurement periods are as follows:

	2017	2016
Actual cost method:	Entry age normal cost method	Entry age normal cost method
Asset valuation method:	4-year smoothed market; 25% corridor	4-year smoothed market; 25% corridor
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed
Equivalent single amortization period:	14 years	15 years
Investment rate of return:	6.0%	6.5%
Price inflation rate:	2.25%	2.5%
Projected salary increases:	3.5% including inflation	4.0% including inflation
Cost-of-living adjustments:	None	None
Retirement age:	Age 65 for Normal Retirement and 55 for Early Retirement with 10 years of credited service. Retirement age assumptions are as follows:	Age 65 for Normal Retirement and 55 for Early Retirement with 10 years of credited service. Retirement age assumptions are as follows:
	- 12% retired 55-64 years	- 15% retired 55-64 years
	- 75% 65-69 years	- 100% by 65 years
	- 100% by 70 years	
Mortality assumptions:	Utilized RP-2014 Mortality Tables with MP-2014 projected longevity improvements (from 2006-2014) removed and with projected longevity improvements from 2006-2026 using MP-2017 projected statistics.	Utilized RP-2000 Combined Healthy Mortality Tables projected to 2020 for males and females using scale AA

Note 14 - Defined Benefit Pension Plan (Continued)

	2017	2016
Section 417(e) interest rate:	Option factors are currently based on the IRC Section 417(e) applicable mortality and interest. The actuary has estimated that this basis creates an implicit subsidy, since it differs from the valuation assumptions.	Option factors are currently based on the IRC Section 417(e) applicable mortality and interest. The actuary has estimated that this basis creates an implicit subsidy, since it differs from the valuation assumptions. The actuary has increased liabilities and normal cost by a 2% liability adjustment to account for this subsidy.

Single Discount Rate and Long-Term Expected Rate of Return
A Single Discount Rate of 6.00% and 6.50% was used to measure the total pension liability as of December 31, 2017 and 2016, respectively. The projection of cash flows used to determine this Single Discount Rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The Single Discount Rate is based on the long-term expected rate of return on Plan investments and the long-term tax-exempt municipal bond rate. As of December 31, 2017 and 2016, the long-term expected rate of return on Plan investments is 6.00% and 6.50% respectively, the municipal bond rate is 3.31% (3.78% as of December 31, 2016), and the resulting Single Discount Rate is 6.00% and 6.50% respectively.

The tax-exempt municipal bond rate was based on the weekly rate closest to but not later than the measurement date of the Bond Buyer Index of 20-year general obligation bonds with an average AA credit rating.

The long-term expected rate of return on Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 14 - Defined Benefit Pension Plan (Continued)

For each major asset class that is included in the Plan's target asset allocations as of December 31, 2017, these best estimates are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
Domestic fixed income	38.00 %	2.00 %	0.76 %
Domestic equity	55.00 %	5.20 %	2.86 %
International equity	5.00 %	5.25 %	0.26 %
Cash	2.00 %	1.00 %	0.02 %
Total	100.00 %		3.90 %
Expected inflation rate			3.00 %
Total return			6.90 %

Discount Rate Sensitivity Analysis
The following presents HealthTrust's proportionate share of the net pension liability, calculated using the Single Discount Rate of 6.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.0%) or one percentage point higher (7.0%) than the Single Discount Rate as of June 30, 2018:

HealthTrust's Proportionate Share of the Net Pension Liability	1% Rate Decrease (5.0%)	Current Single Discount Rate (6.0%)	1% Rate Increase (7.0%)
June 30, 2018	$ 2,983,154	$ 1,252,510	$ (194,289)

Net Pension Liability and Pension Expense
As of June 30, 2018 and 2017, HealthTrust reported a net pension liability of $1,252,510 and $1,012,609, respectively, and a pension expense of $501,556 and $542,643, respectively, for its proportionate share of the Plan's net pension liability.

Note 14 - Defined Benefit Pension Plan (Continued)

The schedule of each employer's proportionate share of the collective net pension liability and pension expense is as follows as of and for the years ended June 30:

	2018		2017	
	Net Pension Liability	Pension Expense	Net Pension Liability	Pension Expense
HealthTrust	$ 1,252,510	$ 501,556	$ 1,012,609	$ 542,643
PLT	-	-	99,387	40,539
NHMA	228,607	93,846	168,896	90,653
Total	$ 1,481,117	$ 595,402	$ 1,280,892	$ 673,835

The net pension liability was measured as of December 31, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the December 31, 2017 valuation, HealthTrust's and NHMA's proportionate share of the collective net pension liability was based on each entity's contributions to the Plan relative to the contributions of HealthTrust and NHMA for the period from January 1, 2017 and December 31, 2017.

For the December 31, 2016 valuation, PLT's net pension liability is equal to its actuarially determined withdrawal liability of $99,387. HealthTrust's and NHMA's proportionate share of the collective net pension liability was based on each entity's contributions to the Plan relative to the contributions of HealthTrust and NHMA for the period from January 1, 2016 through December 31, 2016.

At December 31, 2017 and 2016, HealthTrust's proportion of the collective net pension liability was 84.57% and 79.06%, respectively, and HealthTrust's proportion of the pension expense was 84.24% and 80.53%, respectively.

There were no changes to benefit terms. There were significant changes to the assumptions that affected measurement of the total pension liability since the prior measurement date of December 31, 2016 as described in the assumptions table on page 44 of the notes to these financial statements. There were no changes between the measurement date of the collective net pension liability of December 31, 2017 and HealthTrust's reporting date of June 30, 2018 that are expected to have a significant impact on HealthTrust's proportionate share of the collective net pension liability.

Note 14 - Defined Benefit Pension Plan (Continued)

Deferred Outflows and Inflows of Resources
As of and for the fiscal years ended June 30, 2018 and 2017, HealthTrust reported its proportionate share of the Plan's deferred outflows and inflows of resources related to pensions from the following sources:

	June 30, 2018		June 30, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ -	$ (640,896)	$ -	$ (621,555)
Changes in Assumptions	605,834	-	-	-
Net difference between projected and actual earnings on Plan investments	482,565	(416,244)	712,783	(116,412)
Changes in proportion and differences between employer contributions and share of contributions	1,656	(11,204)	57,604	-
Contributions paid to Plan subsequent to the measurement date	151,677	-	154,140	-
Total	$ 1,241,732	$ (1,068,344)	$ 924,527	$ (737,967)

The net amounts of HealthTrust's balances of deferred outflows and inflows of resources as of June 30, 2018 related to pensions will be recognized as pension expense as follows during the fiscal years ended June 30:

	Pension Expense Amount
2019	$ 144,517
2020	67,279
2021	(135,386)
2022	(89,803)
2023	31,902
Thereafter	3,203
Total	$ 21,712

Note 15 - Capital Lease Obligations

HealthTrust entered into a lease agreement as lessee for financing the acquisition of equipment. The lease qualifies as a capital lease for accounting purposes and has therefore been recorded at the net present value of the future minimum lease payments. The future minimum lease payments and the net present value of those payments are as follows as of June 30:

	Minimum Lease Payments	
	2018	2017
Payments due during year ended:		
June 30, 2018	$ -	$ 102,648
June 30, 2019	102,648	102,648
June 30, 2020	85,541	85,541
June 30, 2021	-	-
Total future minimum lease payments	188,189	290,837
Less: interest	(6,668)	(15,488)
Total capital lease liability	$ 181,521	$ 275,349

The assets acquired through capital lease obligations are included in property and equipment, net on the statements of net position and consist of the following as of June 30:

	2018	2017
Equipment, at cost	$ 380,419	$ 380,419
Less: accumulated depreciation	(198,135)	(103,030)
Total equipment, net	$ 182,284	$ 277,389

Note 16 - Litigation Update

As of June 30, 2018, HealthTrust was not involved in any pending litigation. As of June 30, 2017, HealthTrust had an appeal pending before the New Hampshire Supreme Court in which it was challenging an order issued by a hearing officer from the New Hampshire Department of State (HealthTrust's regulator) which required HealthTrust to distribute an additional $2,029,395 to sixty-six political subdivisions on whose behalf the regulator brought the claim. While the appeal was pending, the Supreme Court stayed the hearing officer's order and HealthTrust deposited the $2,029,395 into an escrow account. On March 29, 2018, the Supreme Court issued a decision in the appeal, finding in HealthTrust's favor and reversing the hearing officer's order to distribute these additional funds. As a result, the escrow funds were returned to HealthTrust and the administrative action, which began in 2011, came to a final end.

Note 17 - Contingencies

HealthTrust assesses potential liabilities in connection with lawsuits and threatened lawsuits under U.S. Generally Accepted Accounting Principles. HealthTrust accrues an estimated loss for loss contingencies if both of the following conditions are met: (1) information available prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements; and (2) the amount of loss can be reasonably estimated. As of June 30, 2018, HealthTrust did not accrue any contingent liability in connection with lawsuits or threatened lawsuits. As of June 30, 2017, HealthTrust accrued a contingent liability in the amount of $2,029,395, for a litigation matter in which HealthTrust ultimately prevailed in March of 2018, thus negating the liability.

REQUIRED SUPPLEMENTARY INFORMATION

HealthTrust, Inc.

Reconciliation of Claims Liabilities by Type of Contract (Unaudited)

For the year ended June 30, 2018

The schedule below presents the changes in claims liabilities for HealthTrust's three types of contracts, employee health, dental benefits and short-term disability, for the year ended June 30, 2018:

	Health	Dental	Short-Term Disability	Total
Claims and administration reserves at beginning of fiscal year	$ 19,878,514	$ 1,106,158	$ 173,399	$ 21,158,071
Incurred claims and claim adjustment expenses:				
Provision for covered events of current year	342,585,017	24,620,616	854,794	368,060,427
Adjustments to provision for covered events of prior years	(4,439,325)	(421,422)	(61,437)	(4,922,184)
Total incurred claims and claim adjustment expenses	338,145,692	24,199,194	793,357	363,138,243
Payments of claims and claim adjustment expenses:				
Payments attributable to covered events of current year	(323,056,246)	(23,544,650)	(662,529)	(347,263,425)
Payments attributable to covered events of prior years	(15,108,375)	(659,017)	(111,963)	(15,879,355)
Total payments	(338,164,621)	(24,203,667)	(774,492)	(363,142,780)
Total claims and administration reserves at end of fiscal year	$ 19,859,585	$ 1,101,685	$ 192,264	$ 21,153,534

HealthTrust, Inc.

Reconciliation of Claims Liabilities by Type of Contract (Unaudited)

For the year ended June 30, 2017

The schedule below presents the changes in claims liabilities for HealthTrust's three types of contracts, employee health, dental benefits and short-term disability, for the year ended June 30, 2017:

	Health	Dental	Short-Term Disability	Total
Claims and administration reserves at beginning of fiscal year	$ 19,662,357	$ 1,116,540	$ 151,235	$ 20,930,132
Incurred claims and claim adjustment expenses:				
Provision for covered events of current year	336,379,739	23,623,342	787,698	360,790,779
Adjustments to provision for covered events of prior years	(2,331,762)	(288,500)	(66,033)	(2,686,295)
Total incurred claims and claim adjustment expenses	334,047,977	23,334,842	721,665	358,104,484
Payments of claims and claim adjustment expenses:				
Payments attributable to covered events of current year	(316,746,938)	(22,522,287)	(614,298)	(339,883,523)
Payments attributable to covered events of prior years	(17,084,882)	(822,937)	(85,203)	(17,993,022)
Total payments	(333,831,820)	(23,345,224)	(699,501)	(357,876,545)
Total claims and administration reserves at end of fiscal year	$ 19,878,514	$ 1,106,158	$ 173,399	$ 21,158,071

HealthTrust, Inc.

Ten-Year Schedule of Claims Development Information (Unaudited)

June 30, 2018

The following claims development information includes health, dental and short-term disability contracts. The table illustrates how HealthTrust's earned revenues (net of reinsurance) and investment income compare to related costs of claims and claim adjustment expenses (net of loss assumed by reinsurers) and other expenses assumed by HealthTrust for the fiscal periods ended June 30, 2014 through June 30, 2018. The rows of the table are defined as follows:

1. Total of each fiscal period's gross earned contributions revenue and investment revenue, contributions revenue ceded to reinsurers, and net earned contributions revenue and investment revenue.
2. Other operating costs of HealthTrust, including overhead and claims expenses not allocable to individual claims for each fiscal period.
3. Gross incurred claims and allocated claims adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first fiscal period in which the event that triggered coverage under the contract occurred (called *policy year*).
4. This section shows the cumulative net amounts paid as of the end of each fiscal period and annually thereafter.
5. The latest re-estimated amount of claims assumed by reinsurers as of the end of each fiscal period and annually thereafter.
6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of each fiscal period and annually thereafter. This re-estimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This section compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

The columns of the table show data for successive fiscal periods.

As data for individual policy years matures, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

HealthTrust, Inc.

Ten-Year Schedule of Claims Development Information (Unaudited) (Continued)

June 30, 2018

		Fiscal periods ended June 30 (in thousands of dollars)				
		2018	2017	2016	2015	2014
1)	Required contributions and investment revenue					
	Earned	$ 395,487	$ 396,105	$ 403,221	$ 408,035	$ 359,834
	Ceded	-	-	-	-	569
	Net earned	395,487	396,105	403,221	408,035	359,265
2)	Unallocated expenses	34,750	35,477	36,628	33,307	27,489
3)	Estimated claims and expenses incurred at end of policy year					
	Incurred	368,060	360,791	379,998	366,067	299,126
	Ceded	-	-	-	-	-
	Net incurred	368,060	360,791	379,998	366,067	299,126
4)	Net paid (cumulative) as of:					
	End of policy year	347,263	339,884	359,149	345,652	280,187
	One year later	-	356,296	377,246	365,747	297,010
	Two years later	-	-	377,356	365,489	296,926
	Three years later	-	-	-	365,475	296,718
	Four years later	-	-	-	-	296,709
5)	Reestimated ceded claims and expenses as of:					
	End of policy year	-	-	-	-	-
	One year later	-	-	-	-	-
	Two years later	-	-	-	-	-
	Three years later	-	-	-	-	-
	Four years later	-	-	-	-	-
6)	Reestimated net incurred claims and expenses as of:					
	End of policy year	368,060	360,791	379,998	366,067	299,126
	One year later	-	356,549	377,447	365,778	296,870
	Two years later	-	-	377,383	365,541	296,976
	Three years later	-	-	-	365,475	296,717
	Four years later	-	-	-	-	296,709
7)	Decrease in estimated net incurred claims and expenses from end of policy year	$ -	$ 4,242	$ 2,615	$ 592	$ 2,417

HealthTrust, Inc.

Ten-Year Schedule of Employer Pension Information (Unaudited)

June 30, 2018

The following unaudited schedule presents HealthTrust's proportionate share of the Defined Benefit Pension Plan's net pension liability and related ratios for multiple years.

Plan Year Ended December 31:	Percentage Proportionate Share of Collective Net Pension Liability	Proportionate Share of Collective Net Pension Liability	Covered Payroll	Proportionate Share of Collective Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability
2013	72.09%	$ 560,521	$ 4,282,783	13.09%	92.81%
2014	72.09%	$ 722,805	$ 4,416,017	16.37%	91.37%
2015	73.68%	$ 1,350,995	$ 4,446,396	30.38%	85.27%
2016	79.06%	$ 1,012,609	$ 4,468,619	22.66%	90.23%
2017	84.57%	$ 1,252,510	$ 4,457,488	28.10%	89.95%

The following unaudited schedule presents HealthTrust's employer contributions to the Plan and related ratios by plan year through December 31, 2017 and for the period from January 1, 2018 through HealthTrust's June 30, 2018 fiscal year end.

Period Ended:	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
December 31, 2013	$ 354,201	$ 354,201	$ -	$ 4,282,783	8.27%
December 31, 2014	$ 359,464	$ 359,464	$ -	$ 4,416,017	8.14%
December 31, 2015	$ 334,863	$ 334,863	$ -	$ 4,446,396	7.54%
December 31, 2016	$ 325,070	$ 325,070	$ -	$ 4,468,619	7.27%
December 31, 2017	$ 308,394	$ 308,394	$ -	$ 4,457,488	6.91%
June 30, 2018	$ 151,677	$ 151,677	$ -	$ 2,195,042	6.91%

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
HealthTrust, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of HealthTrust, Inc. (HealthTrust) and its discretely presented component unit, which comprise the statement of net position as of June 30, 2018 and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HealthTrust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HealthTrust's internal control. Accordingly, we do not express an opinion on the effectiveness of HealthTrust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether HealthTrust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HealthTrust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HealthTrust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Lambert LLP

Burlington, Vermont
October 10, 2018