

**HEALTHTRUST, INC.**  
**FINANCE & PERSONNEL COMMITTEE**  
**Minutes of July 31, 2025**

**COMMITTEE MEMBERS PRESENT:**

Brown, Troy, Town Manager, Littleton	Ruehr, Timothy, Chief Financial Officer, SAU #29
Kivikoski, Alison, Senior Director of Human Resources, Rockingham County	Rossner, Daniel, Business Administrator, SAU #48 <i>ex officio</i>

**BOARD MEMBERS UNABLE TO ATTEND:**

Dean, Russell, Town Manager, Exeter, <i>Chair</i>	
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**STAFF PRESENT:**

Bodwell, Erica, Benefits and Coverage Counsel	Thomas, Keri, Executive Assistant
DeRoche, Scott, Executive Director	Tsiopras, George, Deputy Director and Chief Financial Officer
Easterling, Suzy, Compliance, Risk & Control Officer	Turmel, Lynne, Director of Risk Pool Operations
Kalgren, Jason, Chief Information Officer	

**OTHER ATTENDEES:**

Buzby, Eric, Senior Consulting Actuary, Milliman ( <i>virtual</i> )	Murphy-Barron, Catherine, Principal & Consulting Actuary, Milliman ( <i>virtual</i> )
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Daniel Rossner advised the committee that he would be acting as chair in Russell Dean’s absence and opened the Finance & Personnel committee meeting at 9:04 a.m.

Chair Rossner expressed gratitude to the HealthTrust staff and Eric Buzby, and Cathy Murphy-Barron for their diligent efforts in supplying information to the committee. He stressed the importance of providing this information before the board retreat, while also acknowledging the pressure from the BSR to release year-end financial reports as soon as possible after June 30.

**Minutes of May 8, 2025 Finance & Personnel Committee Meeting**

Chair Rossner asked if Committee members had reviewed the minutes and if there were any recommended revisions. None were suggested.

**MOTION** by Troy Brown, seconded by Alison Kivikoski, to accept the minutes of the May 8, 2025 HealthTrust, Inc. Finance & Personnel Committee meeting.

**Motion** passed, unanimously.

**New Business**

Chair Rossner invited George Tsiopras to present a financial update.

George Tsiopras provided an overview of the FY2025 preliminary results. He reported an operating gain of \$11.1M and investment income of \$2.9M added \$14.0M to the Net Position, exclusive of the year end analysis of the IBNP (Incurred But Not Paid) and PDR (Premium Deficiency Reserve). He noted that a \$4.5M IBNP transaction was recorded in the financial statements based on an analysis performed by our external actuaries, but that the actuaries concluded a PDR was not required. The IBNP adjustment was based on a thorough actuarial analysis, ensuring

accurate representation of potential future liabilities as of June 30, 2025. He also noted that the year-end Net Position reached \$43.3M, which favorably aligns with the organization's strategic rebuild plan. He compared FY2025 revenues and expenses to those of FY2024, further noting that in FY2023, the fourth quarter of the fiscal year significantly impacted the Net Position. However, the most recent experience shows a more consistent fourth quarter. He noted that the purpose of the exhibit was to demonstrate that while contributions are consistent from month to month, expenses fluctuate. Additionally, he noted the expenses illustrated on the exhibit show a consistent estimate of claims that are incurred but not yet paid, and that as a result of the inconsistent processing speed from Anthem, the actual monthly expenses may be higher or lower than demonstrated in the exhibit.

George Tsiopras provided an update on cash and cash equivalents noting staff has been monitoring it daily for over two years. He stated that cash levels are in compliance with HealthTrust's policy requirement of 50% of claims and administrative expenses. He pointed out the spike in actual cash and equivalents due to the timing of invoices in March. He advised the Board that he was still working on some analytics and would provide more information of year-end results at the next meeting.

*Susan Hilchey arrived at 9:10*

There was a discussion surrounding the IBNP and the preliminary FY2025 year-end results.

Scott DeRoche noted the back half of the year was positive, contrasting it with how volatile spring has been in past years, due in large part to the changes made by the organization.

George Tsiopras stated the preliminary year end net position is \$43.3M after setting aside the actuarially determined IBNP reserve increase of \$4.5M. He affirmed the actions that were taken by the Board are playing out and is reflecting in the rebuild plan.

Chair Rossner expressed satisfaction with the preliminary results, highlighting that HealthTrust is meeting or surpassing its objectives. He emphasized that contrary to media reports suggesting financial difficulties, the organization is not experiencing significant financial losses.

**MOTION** by Alison Kivikoski, seconded by Troy Brown to accept the Preliminary FY2025 Year-End Results as presented.

**Motion** passed, unanimously.

### **IBNP Review**

Eric Buzby, a representative from Milliman, presented a comprehensive analysis of the IBNP (Incurred But Not Paid) claims reserve as of June 30, 2025, which was detailed in their letter dated July 29th. The presentation covered several crucial aspects of the analysis, providing a thorough overview of the current financial situation. The key points discussed during the presentation were as follows:

- The medical and dental portions of the IBNP claim reserves were meticulously calculated based on paid claims data through June 30, 2025, ensuring the most up-to-date information was used in the analysis.
- Claims were systematically broken down by both incurred date and paid date, utilizing data provided by HealthTrust. This detailed breakdown allows for a more accurate assessment of claim patterns and trends.
- A 10% explicit margin was incorporated into the medical claim reserve calculation, providing a buffer for potential fluctuations or unexpected increases in medical claims run-out resulting, in part, from Anthem's payment processing of claims.
- Similarly, a 5% explicit margin was included in the dental claim reserve, offering additional financial protection against unforeseen dental claims run-out expenses.

The analysis also highlighted ongoing challenges, particularly regarding the significant variability in Anthem payment patterns. This volatility has raised concerns and prompted Milliman to offer two important recommendations:

1. It is strongly advised to update the current reserve to the amounts documented in their detailed analysis. This adjustment will ensure that the reserves accurately reflect the most recent financial data and risk assessments.
2. Milliman emphasizes the importance of continuing to engage in in-depth discussions with Anthem to gain a better understanding of the drivers behind the observed volatility in payment patterns. These discussions are crucial for developing strategies to mitigate risks and improve financial forecasting accuracy.

By implementing these recommendations, the organization can better manage its financial risks and maintain a more stable reserve position in the face of ongoing payment pattern unpredictability.

Chairman Rossner mentioned that the committee previously discussed the frequency of IBNP adjustments. Scott DeRoche said, although there was no formal vote, it was decided to conduct analyses more frequently. He stated that staff are exploring collaboration with Milliman to produce an estimated adjustment on a monthly basis, with a formal verification conducted annually.

The challenge lies in Anthem's claims processing. This analysis is intended to show the number of unprocessed claims. When a large number of claims accumulate and are suddenly released, reserves are needed.

Chairman Rossner suggested conducting the same assessment exercise mid-year, for evaluation purposes only without accounting. He inquired whether Milliman had the capability to carry out this task.

Scott DeRoche stated that it appears that an annual analysis and adjustment to financials is standard, with potentially a less formal model occurring on a regular basis to monitor performance. Staff and Milliman are exploring options.

Eric Buzby concluded his presentation by noting that IBNP reserves increased by over \$4 million compared to last year, primarily due to lag in payments at Anthem. He also attributed the change to minor changes in the dental and short-term disability insurance, as well as approximately 4,000 members transitioning to the MAPD plan.

Troy Brown referred to the bar chart shown and asked if there were any general claim patterns historically. Eric Buzby indicated that the patterns have indeed fluctuated somewhat over the past few years. He pointed out that the claim patterns in April and May of last year were completely different from this year.

There was a discussion surrounding Anthem of New Hampshire and the migration to a national claims processing team and the challenges that have come out of this.

**MOTION** by Troy Brown, seconded by Alison Kivikoski to adopt the IBNP Report as presented.

**Motion** passed, unanimously.

### **CAR Discussion**

Scott DeRoche indicated that the Capital Adequacy Reserve (CAR) report is typically submitted to the committee for review prior to the Board retreat. However, despite an incredible effort by Milliman, the report is not yet available. He stated Eric Buzby could give a general overview of the items he has been working through but he would be delivering a full presentation on the second day of the Board retreat. He then inquired about the possibility of the committee reconvening after the presentation to formulate a recommendation for the full board on the third day of the Board retreat.

Timothy Ruehr asked if this item could wait until the next committee meeting in September. Scott DeRoche stated that auditors are pushing for this information to determine if HealthTrust is appropriately recording a return of surplus liability. George Tsiopras noted there would be several items that will require board action and recommendations from the actuaries that we would need resolved before the financial statements are finalized and the audit is completed.

Chair Rossner asked when the final audit report was due. George Tsiopras stated it is usually provided to the Board for their approval in early October, or within approximately 90 days from fiscal year end.

Scott DeRoche advised the committee that as soon as the report is available, staff will send out to the full Board.

Eric Buzby stated he aims to deliver the CAR report by tomorrow's end. He informed the committee that HealthTrust doesn't require a premium deficiency reserve (PDR). The delay is due to ongoing calculations, as he wants to avoid post-issuance revisions.

*Suzy Easterling joined the meeting at 9:42*

### **FY2026 Audit**

Suzy Easterling presented the audit plan for fiscal year 2026, outlining key focus areas for the upcoming year. She stated she is collaborating with George Tsiopras and his team to develop a Request for Proposal (RFP) for the external audit of CVS Caremark.

Scott DeRoche anticipates a substantial and complex audit process. He indicated that updates will be presented at the Board retreat, illustrating the transparency issues encountered by staff when working on pharmacy-related items. He believes this audit will serve as a valuable tool for ensuring accountability.

Suzy Easterling reviewed several planned internal audits including, assessing accuracy of Business Associate Agreements, PHI data integrity, and short-term disability claims. She stated she will also work with the Executive Assistant to update and streamline the current disaster recovery and business continuity plan.

She advised the committee she will be conducting a review of policy management that will have a schedule to review each year to make sure it is updated. Jason Kalgren stated the application that his team is working on will be a management tool that will also be able to maintain and track updates.

**MOTION** by Alison Kivikoski, seconded by Troy Brown to adopt the FY2026 Audit Plan.

**Motion** passed, unanimously.

### **Other Business**

Scott DeRoche provided an update on NHIT, addressing the ongoing discussion occurring in the local market regarding the group's obligation to pay the assessment. The receiver has reportedly issued a notice indicating that claims would not be paid, and hospitals and healthcare providers would seek payment from covered individuals, unless assessments are paid by their groups. It appears that approximately \$800,000 has been collected; however, many groups lack the funds and/or will not make payments as they believe they are not obligated to do so. He believes that Harvard Pilgrim and providers may be under some restrictions against actually billing covered individuals under insurance law, such as prompt pay statutes and TPA regulations since their coverage was in effect through June 30, 2025 and all claims were incurred on or before that date. The situation will be closely monitored for future developments. It is apparent that NHIT had insufficient IBNP funds to handle the runout, underscoring the importance of continuing to adequately fund our IBNP. He stated he believes it is possible that Harvard Pilgrim will

be required to pay all runout claims incurred during the period of active coverage (through June 30, 2025) and then pursue recovery from NHIT co through the receivership as a creditor. He stated it is notable that Harvard Pilgrim has issued a statement and thus far has stated they will not deny claims, only pend claims. He stated that Harvard Pilgrim may have had some sort of relief to terminate coverage for a future effective date if bills were not paid by NHIT, similar to our Anthem contract, but that the termination date already passed.

There was a discussion surrounding how the NHIT runout claims will be processed and the potential impacts.

Timothy Ruehr raised a new topic, asking for an update on the recent changes made by the Board and how they affected year-end finances. Chairman Rossner requested Mr. Ruehr send an email to Scott DeRoche listing all items he would like to review and discuss. This would allow staff time to prepare and gather relevant information.

Chair Rossner declared the meeting adjourned at 10:05.

Respectfully submitted,

*Keri Thomas*

Keri Thomas, HealthTrust Executive Assistant