

HealthTrust, Inc.
Board of Directors Meeting
Whitefield, NH
Minutes of August 10, 2023

BOARD OF DIRECTORS PRESENT:

Rossner, Daniel, Bus Admin, SAU #48, <i>Chair</i>	Hilchey, Susan, Director of HR, SAU #25
Dunn, Scott, Town Admin, Gilford, <i>Vice Chair</i>	Sheing, Jill, HR/Payroll Coord, Strafford Cnty
Clark, Michelle, Bus Admin, SAU #66	Stacey, Cathy Ann, Reg of Deeds, Rockingham Cnty
Codling, Brigitte, Town Manager, Haverhill	Trahan, Sarah, Teacher, Winnacunnet H. School

BOARD MEMBERS UNABLE TO PARTICIPATE

Dean, Russell, Town Manager, Exeter	Rapp, Brian, Deputy Chief, Claremont Fire Depart
Ford, Duane, Business Admin, SAU #67	

STAFF PRESENT:

Bodwell, Erica, Benefits & Coverage Counsel	Parker, Wendy, Executive Director
DeRoche, Scott, Member & Enrollee Services Mgr	Saucier, Pamela, Executive Assistant
Herrick, Jeanne, General Counsel	Simmons, Darlene, Engagement Manager
Kalgren, Jason, Reporting & Data Manager	Tsiopras, George, Chief Financial Officer

PRESENTERS PARTICIPATING:

Murphy-Barron, Cathy, Actuary, Milliman	
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Daniel Rossner, Chair of the Board opened August 10, 2023 meeting of the HealthTrust Board of Directors at 8:59a.m.

Daniel Rossner welcomed everyone to day two of the Board retreat. Susan Hilchey thanked everyone for yesterday's presentations and continued participation and questions. Mr. Rossner then invited Wendy Parker to open the first session.

Wendy Parker, asked George Tsiopras to provide an overview of HealthTrust's current financial position and recent meeting of the Finance & Personnel Committee on August 2, 2023 including a review of the current Investment Policy and the Cash and Cash Equivalents requirements within the policy. Mr. Tsiopras explained the policy compliance issues that evolved during the fourth quarter regarding cash and cash equivalents balances as well as the steps taken to timely remedy the compliance issue. Next Mr. Tsiopras turned the floor over to Cathy Murphy-Barron of Milliman to review and summarize the year-end analysis performed by Milliman related to the Capital Adequacy and Premium Deficiency Reserve recommendations. Ms. Murphy-Barron went into a thorough analysis of pre-Covid vs post-Covid claims and utilization and the spike in claims exhibited in the last four months of FY2023. Milliman's recommendation is to set a capital adequacy reserve target between \$90 and \$150 million. In addition, because the yearend Net Position is significantly lower than the recommended capital adequacy reserve target, Ms. Murphy-Barron is strongly recommending a higher than average risk charge to return to recommended capital levels within the next two rating periods rather than three. Dan Rossner asked the Board if they had any questions for Cathy and thanked her for her presentation.

Rating Model Considerations

George Tsiopras began his presentation on Rating Model Considerations, which included a review and analysis on the high dollar claim threshold. He reviewed in detail high dollar claims history and the breakdown of medical versus prescription claims since 2014. HealthTrust staff reached out to Milliman to assist in analyzing the impact of raising the high dollar claim threshold. He reviewed the impact of the recommended changes to the standard rating process, which includes increasing the high dollar claims threshold from \$150,000 to \$175,000 and to amend the current high dollar claim averaging over 5-years to

exclude the lowest year within the five-year cycle. Questions and discussion ensued throughout, including discussion on how often to review the threshold and whether or not to use a higher threshold than \$175,000. Wendy Parker clarified that they found that a threshold of \$150,000 to \$175,000 is an average in the industry. In addition, elaboration and discussion on pharmacy claims and high dollar specialty medications took place. Discussion continued around claims experience and the importance of communication with all groups in regards to upcoming rate changes and increases.

The session broke at 10:00 a.m. and resumed at 10:15 a.m.

Retiree Health Care- Understanding Today's World and New Considerations

Dan Rossner invited Scott DeRoche and Jeanne Herrick to begin the presentation on retiree health care. Scott DeRoche discussed the robust nature of retiree benefits and the significant increasing cost of those benefits. Jeanne Herrick reviewed a legal analysis of the retiree health care provisions to assist Member Groups with their compliance to RSA 100-A:50. Mr. DeRoche gave a thorough presentation of retiree rules, who qualifies, when coverage can begin, and the various retire benefit options. Discussion and questions took place in regards to responsibility of retiree billing and HealthTrust's billing administration and reach out to retirees in some cases of non-payment, including potential subsequent balance transfers to member groups. Discussion ensued throughout the presentation. The Board thanked Mr. DeRoche and Ms. Herrick for their in-depth presentation and for answering all questions raised.

The session broke for lunch at 12:00 p.m. and resumed at 1:30 p.m.

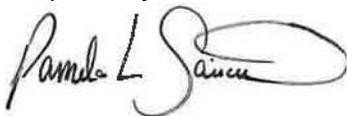
Retiree Health Benefits – What is New and Possible?

Daniel Rossner invited Erica Bodwell to begin her presentation on Retiree Solutions. Ms. Bodwell started her presentation by discussing the importance of balancing Retiree coverage with affordability. She reviewed results of research regarding options available for HealthTrust Retirees as well as what other New Hampshire public sector entities are doing including the State of NH, SchoolCare, and the cities of Concord, Manchester, and Nashua. Jeanne Herrick delved deeper into the process undertaken by the State of NH in regards to move from a self-insured plan to a fully insured Medicare Advantage plan at first with Anthem and then moving to Aetna following an RFP process and beginning on January 1, 2024 moving to a fully insured Medicare Advantage with Prescription Drug Plan provided by Anthem following another RFP process. Ms. Bodwell continued with an overview of Medicare Advantage, as well as the current Medicare Part D Prescription Drug plans, which were provided in depth in order to provide a perspective on the changes that will be come into play with the Part D redesign under the Inflation Reduction Act (IRA). The Medicare Part D redesign in 2025 under the IRA will include the introduction of a \$2,000 maximum out-of-pocket, the elimination of a coverage gap and a revised pharmaceutical discount program. Discussion and questions on the Part D redesign ensued throughout the presentation. Staff and Board discussed the various options available for Retiree Benefits, including HealthTrust staff's recommendation to move to a fully-insured Medicare Advantage with an embedded Medicare Part D drug plan with a wrap to provide coverage that is reasonably equivalent to that currently provided under the Medicomp Three program. Wendy Parker reviewed the options available to the Board in full, including staff recommendations, and answered questions from Board members.

Dan Rossner thanked Cathy Murphy-Barron for staying throughout the day to answer questions and contribute to discussions.

The meeting adjourned at 3:00 p.m.

Respectfully submitted,



Pamela Saucier, Executive Assistant