



April 5, 2004

## **Chairperson's Report for 2003**

I am pleased to be able to report to you on the strong operating results for the New Hampshire Health Plan (NHHP) in 2003. As a reminder, NHHP operates two programs: (i) its original subsidy mechanism for former books of business (not medically underwritten) and (ii) the high risk pool which began in 2002. NHHP continued to pay all approved subsidies prior to the close of the calendar year. With payments just under \$2.2M, 2003 was the second largest subsidy payment year in the program's history. Nevertheless, NHHP closed the year with \$3.2M in carryover subsidy mechanism funds.

Full implementation of New Hampshire's high risk pool was completed in 2003. The high risk pool was also qualified to serve as the State's provider for federal health coverage tax credit program beneficiaries. Thus New Hampshire residents certified as eligible for either Federal Trade Act Assistance or Pension Benefit Guarantee Corporation assistance now have access to qualified coverages in New Hampshire. In this effort, NHHP continues to be well served by the combined efforts of CML Administrators (CML), our Executive Director and Subsidy Administrator, and CBA/EBPA of Exeter, New Hampshire (our high risk pool administrator, which is responsible for enrollment, insurance premium collections and claims payments).

Your volunteer board continues to provide strong and effective oversight of NHHP's programs. As operations have matured, board work increasingly has been completed at the committee level where specialized expertise is brought to bear to improve NHHP processes. Quality reviews completed by CML this year confirmed an excellent level of service in NHHP operations in the payment of claims for the benefit of NHHP insureds. Of course, this positive service level also benefits the provider community.

Pool enrollments have now passed the 200 mark. We anticipate ongoing growth in enrollments as residents of New Hampshire become increasingly aware of this program. A number of public information initiatives were started in 2003 and are expected to continue through 2004. Meanwhile, the private market continues to demonstrate the improved viability which initially accompanied the opening of the high risk pool and the companion change in New Hampshire individual health plan market rules.

NHHP membership responded favorably to the amnesty program authorized by the Commissioner last year following analysis and recommendation from NHHP's Board. CML has collected just under \$2M under the amnesty program, resulting in a financially-stronger association and greater assurance of equity in cost sharing among our members. That program now is complete. I want to express the appreciation of NHHP for the cooperation of members in assuring that each member's assessments reflect its fair share of the cost of NHHP operations.

In addition to the carry forward fund balance for the subsidy mechanism, the high risk pool developed a carry forward balance of \$7.3M, for total NHHP net assets at December 31, 2003 of \$10.5M. The complete financial report for NHHP for the year ending December 31, 2003, including the independent auditors' report, is available on the "Insurance Carrier" page of NHHP's website: [www.nhhealthplan.org](http://www.nhhealthplan.org). This favorable financial performance enabled the Board to reduce 2004 assessments from the combined level of 80¢ in 2003 to 35¢ per person per month this year. As we advised members last November concerning the reduced 2004 assessment level, we anticipate that this level is substantially below the level which will be normal for future years. However, we are pleased, as a Board, to reduce the 2004 burden on members as a result of NHHP's extremely favorable 2003 operating results.

NHHP also has directed additional resources to the benefit of individuals insured in the pool. Rates have been reduced from the 150% of standard rates (as allowed by statute) to 140%. We continue to look at ways to improve our product offerings and reduce the burden of costs for individuals served by the high risk pool.

CML also has successfully managed NHHP's grant applications pursuant to the federal programs authorized by Congress in the Trade Adjustment Act of 2002. In 2003 NHHP received notice of grant awards in excess of \$1.2M under the TAA seed money and operating subsidy programs. Those federal dollars will be recognized in fiscal year 2004 and are expected to help us maintain favorable operations this year. TAA grants already have facilitated additional initiatives this year to enhance our service to New Hampshire residents.

Once again, NHHP's success has been the result of diligent efforts by many. Commissioner Sevigny and his staff & NHHP Board appointees have offered strong support and insightful assistance to NHHP's work. Member cooperation in meeting assessment and data reporting obligations has helped us contain administrative costs. Volunteer industry representatives on the Board have been generous with their time and expertise as NHHP steadily implements quality improvements. I want to thank each one for their continuing work which enables me to make this favorable report to you.



Rod Turner, FSA, MAA  
NHHP Chairperson