



## Audit Sub-Committee Regular Meeting DRAFT MEETING MINUTES

Location: Connecticut Historical Society  
Date: Monday, February 8, 2016  
Time: 3:00 p.m.

**Members Present:** Lt. Governor Nancy Wyman; Benjamin Barnes; Miriam Delphin-Rittmon

**Members Participating by Telephone:** Grant Ritter; Cecelia Woods;

**Other Participants:** James Wadleigh (AHCT); Steven Sigal (AHCT); Sherry McNeill (AHCT); Jean Callan (Whittlesey & Hadley, PC); Edward Sullivan (Whittlesey & Hadley, PC); Susan Rich-Bye (AHCT)

**Members Absent:**

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### A. Call to Order and Introductions

Lt. Governor Wyman called the meeting to order at 3:04 p.m.

### B. Review and Approval of Minutes

Lt. Governor Wyman requested a motion to approve the minutes from the December 2, 2015 Special Meeting. Motion was made by Cecelia Woods and seconded by Grant Ritter. Ms. Woods asked that in Section C, “generally accepting auditing standards” be amended to read “with Generally Accepted Accounting Principles” (“GAAP”). ***Motion to accept the minutes as amended passed unanimously.***

### C. 2016 Audited Financial Statements

**Benjamin Barnes arrived at 3:06 p.m.**

Ed Sullivan and Jean Callan from Whittlesey & Hadley provided an overview of three reports – draft of the 2015 Audited Financial Statements; the 2015 Programmatic Audit; and, a review of the transitional reinsurance payments. The transitional reinsurance payment report is a new report required.

At the audit committee meeting on December 2, 2015 an audit plan and strategy was presented for the audit which was in process at that time. There was approximately \$42 million in federal funds which requires additional work and reporting. Overall the audit is clean with no issues.

The statement of financial position is a snapshot of the organization. Overall, there is approximately \$72.3 million in assets as of June 30, 2015; \$22 million in cash offset by an increase in accounts receivable which has not been collected due to timing. Receivables consist of approximately \$26 million from the Department of Social Services (DSS); \$6.1 in federal funds; and, \$1.7 million in marketplace assessment receivables. Accounts payable were \$600,000 higher than last year at \$31.1 million. This left \$41.2 million in net position overall. Highlights of the statement of net position were provided. Payables consisted of consulting and administrative service expenses. There was little added to fixed assets in comparison to prior years and was reduced by \$12 million as a depreciation expense. Benjamin Barnes asked about the aggressive depreciation. Mr. Sullivan replied that it was primarily IT.

A summary of statement of revenue, expenses and change in net Position was provided. There is now an expected shift in the decrease of federal grants and increase of market assessments over time. The majority of expenses were spent for consultants.

There is a surplus of about \$3.9 million. The Lt. Governor asked if it is an expected surplus. Mr. Sigal stated that AHCT is trying to build a reserve.

Benjamin Barnes made a motion to recommend that the Fiscal Year 2015 Audit Financial Statements for review and acceptance by the Board at its next meeting. Motion was made by Benjamin Barnes and seconded by Lt. Governor Wyman. ***Motion passed unanimously.***

#### **D. 2015 Programmatic Audit Report**

Jean Callan summarized the purpose and procedure of the Programmatic Audit required by CMS. There was one finding when testing eligibility. This issue is known to Access Health CT and a process was implemented to address this in February 2015. The due date for the programmatic audit is April 1, 2016. Management is responsible for regulation compliance with respect to the audit and AHCT is in compliance with all material aspects related to the programmatic audit.

Mr. Sullivan stated that last year was the first year this was required and there was no guidance or direction regarding reporting. CMS felt that this is one of the reports that they are using as a model. There have been discussions with CMS to make sure they get the information that is needed.

Lt. Governor Wyman made a motion to recommend the Fiscal Year 2015 Programmatic Audit Report for review and acceptance by the Board at its next meeting. Motion was seconded by Benjamin Barnes. ***Motion passed unanimously.***

#### **E. 2014 Transitional Reinsurance Audit Report**

Ms. Callan provided an overview of the purpose of the transitional reinsurance audit report. The Affordable Care Act provides for a transitional reinsurance program for the benefit years of 2014

through 2016. Connecticut is the only state to elect to operate its own transitional reinsurance program. The Connecticut Transitional Reinsurance Program is administered by the Health Reinsurance Association, which is administered by Pool Administrators Inc. Management is responsible for reporting and AHCT is in compliance with all reporting. The 2014 reinsurance report will be an addendum to the programmatic audit.

Benjamin Barnes made a motion to recommend the Report of 2014 Transitional Reinsurance Payments for review and acceptance by the Board at its next meeting. Lt. Governor Wyman seconded the motion. ***Motion passed unanimously.***

**F. Adjournment**

Lt. Governor Wyman made a motion to adjourn the meeting. Cecelia Woods seconded. ***Motion passed unanimously.*** Meeting adjourned at 3:30 p.m.