

**NEW HAMPSHIRE SCHOOL HEALTH  
CARE COALITION**

**FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION**

**JUNE 30, 2025 AND 2024**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
Independent Auditor's Report .....	1 - 3
Management's Discussion and Analysis.....	4 - 12
Financial Statements:	
Statements of Net Position.....	13
Statements of Revenues, Expenses and Changes in Net Position.....	14
Statements of Cash Flows.....	15
Notes to the Financial Statements.....	16 - 29
Required Supplementary Information:	
Schedule 1 - Reconciliation of Claims Liabilities by Type of Contract.....	30
Schedule 2 - Comparative Schedule of Claim Development, Earned Assessments and Unallocated Expenses .....	31 - 32
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	33

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
New Hampshire School Health Care Coalition

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the New Hampshire School Health Care Coalition (the Coalition), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Coalition's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Coalition, as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedules 1 and 2 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2026 on our consideration of the Coalition'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coalition's internal control over financial reporting and compliance.

The logo consists of the word "Crowe" in a cursive script above the letters "LLP" in a smaller, sans-serif font.

Crowe LLP

West Hartford, Connecticut

February 2, 2026

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The New Hampshire School Health Care Coalition (the Coalition), a public entity risk pool, presents the following overview and analysis of its financial operations for the fiscal year ended June 30, 2025, to be reviewed and considered in conjunction with the more detailed statements, schedules, and notes in this report.

## **Executive Summary**

The Coalition concluded FY2024–25 amid significant claims volatility, sustained medical and pharmacy inflation, and changing utilization patterns. The organization recorded an operating loss of approximately \$25 million for the year ended June 30, 2025, primarily due to higher-than-expected claims activity and a shortfall in pharmacy considerations (rebates). To align future resources with projected obligations, management recorded a premium deficiency reserve (PDR) of \$12.1 million, resulting in a projected contingent reserve deficit of approximately \$4.7 million versus an actuarially recommended target of \$34 million for the FY2025–26 plan year. In response, the Board and management have initiated a coordinated financial and operational strategy—including a \$30 million assessment, targeted expense controls, expanded claims mitigation programs, and formulary enhancements—to stabilize liquidity, rebuild reserves, and support long-term sustainability while continuing to deliver high-quality benefits and services to Members.

## **Overview of the Financial Statements**

The Coalition's fiscal year is July 1 through June 30.

The annual financial report consists of three parts:

- Management's Discussion and Analysis
- Financial Statements and Note Disclosures
- Required Supplementary Information

Management's discussion and analysis provides a narrative overview of the statements and comments on significant developments during the reporting period. The intention is to present a financial summary of operations for the past fiscal year and discuss the outlook for the ensuing year.

The Statements of Net Position contain information regarding the assets and liabilities of the Coalition. The Coalition reports in accordance with GASB Statement No. 65 which requires deferred outflows of resources and deferred inflows of resources to be reported in separate sections of the Statement of Net Position. The Coalition has not reported any deferred outflows but does report deferred revenue as a deferred inflow.

The Statements of Revenues, Expenses and Changes in Net Position show the operating activities for the year, revenues and expenses. As required by the GASB, investment income is considered non-operating revenue. The net result of operations for the fiscal year is the change in net position from year to year.

The Statements of Cash Flows report the cash flow resulting from operating, investing and financing activities of the Coalition showing how the financial resources were used during the course of the year.

Notes to the Financial Statements provide explanations of the accounting principles followed and of key items in the financial statements. They include tables with more detailed analysis of certain accounts.

The Required Supplementary Information includes the ten-year schedule of claims development and a three-year comparative reconciliation of claims liabilities.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Analysis of Financial Information Presented in the Statements**

**Statements of Net Position**

The following table summarizes the Statements of Net Position:

	June 30, 2025	June 30, 2024	Percentage Change	June 30, 2023	Percentage Change
Cash and cash equivalents	\$ 6,884,830	\$ 9,992,106	-31%	\$ 12,507,261	-20%
Investments	16,212,566	31,909,848	-49%	34,652,370	-8%
Other assets	<u>5,348,577</u>	<u>5,903,440</u>	-9%	<u>5,402,519</u>	9%
<b>Total assets</b>	<b><u>28,445,973</u></b>	<b><u>47,805,394</u></b>	<b>-40%</b>	<b><u>52,562,150</u></b>	<b>-9%</b>
Claims payable	3,040,384	3,698,706	-18%	2,443,184	51%
Claims reserves	15,361,000	12,988,034	18%	12,047,115	8%
Premium holiday payable	-	3,183,248	-100%	5,113,031	-38%
Premium deficiency reserve	12,114,148	5,573,053		-	
Other liabilities	<u>856,991</u>	<u>878,442</u>	-2%	<u>883,603</u>	-1%
<b>Total liabilities</b>	<b><u>31,372,523</u></b>	<b><u>26,321,483</u></b>	<b>19%</b>	<b><u>20,486,933</u></b>	<b>28%</b>
Deferred inflows of resources	<u>1,803,995</u>	<u>1,069,144</u>	69%	<u>2,156,665</u>	-50%
<b>Net position:</b>					
Invested in capital assets	345,488	353,420	-2%	357,552	-1%
Unrestricted	<u>(5,076,033)</u>	<u>20,061,347</u>	-125%	<u>29,561,000</u>	-32%
<b>Total net position</b>	<b><u>\$ (4,730,545)</u></b>	<b><u>\$ 20,414,767</u></b>	<b>-123%</b>	<b><u>\$ 29,918,552</u></b>	<b>-32%</b>

Total assets for FY2025, FY2024, and FY2023 are \$28,445,974, \$47,805,394, and \$52,562,150, respectively. The decrease in assets from FY2024 to FY2025 is primarily attributable to lower cash balances due to higher than anticipated claims experience as well as lower investment balances due to a number of cash drawdowns throughout the 2024-2025 fiscal year. The decrease in assets from FY2023 to FY2024 was primarily due to higher than anticipated claims experience as well as lower investment balances due to a decrease in investments as a result of a drawdown in the spring of 2024.

Total liabilities for FY2025, FY2024, and FY2023, are \$31,372,524, \$26,321,483, and \$20,486,933 respectively. The increase in liabilities from FY2025 and FY2024 is primarily attributable to a premium deficiency reserve.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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, the Coalition 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 SchoolCare 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 1, the Coalition recorded a premium deficiency reserve of \$12.1 million as of June 30, 2025, following a premium deficiency reserve for FY2024 of \$5.5 million. There was no premium deficiency reserve required for FY2023.

Unrestricted net position decreased over the prior year by \$25,137,380 in the medical contingent reserve largely due to higher than anticipated claims experience, increased medical trend and a premium deficiency reserve. Due to high claims experience, the medical contingent reserve is not fully funded to the actuarial recommendation of \$31 million. The increase in medical contingent reserve was calculated using a 8.6% melded trend for projected 2025-26 claims. This trend increased from 8.5% in the prior year.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Statements of Revenues, Expenses and Changes in Net Position**

The following table summarizes the Statements of Revenues, Expenses and Changes in Net Position:

	June 30, 2025	June 30, 2024	Percentage Change	June 30, 2023	Percentage Change
<b>Operating revenues:</b>					
Member contributions	\$ 232,178,076	\$ 220,199,740	5%	\$ 211,243,950	4%
Other	8,893,820	10,854,104	-18%	10,171,264	7%
<b>Total operating revenues</b>	<b>241,071,896</b>	<b>231,053,844</b>	4%	<b>221,415,214</b>	4%
<b>Operating expenses:</b>					
Claims expense	231,491,244	208,891,605	11%	187,782,165	11%
Insurance premiums	18,549,692	17,201,009	8%	18,088,116	-5%
Claims administration	5,125,998	5,096,389	1%	5,094,293	0%
Self-insured pool assessments	1,946,623	1,835,013	6%	1,646,927	11%
Health and wellness benefits	2,106,663	2,086,832	1%	2,734,764	-24%
Administration	2,554,485	2,324,916	10%	2,219,125	5%
Change in premium deficiency reserve	6,541,095	5,573,053	17%	-	100%
Other	53,511	50,889	5%	49,734	2%
<b>Total operating expenses</b>	<b>268,369,310</b>	<b>243,059,706</b>	10%	<b>217,615,124</b>	12%
<b>Operating loss</b>	<b>(27,297,414)</b>	<b>(12,005,862)</b>	127%	<b>3,800,090</b>	-416%
<b>Nonoperating revenues:</b>					
Premium holiday credits	-	-	0%	(3,183,249)	-100%
Earnings on investments	2,152,102	2,502,077	-14%	979,349	155%
Change in net position	(25,145,312)	(9,503,785)	165%	1,596,190	-695%
Beginning net position, July 1	20,414,767	29,918,552	-32%	28,322,362	6%
<b>Ending net position, June 30</b>	<b>\$ (4,730,545)</b>	<b>\$ 20,414,767</b>	-123%	<b>\$ 29,918,552</b>	-32%

**Revenues** - Total operating revenues for FY2025, FY2024, and FY2023, were \$241,071,896, \$231,053,844, and \$221,415,214, respectively. The increase in Member contributions from FY2024 to FY2025 is mostly attributable to a 9.9% rate increase in the medical plan coupled with an approximately 10% increase in enrollment. The increase in Member contributions from FY2023 to FY2024 is mostly attributable to a 6.4% rate increase in the medical plan with consistent enrollment year over year.

**Expenses** - Total operating expenses for FY2025, FY2024, and FY2023 were \$268,369,310, \$243,059,706 and \$217,615,124, respectively. FY2025 and FY2024 saw elevated claims throughout the year with claims experience exceeding projections impacting both claims and premium deficiency expenses. For FY2023, operating expenses increased largely due to increased claims utilization towards the latter part of the year.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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

	2025	2024	2023
Claims Incurred	108.6%	103.6%	98.8%
Premium deficiency expense (gain)	2.8%	2.5%	0.0%
Return of Surplus	0.0%	0.0%	-1.5%
Administrative fees paid	2.2%	2.3%	2.4%
Administrative expenses	2.0%	1.9%	1.9%

### **Investment and Capital Position**

The Coalition engages Strategic Asset Alliance (SAA) as investment consultant and advisor to the Board and organization. Asset Allocation and Management Company (AAM) provides investment management and accounting services, and US Bank serves as the custodian of Coalition funds.

#### **Portfolio Values and Liquidity Actions**

- June 30, 2025: Investment portfolio valued at \$16,350,234.
- June 30, 2024: Investment portfolio valued at \$31,909,848.
- June 30, 2023: Investment portfolio valued at \$34,652,370.

Decreases in portfolio value reflect withdrawals totaling \$20.2 million since spring 2024 to support operating cash needs arising from higher-than-anticipated medical claims payments.

In FY2024, the Coalition's investments were compliant with municipal requirements under NH RSA 35:9, with the exception of an aggregate amount of 4.57%, which is compliant with RSA 402:28. This aggregate amount includes the Coalition's cash, cash equivalents, and other non-REIT investments.

The Coalition held securities non-compliant with NH RSA 35:9 of \$22 as of June 30, 2025; \$1,915,214 as of June 30, 2024; and \$2,514,638 as of June 30, 2023. The decrease reflects liquidation to meet operating cash requirements.

The portfolio previously included one Real Estate Investment Trust (REIT), which was sold in December 2023 for \$26,741.65. The REIT balance was \$0 as of June 30, 2025 and June 30, 2024, and \$55,393 as of June 30, 2023.

### **Capital Assets and Debt**

The Coalition's property and equipment were valued at \$345,488 as of June 30, 2025, compared with \$353,420 as of June 30, 2024 and \$357,552 as of June 30, 2023. The FY2025 change reflects \$25,642 in depreciation and \$17,709 in capital additions. The Coalition has no long-term debt.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

## **Financial Outlook and Strategic Response**

### **FY2025 Operating Results and Reserves**

As of June 30, 2025, SchoolCare reported an operating loss of approximately \$25 million, driven by increased claims in the second half of the fiscal year and sustained elevated utilization. A secondary driver was a \$4.5 million (35%) shortfall in pharmacy considerations (rebates) versus expectations, primarily due to utilization shifts associated with the introduction of biosimilars and a greater mix of non-rebated specialty medications.

To reflect expected future claims, administrative costs, and required reserves exceeding anticipated contributions for the upcoming plan year, management recorded an actuarially determined premium deficiency reserve (PDR) of \$12.1 million. The PDR further reduced unrestricted net position, resulting in a projected contingent reserve of approximately (\$4.7) million as of June 30, 2025, compared with an actuarial target of \$34 million for the FY2025–26 plan year.

### **Trends and Claims Dynamics**

- FY2023–24 actual trend: 10.9% (medical and pharmacy), driven by inflationary pressures, higher utilization, catastrophic claims, and rising specialty pharmacy costs. Musculoskeletal conditions were the leading large-claim category, followed by neoplasms (cancer). Contribution rates were developed using a 7.17% melded trend plus a 1% claims margin, which proved below actual experience.
- FY2024–25 actual trend: 13.3%, with medical spend up 14% and pharmacy spend up 10.9%. Contribution rate development assumed 6.79%, a 1% claims margin, and a 1.8% reserve rebuild factor—again below realized experience in a persistently inflationary environment.
- Large-claim activity: Claimants exceeding \$100,000 increased 18% year-over-year. These members represented 1.6% of total covered individuals yet accounted for 31% of total claims expenditures. Several catastrophic claims exceeding \$550,000 triggered stop-loss recoveries.
- Stop-loss performance: Recoveries in FY2024–25 exceeded \$5.7 million, surpassing premiums paid and demonstrating the ongoing effectiveness of the stop-loss program in mitigating catastrophic risk.

### **Board-Approved Plans and Strategies**

To address liquidity, rebuild reserves, and align rates with experience while safeguarding member affordability, management and the Board have adopted the following measures:

1. \$30 Million Assessment to Members Participating as of June 30, 2025 to materially improve liquidity and rebuild the contingent reserve.
  - Approved: September 21, 2025.
  - Allocation: Pro-rata based on each group's FY2024–25 contributions (consistent with contribution-holiday methodology), approximating 1.5 months of contributions.
  - Invoicing and Terms: Issued October 1, 2025, due upon receipt. Member groups needing additional time may defer payment until July 15, 2026, by entering a Contribution Assessment Payment Plan Agreement by May 1, 2026. A 0.5% monthly interest applies to unpaid balances beginning January 2026.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

2. Targeted Expense Controls to reduce total operating expenses by nearly \$230,000 in FY 2025-26 while preserving essential services.
  - Hiring Freeze: Board-approved freeze on open positions for FY2025–26, including an Accounting Specialist (vacant since July 2025), a Member Care Associate (vacated late July 2025), and the planned replacement of the Senior Projects Advisor (retiring December 31, 2025) with a Group Relations Specialist—to be reevaluated in spring 2026.
  - Estimated Savings: Approximately \$190,000 annually (salary and benefits).
  - Travel Reductions: Suspension of non-essential staff and Board travel not directly tied to member service. Of the \$80,000 travel budget for FY2025–26, management targets a 50% reduction (~\$40,000).
3. Claims Mitigation and Care Management Enhancements
  - Enhanced Case Management & Analytics: Expansion of internal and external analytics to identify high-risk members earlier, apply predictive modeling, and coordinate interventions to avert high-cost events.
  - Cigna “Health Matters” Enhancement: Effective July 1, 2026, Cigna will add a dedicated Personal Health Team at no additional cost to the plan, broadening outreach and enabling earlier engagement in clinical care management.
  - Member Education & Preventive Health: Increased campaigns to promote preventive care, condition management, and use of high-value services to reduce avoidable ER and inpatient utilization.
4. Biosimilar Adoption in the Drug Formulary
  - In alignment with Cigna’s national pharmacy strategy, biosimilars are being incorporated to replace higher-cost specialty medications (e.g., Humira followed by Stelara, with additional classes as new biosimilars are approved).
  - Effective July 1, 2025, SchoolCare’s pharmacy contract was updated to include rebate eligibility for biosimilars. These provisions are expected to generate approximately \$700,000 in additional revenue during FY2025–26, offsetting pharmacy claim costs and supporting rate adequacy.
5. Net Asset Policy Revisions
  - In consultation with legal counsel, management is drafting updates to strengthen reserve requirements and formalize a designated Assessment Reserve, with enhanced financial communications to Member groups. A draft was presented to the Board in October and is scheduled for final review during the current fiscal year.
6. Rate-Setting Analysis and Discussion
  - Preliminary indication from WTW for the July 1, 2026 renewal is a 17.5% needed increase, reflecting 9% medical trend, 11% pharmacy trend, and 9.44% composite trend. Management and the Board are evaluating contribution strategies to balance fiscal stability with affordability.
7. Non-Renewal of Harvard Pilgrim Groups (January 1 and July 1, 2026)

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

- To simplify administration and improve rate predictability, the Board approved non-renewal of Harvard Pilgrim plans effective January 1, 2026 and July 1, 2026. Affected groups will be offered renewal with Cigna and moved to the July renewal pool, streamlining underwriting and enhancing stability.

### Looking Ahead

Inflation remains a key driver of medical trend. Management will continue to evaluate and deploy cost-mitigation initiatives, including ongoing promotion of Omada Complete and Hinge Health to improve outcomes—particularly for members managing multiple comorbidities. The organization began an infrastructure reorganization effective July 1, 2024, including hiring a Director of Finance and Director of Member Engagement to build depth and breadth of expertise, consistent with the five-year strategic plan approved October 2023. The Board and staff remain focused on delivering quality benefits, excellent service, stable rates, and trusted partnership to Members.

## Membership and Member Services

### Membership Overview

Exceptional service to existing Members remains a cornerstone of the Coalition's mission. Membership in the Coalition's medical and dental plans increased by approximately 10% in FY2025, in part due to the closure of another New Hampshire-based risk pool. Staff continue to deliver the highest standard of service to current Members while expanding outreach to prospective clients through educational events and marketing initiatives. Many of these opportunities have transitioned to hybrid formats—combining live, recorded, and in-person options—to accommodate Member preferences and enhance engagement.

### Member Services and Administrative Offerings

The Coalition provides a comprehensive suite of administrative services designed to deliver flexibility, convenience, and expert guidance for Member groups and Participants:

- Retiree Administration Services that include medical and dental billing administration, including contribution collection and coordination with the New Hampshire Retirement System (NHRs). Staff also provide direct assistance to retirees and Member groups regarding coverage and claims.
- COBRA Administration Services for required COBRA notifications, billing, and payment collection on behalf of Members. The Coalition maintains a certified COBRA administrator on staff, ensuring compliance with all federal requirements.
- Dependent Benefit Protection that extends 12 months of COBRA medical and dental coverage at no cost to dependents of an employee who passes away, regardless of cause. As of June 30, 2025, one two-party and one family group were covered under this provision.
- Onsite Services and Education - providing benefit education sessions, Employee Assistance Program (EAP) seminars, and the annual Well-Being Recharge event, promoting holistic health and well-being among Member organizations.
- Claims Advocacy is a defining differentiator between the Coalition and traditional insurance products, the Member Services Team assists Participants with complex claim issues, payment disputes, and approvals. Staff act as advocates, helping Participants navigate healthcare and understand their benefits through direct education and personalized support.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

## **Regulatory Compliance and Oversight**

### **Federal Healthcare Legislation**

The Patient Protection and Affordable Care Act (PPACA) and the Consolidated Appropriations Act (CAA) continue to influence Coalition operations and Member responsibilities. The Coalition remains fully compliant with both laws and maintains a proactive approach to monitoring regulatory changes and implementing required updates.

### **PPACA Compliance**

All Coalition medical plans remain compliant with PPACA mandates, including Sections 6055 and 6056 reporting obligations. The Coalition continues to pay the Comparative Effectiveness Research (CER) fee on behalf of Members. Although originally set to expire in 2020, this fee has been extended through June 30, 2029 (for fiscal-year plans), with a final payment due by July 31, 2030.

### **CAA Compliance**

The CAA introduced new transparency and administrative requirements, including:

- Transparency in Coverage (TiC) disclosures,
- Prescription Drug Data Collection (RxDC) reporting, and
- Mental Health Parity and Addiction Equity Act (MHPAEA) comparative analyses.

Coalition staff collaborate with vendors and strategic partners to collect and submit required data, maintain compliance documentation, and communicate regulatory developments to Member groups. These activities reinforce SchoolCare's commitment to transparency, compliance, and education across its Membership base.

## **Medical Cost Trends and Member Engagement**

### **Cost Drivers and National Context**

Healthcare cost growth remains elevated nationwide, with persistent inflation and increasing utilization across multiple service categories. Although a large portion of Members are enrolled in Consumer Driven Plans (CDPs), these broader trends have continued to drive year-over-year cost increases. Economic uncertainty and inflationary pressures underscore the need for continued vigilance in cost management, plan design optimization, and Member education.

### **Consumerism and Plan Participation**

As of July 2025, approximately 83% of SchoolCare's covered population participates in a Consumer Driven Plan. This ongoing shift underscores the growing importance of consumerism—empowering Participants to make informed, cost-effective decisions about their care.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

#### **Education and Communication Initiatives**

The Coalition emphasizes education as a key component of cost containment and Member engagement.

Initiatives include:

- Annual claims analyses that identify cost drivers and utilization trends for each Member group.
- Employer support in evaluating plan design alternatives and cost-benefit analyses.
- Regular educational outreach through newsletters, webinars, social media, and live or virtual presentations promoting preventive care and cost awareness.

#### **Member Feedback and Plan Design Evolution**

In FY2024, the Board and Staff worked closely with Membership Council Representatives to gather feedback on future benefit design and network strategies. Two focus group sessions informed upcoming plan transitions, culminating in the Membership Council's vote on November 1, 2024, to discontinue the \$10 office visit copay plans and transition to Consumer Driven 2.0 Plans, effective July 1, 2025. This shift demonstrates Coalition's responsiveness to Member input, alignment with market trends, and commitment to fostering healthcare consumerism and long-term cost sustainability.

#### **Governance and Regulatory Environment**

The Coalition operates as a pooled risk management program under RSA 5-B, regulated by the New Hampshire Secretary of State's Bureau of Securities Regulation (BSR). Coalition staff provide periodic operational updates and promptly respond to all inquiries and requests for information from the BSR. This governance framework ensures continued transparency, accountability, and adherence to statutory requirements.

#### **Requests for Information**

For additional information, please contact:  
New Hampshire School Health Care Coalition  
370 Harvey Road  
Manchester, NH 03103  
(603) 836-5031 Ext.318

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
STATEMENTS OF NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 6,884,830	\$ 9,992,106
Investments	16,212,566	31,909,848
Member receivables	1,730,698	2,252,585
Accounts receivable	3,114,065	2,989,641
Accrued interest receivable	101,901	172,324
Prepaid expenses	56,425	135,470
Total current assets	<u>28,100,485</u>	<u>47,451,974</u>
Property and equipment, net	<u>345,488</u>	<u>353,420</u>
<b>Total assets</b>	<b><u>\$ 28,445,973</u></b>	<b><u>\$ 47,805,394</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 690,932	\$ 716,774
Accrued expenses	166,059	161,667
Claims payable	3,040,384	3,698,706
Claims reserves	15,361,000	12,988,034
Premium holiday payable	-	3,183,248
Premium deficiency reserve	12,114,148	5,573,053
Total current liabilities	<u>31,372,524</u>	<u>26,321,482</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred revenue	<u>1,803,995</u>	<u>1,069,144</u>
<b>NET POSITION:</b>		
Invested in capital assets	345,488	353,420
Unrestricted	(5,076,033)	20,061,347
Total net position	<u>(4,730,545)</u>	<u>20,414,768</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 28,445,974</u></b>	<b><u>\$ 47,805,394</u></b>

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>Operating revenues:</b>		
Member contributions	\$ 232,178,076	\$ 220,199,740
Other income	8,893,820	10,854,104
<b>Total operating revenues</b>	<b>241,071,896</b>	<b>231,053,844</b>
<b>Operating expenses:</b>		
Claims expense	231,491,244	208,891,605
Insurance stop-loss	5,416,178	5,202,423
Insurance premiums	13,133,514	11,998,586
Claims administration	5,125,998	5,096,389
Contractual services	379,480	543,898
Affordable Care Act fees	53,511	50,051
Self-insured pool assessments	1,946,623	1,835,013
Administration	2,159,895	1,766,326
Change in premium deficiency reserve	6,541,095	5,573,053
Health and wellness benefits	2,106,663	2,086,832
Conference expenses	15,109	15,530
<b>Total operating expenses</b>	<b>268,369,310</b>	<b>243,059,706</b>
<b>Operating loss</b>	<b>(27,297,414)</b>	<b>(12,005,862)</b>
<b>Nonoperating revenues:</b>		
Premium holiday credits	-	-
Earnings on investments	2,152,102	2,502,077
<b>Change in net position</b>	<b>(25,145,312)</b>	<b>(9,503,785)</b>
<b>Beginning net position, July 1</b>	<b>20,414,767</b>	<b>29,918,552</b>
<b>Ending net position, June 30</b>	<b>\$ (4,730,545)</b>	<b>\$ 20,414,767</b>

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members	\$ 230,251,566	\$ 216,844,413
Subsidies and refund received	8,769,396	10,775,885
Payments to suppliers	(28,500,405)	(27,276,692)
Payments of claims	(229,776,600)	(206,695,164)
Payments to employees	(1,751,266)	(1,388,596)
Net cash and cash equivalents used in operating activities	<u>(21,007,309)</u>	<u>(7,740,154)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(19,773)	(20,748)
Net cash and cash equivalents used in capital and financing activities	<u>(19,773)</u>	<u>(20,748)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from maturities and sales, net of purchases	16,657,941	4,054,488
Interest and dividend income	1,261,864	1,191,259
Net cash and cash equivalents provided by investing activities	<u>17,919,805</u>	<u>5,245,747</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,107,276)</b>	<b>(2,515,155)</b>
CASH AND CASH EQUIVALENTS, beginning of year	9,992,106	12,507,261
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,884,830</u>	<u>\$ 9,992,106</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating income	\$ (27,297,414)	\$ (12,005,862)
Adjustments to reconcile operating income to net cash and cash equivalents used in operating activities -		
Depreciation expense	27,705	24,880
Premium holiday credit	-	-
Decrease (increase) in assets:		
Member receivables	521,887	(338,023)
Accounts receivable	(124,424)	(78,219)
Prepaid expenses	79,045	(89,958)
Decrease (increase) in liabilities:		
Accounts payable	(25,842)	13,895
Claims payable	(658,322)	1,255,522
Premium deficiency reserve	6,541,095	5,573,053
Accrued expenses	4,392	(19,057)
Claims reserves	2,372,966	940,919
Premium holiday payable	(3,183,248)	(1,929,783)
Increase in deferred revenue:	734,851	(1,087,521)
Total adjustments	<u>6,290,105</u>	<u>4,265,708</u>
Net cash and cash equivalents used in operating activities	<u>\$ (21,007,309)</u>	<u>\$ (7,740,154)</u>
<b>SUPPLEMENTAL NON-CASH DISCLOSURE</b>		
Change in unrealized loss on investments	<u>\$ (379,281)</u>	<u>\$ 611,758</u>

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**1. Organization and significant accounting policies:**

A. Organization and reporting entity – The New Hampshire School Health Care Coalition (the Coalition), was created in 1995 as a non-profit, tax-exempt corporation. The Coalition is a cooperative service organization of political subdivisions authorized by the New Hampshire General Court to establish and operate one or more pooled risk management programs under the requirements of New Hampshire RSA Chapter 5-B for the benefit of political subdivisions of the State of New Hampshire. Its mission is to provide education and training for public employees and employers to become informed health consumers with healthier life styles, and enable the purchase of quality health care in a cost-effective manner. The Coalition was founded by the New Hampshire School Boards Association, the New Hampshire Association of School Business Officials, the New Hampshire School Administrators Association, the New Hampshire School Boards Insurance Trust, and the National Education Association-New Hampshire.

Prior to July 1, 2003, the Coalition entered into agreements with insurers to fully insure HMO, POS, indemnity, and Medicare supplement health benefit options, collectively known as the SchoolCare Plan (SchoolCare), and accordingly, the insurance risks were not retained by the Coalition under these plans. The Coalition provided prescription drug coverage to retired Members on Medicare under a self-funded arrangement beginning on July 1, 2002.

Beginning July 1, 2003, the Coalition entered into a self-insured arrangement with Connecticut General Life for the HMO and POS health benefit options. Connecticut General provides complete claims administration services and management reports.

Beginning July 1, 2010, the Coalition entered into a fully-insured arrangement with Connecticut General Life for DPO (dental provider organization) dental benefit options. The dental program transitioned to a self-insured arrangement on July 1, 2013.

Beginning July 1, 2011, the Coalition entered into an updated self-funded arrangement with Cigna Health and Life Insurance Company (formally Connecticut General Life) for both health benefit and dental benefit options.

Beginning January 1, 2014, the Coalition transitioned its existing SchoolCare 65+ prescription plan from self-funded to a fully insured Medicare Part D Employer Group Waiver Program (EGWP) with Express Scripts.

Beginning July 1, 2019, the Coalition began offering fully insured life, long term disability and short-term disability plans in partnership with Mutual of Omaha. The Coalition also began offering a hardware only, voluntary vision plan in partnership with VSP Vision.

Beginning January 1, 2023, the Coalition entered into a fully insured arrangement with United Healthcare to provide a Medicare Advantage Prescription Drug Plan (MAPD) to its 65+ retiree population.

B. Membership – Membership is limited to political subdivisions of the State of New Hampshire. Membership was 93 as of June 30, 2025 and 90 as of June 30, 2024.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**1. Organization and significant accounting policies (continued):**

- C. Basis of accounting – 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 Coalition meets the requirements as a public entity risk pool under Governmental Accounting Standards Board (GASB) statements, and accounts for its activities in accordance with the applicable statements.
- D. Cash and cash equivalents – The Coalition considers all deposit accounts with banks and money market accounts held by the Coalition's investment advisor in the Coalition's name to be cash and cash equivalents. The Coalition's accounts are insured or collateralized as of June 30, 2025 and June 30, 2024.
- E. Investments – The Coalition 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. Realized gains and losses on the sale of investments are recognized on the specific identification basis to determine the costs of the investments sold. Realized gains and losses on investments that had been held for more than one year and sold in the current year were included as a change in the fair value of investments reported in the prior years and the current year. Investment purchases are recognized on the trade date. Investments are stated at fair value based on quoted market prices or through a recognized pricing service.

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 2, Investments.

The Coalition measures its investments in accordance with GASB Statement No. 72, Fair Value Measurements and Application (Statement No. 72), which defines fair value, provides a framework for measuring fair value and requires certain disclosures about fair value measurements. The definition of fair value under Statement No. 72 focuses on the price that would be received to sell the asset, which is referred to as the exit price. Statement No. 72 provides guidance on how to measure fair value, when required, under existing accounting standards. Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into broad levels as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability, such as:
  - (1) Interest rates and yield curves observable at commonly quoted intervals
  - (2) Implied volatilities
  - (3) Credit spreads
- Market-corroborated inputs.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**1. Organization and significant accounting policies (continued):**

Level 3 - Inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

The Coalition has recorded its investments at fair value, as more fully described in Note 2.

The fair values of investments are measured using quoted market prices or dealer quotations, when available. When quoted market prices are not available, fair value is measured using quoted market prices for similar securities.

F. Property and equipment – Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives. On January 14, 2012 the Board adopted a formal policy, Capitalization for the Acquisition, Management and Disposition of Fixed Assets. The following is the guideline on how each type of fixed asset should be depreciated:

	Minimum Capitalized Cost	Estimated Useful Life
Office furniture and equipment	\$ 3,000	7 years
Computer equipment	\$ 3,000	5 years
Computer software	\$ 5,000	10 years
computer - other equipment	\$ 3,000	5 years
Buildings and improvements	All purchase costs	30 years
Building equipment	All purchase costs	20 years
Vehicles	All purchase costs	5 years

G. Member contributions – Member contributions are based on the program experience and trends as determined by qualified actuaries and are set by the Board annually. The contributions cover all expenses of the Coalition including claims payments and administration, reserves, stop-loss insurance, health and wellness programs, and the Coalition's administration. The rates are effective through June 30, 2025.

I. Net position – The Coalition reports two classifications of net position, invested in capital assets and unrestricted. Unrestricted net position is defined as that portion of net position that is intended to be used by the Coalition for specific purposes as authorized by the Board of Directors. Undesignated net position would be the residual classification of net position and would include all amounts not otherwise restricted or designated. The Coalition does not report an undesignated net position. Residual amounts are reported as contribution holiday payable as the Coalition is required to return any undesignated amount to Members. Upon dissolution of the organization, the net position is to be distributed to Members.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**1. Organization and significant accounting policies (continued):**

The following table represents the components of the net position:

	2025	2024
Invested in capital assets	\$ 345,488	\$ 353,420
Unrestricted - medical contingent reserve	(5,076,033)	20,061,347
Unrestricted - dental contingent reserve	-	-
Unrestricted net position	(5,076,033)	20,061,347
 Total net position	 <u>\$ (4,730,545)</u>	 <u>\$ 20,414,767</u>

- J. Income taxes – The Coalition has been recognized as having tax exempt status under Code Section 115 by the Internal Revenue Service.
- K. Marketing – The Coalition expenses marketing and advertising costs when incurred.
- L. Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- M. Unpaid claims liabilities – The Coalition establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) 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. Estimated amounts of excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims. The process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using the development actuarial method which assumes that past patterns of lag between the date a service is received and the date the claim is paid for the service will continue in the future and other economic factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.
- N. Excess insurance – The Coalition purchases an individual insurance policy in excess of predetermined levels of retained losses or self-insurance. The excess insurance program may change each coverage year to accommodate increased Membership and changing insurance market conditions. Excess insurance permits recovery of a portion of losses from excess insurers, although it does not discharge the primary liability of the Coalition as direct insurer of the risks. The Coalition does not report risks covered by excess insurance as liabilities unless it is probable that those risks will not be covered by the excess insurers and is refunded by excess insurers. Premiums paid to excess insurers for the years ended June 30, 2025 and 2024 were \$5,416,178 and \$5,202,423 respectively. There was \$5,126,240 and \$926,363 recovered from excess insurers and deducted from claims paid for fiscal years ended June 30, 2025 and 2024, respectively.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**1. Organization and significant accounting policies (continued):**

Third party health coverage was purchased from Optum for the 2024 program year subject to individual losses in excess of \$550,000 per covered enrollee for loss year 2024 with an aggregating deductible of \$125,000. These thresholds remained in place for FY2025. The Coalition does not currently purchase aggregate excess insurance. The Medigap portion of the Coalition's SchoolCare 65+ program is fully insured through the United American Insurance Company, and the prescription drug program is fully insured through Express Scripts. The Medicare Advantage Plan offered through UnitedHealthCare is also fully insured. The dental insurance benefit option was self-funded through Cigna beginning July 1, 2013. All ancillary coverages are fully insured through Mutual of Omaha and VSP Vision.

- O. Deferred revenue – Financials are presented in accordance with GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. In addition to assets and liabilities, deferred outflows of resources (previously reported as assets) and deferred inflows of resources (previously reported as liabilities), are reported as separate sections in the statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period. The Coalition does not currently report any deferred outflows of resources. The Coalition reports deferred revenue which represents Members' contributions received in advance of the month of coverage as deferred inflows of resources.
- P. Premium deficiency reserve – 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. There was a premium deficiency reserve recorded for June 30, 2025 in the amount of \$12,114,148. For June 30, 2024, the premium deficiency reserve recorded was in the amount of \$5,573,053. Investment income was included as part of the calculation in determining if a premium deficiency existed.
- Q. Liquidity and Going Concern - As of June 30, 2025 the Pool reported a net deficit of \$4,730,545 caused by elevated claims and a premium deficiency reserve. These conditions raised substantial doubt about the Coalition's ability to continue as a going concern within one year of the issuance of these financial statements. Subsequent to year-end, the Board approved a member assessment of \$30,000,000 (Note R). In addition, Cigna contract negotiations resulted in over \$6 million of annualized savings through decreases in claims administration fees along with enhanced prescription drug discounts and rebates. Management believes these plans are probable of being effectively implemented and sufficient to mitigate the conditions. Accordingly, management concluded that the substantial doubt has been alleviated. The financial statements do not include any adjustments that might be necessary if the Coalition were unable to continue as a going concern.
- R. Subsequent events – Subsequent to June 30, 2025, on September 21, 2025, the Board approved a member contribution assessment totaling \$30,000,000 under the Coalition's Member Participation Agreements. The assessment is intended to fund the deficit and substantially rebuild the contingent reserve, which arose from elevated claims and the premium deficiency reserve. The assessment was invoiced on October 1, 2025 and the majority of collections are expected during fiscal year 2026, but no later than July 15, 2026. This event is not recognized in these fiscal year 2025 financial statements.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**1. Organization and significant accounting policies (continued):**

S. New accounting pronouncements – During the year ended June 30, 2025, the Coalition implemented the following Governmental Accounting Standards Board (GASB) statements: GASB Statement No. 101, Compensated Absences. Statement No. 101 updates the recognition and measurement guidance for liabilities for compensated absences. The requirements are effective for fiscal years beginning after December 15, 2023. Changes adopted at transition to conform to the provisions of this Statement should be reported as a change in accounting principle in accordance with GASB Statement No. 100. The implementation of this Statement did not have a material effect on the Coalition’s financial statements. GASB Statement No. 102, Certain Risk Disclosures. Statement No. 102 requires disclosure of certain concentrations and constraints that may make the Coalition vulnerable to the risk of a substantial impact. The requirements are effective for fiscal years beginning after June 15, 2024. Any required presentation, recognition, measurement, and disclosure changes resulting from implementation have been reflected in the accompanying financial statements, as applicable.

**2. Investments:**

Investments are reported at fair value using quoted market prices. Net realized and unrealized gains and losses are included in the accompanying Statements of Revenues, Expenses and Changes in Net Position in earnings on investments under non-operating revenues and expenses. The Coalition’s investments are subject to regulatory compliance requirements and various investment risks. The Coalition’s investment policy, as approved by the Board of Directors, contains certain provisions and limitations intended to insure regulatory compliance and to mitigate the Coalition’s exposure to investment risks.

The Coalition engages Strategic Asset Alliance (SAA) as an investment consultant and advisor to the Board and organization. Asset Allocation and Management Company (AAM) provides investment management and accounting services. US Bank acts as the custodian of Coalition funds.

The Coalition’s investment portfolio on June 30, 2025 was valued at \$16,212,566. The portfolio on June 30, 2024 was valued at \$31,909,848. The June 30, 2023 value of the investment portfolio was \$34,652,370. The Coalition’s Risk Pool Practices Agreement with the NH Secretary of State expired as of April 25, 2017. Although the agreement is no longer in effect, operations and policies adopted as a result of its execution remain in place. The Coalition’s investments are compliant with the requirements imposed upon municipalities pursuant to NH RSA 35:9, with the exception of an aggregate amount of 4.57% which is compliant with RSA 402:28. This aggregate amount includes the Coalition’s cash, cash equivalents, and other investments. The Coalition held securities that are non-compliant with NH RSA 35:9 in the amount of \$22 as of June 30, 2025, \$1,915,214 as of June 30, 2024, and \$2,461,155 as of June 30, 2023.

Custodial credit risk – Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the Coalition will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Investments other than the real estate investment trusts were held by US Bank as of June 30, 2025 and June 30, 2024.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**2. Investments (continued):**

The Coalition's investments, including compliance consisted of the following as of June 30, 2025:

Category	Non-Compliant Investments					
	Amount of Investment Portfolio	Percentage of Investment Portfolio	Municipal Law RSA 35:9 Investments	Percentage of Municipal Law RSA 35:9 Investments	Non-Compliant Investments	Percentage of Non-Compliant Investments
	Amount of Investment Portfolio	Percentage of Investment Portfolio	Municipal Law RSA 35:9 Investments	Percentage of Municipal Law RSA 35:9 Investments	Non-Compliant Investments	Percentage of Non-Compliant Investments
Corporate Bonds	\$ 5,375,182	23.27%	\$ 22	0.00%	\$ -	0.00%
Municipal Bonds	1,689,172	7.31%	-	0.00%	-	0.00%
Asset Backed Corporate	2,290,843	9.92%	-	0.00%	-	0.00%
Mortgage Backed Corporate	1,184,964	5.13%	-	0.00%	-	0.00%
Mortgage Backed Residential	4,755,042	20.59%	-	0.00%	-	0.00%
Exchange Traded Funds	155,584	0.67%	-	0.00%	-	0.00%
REITs	-	0.00%	-	0.00%	-	0.00%
US Treasuries	761,779	3.30%	-	0.00%	-	0.00%
Total Investments	<u>16,212,566</u>	<u>70.19%</u>	-	0.00%	-	0.00%
Cash and Money Markets	6,884,830	29.81%	-	0.00%	-	0.00%
Total Investment Portfolio	<u>\$ 23,097,396</u>	<u>100%</u>	-	0.00%	-	0.00%
Total Out of Compliance			\$ 22	0.00%	\$ -	0.00%

The Coalition's investments, including compliance, consisted of the following as of June 30, 2024:

Category	Non-Compliant Investments					
	Amount of Investment Portfolio	Percentage of Investment Portfolio	Municipal Law RSA 35:9 Investments	Percentage of Municipal Law RSA 35:9 Investments	Non-Compliant Investments	Percentage of Non-Compliant Investments
	Amount of Investment Portfolio	Percentage of Investment Portfolio	Municipal Law RSA 35:9 Investments	Percentage of Municipal Law RSA 35:9 Investments	Non-Compliant Investments	Percentage of Non-Compliant Investments
Corporate Bonds	\$ 9,396,822	19.93%	\$ 1,915,214	4.57%	\$ -	0.00%
Municipal Bonds	4,031,472	8.55%	-	0.00%	-	0.00%
Asset Backed Corporate	2,605,012	5.52%	-	0.00%	-	0.00%
Mortgage Backed Corporate	1,878,013	3.98%	-	0.00%	-	0.00%
Mortgage Backed Residential	6,186,831	13.12%	-	0.00%	-	0.00%
Exchange Traded Funds	5,470,192	11.60%	-	0.00%	-	0.00%
REITs	-	0.00%	-	0.00%	-	0.00%
US Treasuries	2,341,506	4.97%	-	0.00%	-	0.00%
Total Investments	<u>31,909,848</u>	<u>67.66%</u>	-	0.00%	-	0.00%
Cash and Money Markets	9,992,106	21.19%	-	0.00%	-	0.00%
Total Investment Portfolio	<u>\$ 41,901,954</u>	<u>100%</u>	-	0.00%	-	0.00%
Total Out of Compliance			\$ 1,915,214	4.57%	\$ -	0.00%

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 the market interest rates. The Coalition mitigates the risk that the market value of securities will fall due to changes in general interest rates by structuring the portfolio with allocations across asset class sectors to position the portfolio to take advantage of changes in the interest rate environment.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**2. Investments (continued):**

Maturities of interest earning investments as of June 30, 2025 are as follows:

	Fair Value	Less than One Year	1 to 5 Years	6 to 10 Years	After 10 Years
US Treasuries	\$ 761,779	\$ -	\$ -	\$ 761,779	\$ -
Corporate bonds	5,375,183	178,124	1,417,689	3,258,332	521,038
Municipal bonds	1,689,172	194,664	1,249,246	181,000	64,262
Asset backed	2,290,843	-	1,081,362	1,087,401	122,080
Mortgage backed	5,940,006	8,927	242,780	205,423	5,482,876
	<u>\$ 16,056,983</u>	<u>\$ 381,715</u>	<u>\$ 3,991,077</u>	<u>\$ 5,493,935</u>	<u>\$ 6,190,256</u>

Maturities of interest earning investments as of June 30, 2024 are as follows:

	Fair Value	Less than One Year	1 to 5 Years	6 to 10 Years	After 10 Years
US Treasuries	\$ 2,341,506	\$ 1,019,813	\$ 710,068	\$ 611,625	\$ -
Corporate bonds	9,396,822	818,187	3,913,260	4,665,375	-
Municipal bonds	4,031,472	489,238	2,996,947	483,413	61,874
Asset backed	2,605,012	619,977	1,274,625	580,506	129,904
Mortgage backed	8,064,844	508,954	1,207,229	850,852	5,497,809
	<u>\$ 26,439,656</u>	<u>\$ 3,456,169</u>	<u>\$ 10,102,129</u>	<u>\$ 7,191,771</u>	<u>\$ 5,689,587</u>

Credit risk – Credit risk is the risk that an issuer of or counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's investment in a single issuer. Except for the concentration of investments in Mutual Funds, the Coalition investments are diversified.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**2. Investments (continued):**

The tables below outline third party credit ratings of the Coalition's fixed maturity securities as of June 30, 2025 and 2024:

	U.S.	Corporate	Municipal	Asset	Mortgage	
2025	Treasuries	Bonds	Bonds	Backed	Backed	Totals
AAA	\$ -	\$ 210,391	\$ 478,343	\$ 1,437,337	\$ 223,654	\$ 2,349,725
AA+	761,779	411,078	339,726	-	4,185,808	5,698,391
AA	-	82,480	379,160	-	-	461,640
AA-	-	864,735	237,284	-	-	1,102,019
A+	-	897,072	-	-	-	897,072
A	-	1,129,769	-	-	-	1,129,769
A-	-	1,779,658	-	-	-	1,779,658
BBB+	-	-	-	-	-	-
BBB	-	-	-	-	-	-
BBB-	-	-	-	-	-	-
BB	-	-	-	-	-	-
NA	-	-	254,659	853,506	1,530,544	2,638,709
NR	-	-	-	-	-	-
	<b>\$ 761,779</b>	<b>\$ 5,375,183</b>	<b>\$ 1,689,172</b>	<b>\$ 2,290,843</b>	<b>\$ 5,940,006</b>	<b>\$ 16,056,983</b>
2024	U.S.	Corporate	Municipal	Asset	Mortgage	
	Treasuries	Bonds	Bonds	Backed	Backed	Totals
AAA	\$ -	\$ 332,019	\$ 1,401,108	\$ 2,136,049	\$ 711,786	\$ 4,580,962
AA+	2,341,506	103,366	794,084	-	5,131,976	8,370,932
AA	-	373,307	444,066	-	-	817,373
AA-	-	373,192	451,786	-	-	824,978
A+	-	1,640,274	221,033	-	-	1,861,307
A	-	2,785,026	-	-	-	2,785,026
A-	-	2,855,924	-	-	-	2,855,924
BBB+	-	605,116	-	-	-	605,116
BBB	-	328,598	-	-	-	328,598
BBB-	-	-	-	-	-	-
BB	-	-	-	-	-	-
NA	-	-	430,454	468,963	2,221,082	3,120,499
NR	-	-	288,941	-	-	288,941
	<b>\$ 2,341,506</b>	<b>\$ 9,396,822</b>	<b>\$ 4,031,472</b>	<b>\$ 2,605,012</b>	<b>\$ 8,064,844</b>	<b>\$ 26,439,656</b>

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**2. Investments (continued):**

Marketable equity securities were recorded using Level 1 fair values based on observable quoted market prices from national securities exchanges. Corporate bonds and government bonds were recorded using Level 2 fair values are priced using standard inputs, when available, which include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, bids, offers, and reference data. Inputs used also take into consideration market indicators, industry, and economic events.

The following table sets forth by level, within the fair value hierarchy, the Coalition's investments at fair value as of June 30, 2025 and 2024:

<b>June 30, 2025</b>	Quoted Prices in Active Markets <u>(Level 1)</u>	Significant Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Corporate Bonds	\$ -	\$ 5,375,182	\$ -
Municipal Bonds	- -	1,689,172	- -
Asset Backed Corporate	- -	2,290,843	- -
Mortgage Backed Corporate	- -	1,184,964	- -
Mortgage Backed Residential	- -	4,755,042	- -
Exchange Traded Funds	155,584	- -	- -
REITs	- -	- -	- -
US Treasuries	- -	761,779	- -
 Total Investments	 \$ 155,584	 \$ 16,056,982	 \$ - -

  

<b>June 30, 2024</b>	Quoted Prices in Active Markets <u>(Level 1)</u>	Significant Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Corporate Bonds	\$ -	\$ 9,396,822	\$ - -
Municipal Bonds	- -	4,031,472	- -
Asset Backed Corporate	- -	2,605,012	- -
Mortgage Backed Corporate	- -	1,878,013	- -
Mortgage Backed Residential	- -	6,186,831	- -
Exchange Traded Funds	5,470,192	- -	- -
REITs	- -	- -	- -
US Treasuries	- -	2,341,506	- -
 Total Investments	 \$ 5,470,192	 \$ 26,439,656	 \$ - -

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**2. Investments (continued):**

Earnings on investments for the years ended June 30, 2025 and 2024, is summarized as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Interest income, net	\$ 1,214,835	\$ 1,381,082
Amortization expense	(11,898)	(62,450)
Realized gains	1,328,446	571,687
Earnings on investments	2,531,383	1,890,319
Unrealized (losses) gains	(379,281)	611,758
Earnings on investments (with unrealized gains)	<u>\$ 2,152,102</u>	<u>\$ 2,502,077</u>

**3. Property and equipment:**

Property and equipment consisted of the following at year end:

	<u>Balance</u>		<u>Balance</u>	
	<u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>
Capital assets, being depreciated				
Buildings and improvements	\$ 642,571	\$ -	\$ -	\$ 642,571
Furniture and equipment	133,273	19,773	-	153,046
Total capital assets being depreciated	<u>775,844</u>	<u>19,773</u>	<u>-</u>	<u>795,617</u>
Less: accumulated depreciation for:				
Buildings and improvements	(299,250)	(20,976)	-	(320,226)
Furniture and equipment	(123,173)	(6,730)	-	(129,903)
Total accumulated depreciation	<u>(422,423)</u>	<u>(27,706)</u>	<u>-</u>	<u>(450,129)</u>
Total capital assets being depreciated, net	<u>\$ 353,420</u>	<u>\$ (7,933)</u>	<u>\$ -</u>	<u>\$ 345,488</u>

Depreciation expense was \$27,706 and \$24,880 for the years ended June 30, 2025 and 2024, respectively.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**4. Unpaid claims liabilities:**

As discussed in Note 1. A., the Coalition started pooling the risk for the health benefit options on July 1, 2003. The Coalition also started pooling the risk for the dental benefit options as of July 1, 2013. The Coalition establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated.

The following represents changes in those aggregate liabilities for the Coalition for the years ended June 30, 2025, 2024, and 2023:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Unpaid claims and allocated claims adjustment expenses at beginning of year	\$ 16,686,740	\$ 14,490,299	\$ 15,008,700
Incurred claims and allocated claim adjustment expenses:			
Provision for insured events of current fiscal year	230,565,787	208,760,552	188,028,202
Changes in the provision for insured events of prior fiscal years	925,457	131,054	(246,036)
Claims administration expenses, current year	5,125,998	5,096,389	5,094,293
Total incurred claims and claim adjustment expenses	<u>236,617,242</u>	<u>213,987,994</u>	<u>192,876,459</u>
Claim and allocated claim adjustment expense payments:			
Attributable to insured events of current fiscal year	212,164,402	192,073,811	173,537,903
Attributable to insured events of prior fiscal years	17,612,197	14,621,352	14,762,664
Claims administration expenses, current year	5,125,998	5,096,389	5,094,293
Total payments	<u>234,902,597</u>	<u>211,791,553</u>	<u>193,394,860</u>
Total unpaid claims and claim adjustment expenses at end of the year	<u>\$ 18,401,385</u>	<u>\$ 16,686,740</u>	<u>\$ 14,490,299</u>

As a result of changes in estimates of insured events in prior years, incurred losses and loss adjustment expenses increased by \$925,457 and \$131,054 in 2025 and 2024, respectively, due to unfavorable loss development.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**5. Annual Return of Surplus:**

On April 25, 2012, the Coalition entered into a Risk Pool Practices Agreement (the Agreement) with the New Hampshire Secretary of State. The Agreement was effective through April 25, 2017. The provisions of the Agreement significantly changed two areas of the Coalition's operations - return of surplus and investments.

Return of surplus - From inception in 1995 to 2013, the Coalition returned surplus to its Members through rate stabilization to reduce rate increases. The New Hampshire Secretary of State, Bureau of Securities Regulation, during its 2012 on-site examination, noted the Coalition's documentation of rate stabilization procedures and designation of surplus for this purpose. However, the Secretary of State, as a policy matter, did not agree that the use of rate stabilization as described is compliant with NH RSA 5-B and required the Coalition to return surplus to its Members through a "Contribution Holiday". The below chart has been updated to illustrate total Contribution Holiday amounts paid to both former and current Members by year.

<b>Date of Contribution Holiday</b>	<b>Total Amount of Contribution Holiday</b>
December 1, 2012	\$ 4,250,000
December 1, 2013	\$ 4,250,000
July 1, 2014	\$ 21,697,052
July 1, 2015	\$ 4,308,814
July 1, 2016	\$ 1,221,078
July 1, 2017	\$ 4,636,390
July 1, 2018	\$ 6,128,691
July 1, 2019	\$ 11,081,915
July 1, 2020	\$ 11,967,897
July 1, 2021	\$ 13,138,415
July 1, 2022	\$ 10,831,066
July 1, 2023	\$ 1,973,545
July 1, 2024	\$ 3,183,248
July 1, 2025	\$ -

This practice of return of surplus through a Contribution Holiday was considered a change in accounting policy implemented in the year ended June 30, 2012.

Contribution Holiday - Contribution Holiday is paid to former Members by June 30th of each fiscal year and current Members as a Contribution Holiday Credit on July 1st invoices. Current Member groups also have the option of receiving Contribution Holiday via invoice credits or checks.

As of June 30, 2025 and June 30, 2024 there was no surplus returned to members via a Contribution Holiday due to operating losses and an unfunded and underfunded Contingent Reserve, respectively.

Investments - The Board of Directors currently has an investment policy based on the "prudent person" standard whereby investments are made with judgment and care considering the probable safety of the investment as well as the expected income to be derived. This investment policy is reviewed annually by the Board.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**5. Annual Return of Surplus (continued):**

The Coalition engages Strategic Asset Alliance (SAA) as an investment consultant and advisor to the Board and organization. Asset Allocation and Management Company (AAM) provides investment management and accounting services. US Bank acts as the custodian of Coalition funds.

The Coalition's investment portfolio on June 30, 2025 was valued at \$16,212,566. The portfolio on June 30, 2024 was valued at \$31,909,848. The June 30, 2023 value of the investment portfolio was \$34,652,370. The Coalition's Risk Pool Practices Agreement with the NH Secretary of State expired as of April 25, 2017. Although the agreement is no longer in effect, operations and policies adopted as a result of its execution remain in place. The Coalition's investments are compliant with the requirements imposed upon municipalities pursuant to NH RSA 35:9. The Coalition held securities that are non-compliant with NH RSA 35:9 in the amount of \$22 as of June 30, 2025, \$1,915,214 as of June 30, 2024 and \$2,461,155 as of June 30, 2023.

The last remaining Real Estate Investment Trust (REIT) in the Coalition's portfolio was sold in December of 2023 for \$26,742. The REIT balance was \$53,483 as of June 30, 2023.

**6. Net position:**

Unrestricted net position - The medical contingent reserve is determined annually with advice of the Coalition's actuaries using a stochastic modeling methodology at the 95% confidence level and is held as under unrestricted net position as a designated contingent reserve for all business risks not included in loss reserves. Due to unfavorable loss development, the medical contingent reserve was unfunded on June 30, 2025. Subsequent to year end, the Board approved a \$30 million assessment effective October 1, 2025 to substantially rebuild the medical contingent reserve. The Coalition does not retain an undesignated net position.

**7. Health care reform:**

On March 23, 2010, the Patient Protection and Affordable Care Act (PPACA) made significant changes impacting group health plans, including the SchoolCare Medical Plans. Since 2010, the Coalition has continued to monitor and assist Members with the implementation of changes required by the PPACA.

In 2023, the Coalition accrued fees of approximately \$47,000, representing the Coalition's annual assessment under the Act for the Comparative Effectiveness Research (CER) Fee. The CER Fee was originally expected to sunset with a final payment date of July 31, 2020; however, these fees have been extended through June 30, 2029, with a final payment date of July 31, 2030 for SchoolCare.

Each year, the SchoolCare Medical Plans are amended to reflect benefit changes required by the PPACA, such as those related to lifetime limits and preventive services. In addition, the Health Benefits Booklet is updated annually to include these benefit changes as well as other federal requirements, including but not limited to eligibility criteria and claims appeals procedures.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**7. Health care reform (continued):**

The Coalition also continues to monitor and implement requirements under the Consolidated Appropriations Act (CAA). The CAA introduced several transparency and compliance mandates impacting group health plans, including provisions related to surprise billing protections, prescription drug reporting, and transparency in coverage. The Coalition assists Members in meeting these requirements through regular plan updates, vendor coordination, and communication of compliance obligations to ensure continued adherence with federal health care reform legislation.

**8. Certain risk disclosures:**

During the fiscal year ended June 30, 2025, the Coalition implemented GASB Statement No. 102, Certain Risk Disclosures. GASB Statement No. 102 requires disclosure of certain concentrations and constraints that may make the Coalition vulnerable to the risk of a substantial impact. Concentrations - The Coalition is exposed to concentration risk primarily related to its third-party claims administrator and certain fully insured carriers. These concentrations could subject the Coalition to the risk of a substantial impact in the event of nonperformance by, or a significant adverse change in the terms, financial condition, or availability of services from, these parties. Management monitors these relationships through contract provisions, performance oversight, and ongoing evaluation of alternative service providers and carriers, as applicable. Constraints - The Coalition is also subject to constraints on investment activities under New Hampshire law (RSA 35:9 and RSA 402:28). These constraints limit the types of investments available to the Coalition and may affect the Coalition's ability to respond to changes in market conditions. Management believes that, based on current operations and the investment and risk management practices described in these financial statements, concentrations and constraints do not materially impair operations beyond those disclosed.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION**  
**RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT**  
**FOR THE YEARS ENDED JUNE 30, 2025 2024, and 2023**  
**Schedule 1**

	SchoolCare-Medical			SchoolCare - Dental		
	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>6/30/2023</u>
Unpaid claims and allocated claims adjustment expenses at beginning of year	\$ 16,494,712	\$ 14,206,614	\$ 14,778,653	\$ 192,028	\$ 283,685	\$ 230,047
Incurred claims and allocated claim adjustment expenses:						
Provision for insured events of current fiscal year	225,317,896	203,705,443	183,129,960	5,247,891	5,055,109	4,898,241
Changes in the provision for insured events of prior fiscal year	977,641	195,611	(267,550)	(52,184)	(64,557)	21,514
Claims administration expenses, current year	<u>4,954,718</u>	<u>4,926,010</u>	<u>4,923,497</u>	<u>171,280</u>	<u>170,379</u>	<u>170,796</u>
Total incurred claims and claim adjustment expenses	<u>231,250,255</u>	<u>208,827,064</u>	<u>187,785,907</u>	<u>5,366,987</u>	<u>5,160,931</u>	<u>5,090,551</u>
Claim and allocated claim adjustment expense payments:						
Attributable to insured events of current fiscal year	207,093,511	187,210,731	168,923,347	5,070,891	4,863,081	4,614,556
Attributable to insured events of prior fiscal years	17,472,353	14,402,225	14,511,102	139,844	219,128	251,561
Claims administration expenses, current year	<u>4,954,718</u>	<u>4,926,010</u>	<u>4,923,497</u>	<u>171,280</u>	<u>170,379</u>	<u>170,796</u>
Total payments	<u>229,520,582</u>	<u>206,538,966</u>	<u>188,357,946</u>	<u>5,382,015</u>	<u>5,252,588</u>	<u>5,036,913</u>
Total unpaid claims and claim adjustment expenses at the years ended June 30, 2025, 2024 and 2023	<u>\$ 18,224,385</u>	<u>\$ 16,494,712</u>	<u>\$ 14,206,614</u>	<u>\$ 177,000</u>	<u>\$ 192,028</u>	<u>\$ 283,685</u>

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION  
COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT,  
EARNED ASSESSMENTS AND UNALLOCATED EXPENSES**

**JUNE 30, 2025**

**Schedule 2**

(Page 1 of 2)

The following table illustrates how the Coalition's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Coalition as of the end of each of the previous nine years. The rows of the table are defined as follows: (1) This line shows the total of the fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue. (2) This line shows the fiscal year's other operating costs of the Coalition including overhead and claims expense not allocable to individual claims. This operating cost has been updated to reflect administrative costs without inclusion of the SchoolCare 65+ fully-insured Medicare supplement plans or the fully insured ancillary products. (3) This line shows the Coalition's gross incurred claims and allocated claim 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 year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years of each policy year. (5) This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each policy year. (6) This section of ten rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual 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 line 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. As data for individual policy years mature, 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. The columns of the table show data for successive policy years.

**NEW HAMPSHIRE SCHOOL HEALTH CARE COALITION**  
**COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT, EARNED ASSESSMENTS AND UNALLOCATED EXPENSES**  
**JUNE 30, 2025**  
**Schedule 2 (Page 2 of 2)**

	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>
(1) Required contribution and investment revenue:										
Earned	\$ 162,438,317	\$ 160,616,072	\$ 169,000,654	\$ 177,144,772	\$ 183,041,953	\$ 189,820,156	\$ 191,135,502	\$ 198,608,444	\$ 210,472,595	\$ 220,921,439
Ceded	1,460,836	1,608,270	1,631,254	1,830,356	2,596,101	3,120,755	4,236,624	4,791,687	5,202,423	5,416,178
Net earned	160,977,481	159,007,802	167,369,400	175,314,415	180,445,852	186,699,400	186,898,878	193,816,757	205,270,172	215,505,261
(2) Unallocated expenses	11,208,816	10,275,523	10,134,359	10,588,285	15,276,340	9,788,440	9,140,421	11,383,059	16,657,125	18,002,910
(3) Estimated claims and expenses, end of policy year										
Incurred	152,415,558	149,135,224	150,533,600	159,597,904	160,002,913	179,337,920	187,949,857	189,648,831	209,686,915	235,692,027
Ceded	175,325	623,032	1,808,003	227,784	1,181,929	938,441	1,995,704	1,620,629	926,363	5,126,240
Net incurred	152,240,233	148,512,192	148,725,597	159,370,120	158,820,984	178,399,479	185,954,153	188,028,202	208,760,552	230,565,787
(4) Net paid (cumulative) as of:										
End of the policy year	137,642,784	134,970,770	133,624,242	144,306,429	145,073,100	164,813,925	170,945,452	173,537,903	192,073,812	212,164,402
One year later	150,426,323	146,901,477	146,635,188	156,841,769	156,243,344	178,251,767				
Two years later	150,426,323	146,901,477	146,635,188	156,841,769	156,243,344					
Three years later	150,426,323	146,901,477	146,635,188	156,841,769						
Four years later	150,426,323	146,901,477	146,635,188							
Five years later	150,426,323	146,901,477								
Six years later	150,426,323									
Seven years later										
Eight years later										
Nine years later										
(5) Re-estimated ceded claims and expenses	257,907	790,968	3,333,399	863,082	2,258,451	967,621	1,995,704	1,620,629	926,363	5,126,240
(6) Re-estimated net incurred claims and expenses:										
End of the policy year	152,240,233	148,512,192	148,725,597	159,370,120	158,820,984	178,399,479	185,954,153	188,028,202	208,760,552	230,565,787
One year later	150,426,323	146,901,477	146,635,187	156,841,769	156,243,344	178,251,767	185,708,116	188,159,256		
Two years later	150,426,323	146,901,477	146,635,187	156,841,769	156,243,344	178,251,767	185,708,116			
Three years later	150,426,323	146,901,477	146,635,187	156,841,769	156,243,344	178,251,767				
Four years later	150,426,323	146,901,477	146,635,187	156,841,769	156,243,344					
Five years later	150,426,323	146,901,477	146,635,187	156,841,769						
Six years later	150,426,323	146,901,477	146,635,187							
Seven years later	150,426,323	146,901,477								
Eight years later	150,426,323									
Nine years later										
(7) Increase (decrease) in estimated net incurred claims and expenses from end of the policy year	(1,813,910)	(1610,715)	(2,090,410)	(2,528,351)	(2,577,640)	(147,712)	(246,037)	131,054	935,457	-