

**NH Vaccine Association – Board of Directors Special Meeting
February 13, 2015 – 1:00 p.m. – 2:30 p.m.
KidsVax® Conference Room
Presiding Officer: Susan Tenney, Chair**

I. Attendance. Participating in all or part of the meeting in person (P) or by telephone (T) were the following individuals:

Directors

Susan Tenney – Harvard Pilgrim Health Care (P)
Laura Condon – NVIC (P)
David Fredenburg, M.D. (T)
Elaine Koskela – CIGNA (T)
Everett J. Lamm, M.D. (T)
Jason Margus – Anthem (T)
David Sky – NHID (P)

DHHS

Marcella J. Bobinsky (P)
(appearing as Dr. Jose Montero's designee)

Outside Counsel

Mark McCue, Esq. (P)
Laurie Beth Pliakos, Esq. (P)

Absent

Jose Their Montero, MD
Edward P. Moran

Members of the Public

James Manning, Merck (P)
Gina Powers, Rath, Young & Pignatelli (T)

KidsVax.org®

Fred L. Potter (T)
Claire M. Roberge (P)
Terry Mills (P)
Julia G. Walter (P)

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the minutes of the September 30, 2014 Board meeting.
2. To approve the KeyBank Lockbox Services Proposal as presented.
3. To table the Political Activity and Public Advocacy Policy until a later meeting.
4. To table the Communications Policy until a later meeting.
5. To table the 2014 NHVA Annual Report to the Legislature until a later meeting.
6. To appoint a Legislative Committee consisting of Susan Tenney and David Sky (or his designee), with assessment administrator assistance provided by Fred Potter, and legal counsel provided by Attorney Mark McCue.

B. Follow up Task/Action Items

1. KidsVax® will schedule a follow-up meeting to allow for further review of the NHVA Policies discussed at this meeting.

III. Minutes

Welcome and Introductions

At approximately 1:00 p.m., a quorum having been established, Chairperson Susan Tenney called the meeting to order. Ms. Tenney requested that individuals present and on the telephone introduce themselves, and she surveyed the Board for any additional items to be added to the agenda.

Consent Calendar Items

Upon motion duly made by Mr. Sky and seconded by Ms. Bobinsky, it was unanimously

VOTED: To approve the minutes of the September 30, 2014 Board meeting.

KeyBank Lockbox Services Proposal

Mr. Potter reported that, at the recommendation of the outside auditors and the NHVA Audit Committee, the KidsVax® team worked to develop methods of further tightening internal controls. The first alternative considered was to lock down the assessment system so that no KidsVax® employees with access to paper processing could also access the assessment system, and to require an independent individual such as the KidsVax® outside financial analyst, Peter Smith, to perform all assessment system corrections. Mr. Potter did not recommend this approach because Mr. Smith traditionally has not had access to any transactions, and his independent status brings value to the control process. Moreover, KidsVax®'s current ability to timely correct payer errors in-house is helpful and convenient to payers.

The second alternative suggested was to engage KeyBank to perform lockbox services for NHVA. Mr. Potter briefly summarized the Services Proposal under which KeyBank would provide NHVA with lockbox services, account management, and ACH and paper payment transaction processing. KeyBank agreed to KidsVax®'s requests for an East Coast lockbox address at no extra charge, and for a volume discount rate similar to the rate given to the Washington Vaccine Association. The estimated yearly costs proposed were lower than expected, totaling less than \$8,000 per year. Mr. Potter noted that the pricing in the proposal was illustrative only, and that although conservative estimates were used in the proposal,

actual costs are dependent upon the number of transactions. Mr. Potter explained that if the proposal is accepted, all funds received at the NHVA lockbox would be deposited by KeyBank, at which point NHVA could choose to maintain either a zero balance or a minimum balance for which NHVA would be given earnings credit to offset some or all of the fees. Mr. Potter recommended that the Audit Committee review these options and examine any added benefits on the investment side. If approved by the Board, the KeyBank services and ACH alternative could be implemented as early as next quarter.

In response to a question from Ms. Condon, Mr. Potter reported that KidsVax® also sought out proposals from TD Bank and Bank of America, but neither entity provides the same level of service as KeyBank, choosing instead to outsource their lockbox services. Therefore, no cost proposal was pursued. Discussion ensued regarding other alternatives, costs, and considerations. Mr. Sky inquired as to whether KidsVax® or NHVA should bear the costs for such services, and it was agreed that this was a topic for contract negotiations, as the current KidsVax® contract excludes any banking services. It was the sense of the Board that the engagement of KeyBank would be a cost-effective way to promote transparency, safeguard employee goodwill, address auditor concerns, and get ahead of evolving industry standards for protecting funds entrusted to NHVA.

Upon motion duly made by Ms. Bobinsky and seconded by Dr. Lamm, it was unanimously

VOTED: To approve the KeyBank Lockbox Services Proposal as presented.

Pending NHVA Governance Documents

Attorney McCue noted that the two proposed policies and the legislative amendment were related. Because issues impacting NHVA are currently pending before the legislature, and because many members of the NHVA Board regularly testify before the legislature in other capacities, it is crucial that Board members and other NHVA representatives understand that their political activities and public advocacy efforts could impact NHVA's tax-exempt status. Attorney McCue explained that NHVA is a non-profit voluntary corporation organized under NH RSA 292, and it is exempt from federal income taxation as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. As such, Attorney McCue advised that although NHVA is permitted to take policy positions on issues related to its charitable mission, federal and state law prohibit NHVA from conducting certain political and public advocacy activities. Violations could result in stiff penalties, including loss of NHVA's tax-exempt status or the imposition of excise taxes.

Attorney McCue stressed, however, that it is important to ensure that NHVA representatives are able to fully exercise their constitutional rights to advocate for particular candidates, legislation, political parties, and public policies. The proposed NHVA Political Activity and Public Advocacy Policy therefore sets out procedures balancing these important concerns. Attorney McCue noted that a crucial factor in this approach, supported by IRS Revenue Ruling 2007-41, is that when a representative of a 501(c)(3) entity engages in political activity, the representative must clarify whether he or she is speaking as a private citizen or as a representative of the entity. Attorney McCue also noted that it can be helpful for nonprofit boards to adopt policy statements on which representatives can rely when asked to speak on behalf of the organization. For this reason, the Political Activity and Public Advocacy Policy proposes general policy statements supportive of the New Hampshire universal vaccine purchasing program that NHVA was created to support through an assessment mechanism.

Extensive discussion ensued as Board members explained other entities and causes for which they regularly advocate before the legislature. Many Board members expressed that they would appreciate having policies that help them ensure that they meet their fiduciary duties to NHVA, protect its tax-exempt status, and support its work. Ms. Condon asked how NHVA authorized the legal work for the proposed policies, and it was agreed that this should be discussed at a future meeting. Ms. Condon also noted that she contacted members of the legislature in advance of the meeting to express her opinion that the policies were inappropriate because she does not believe NHVA's mission is charitable, or that any policy position is within the corporate purpose or powers of NHVA. Attorney McCue responded that both the state and federal governments classify NHVA as a nonprofit and charitable entity that supports a state health program.

Ms. Bobinsky moved to table the discussion to a later date. Mr. Sky made a motion to adopt the Political Activity and Public Advocacy Policy without the public policy statements contained in Section B(2), and Ms. Bobinsky withdrew her motion and seconded Mr. Sky's motion. Ms. Condon requested that the vote be taken by role call, following which the vote failed to pass, as follows:

Ms. Bobinsky:	No because of the exclusion of B(2)
Ms. Condon:	No
Dr. Fredenburg:	No because of the exclusion of B(2)
Ms. Koskela:	No because of the exclusion of B(2)
Dr. Lamm:	No because of the exclusion of B(2)
Mr. Margus:	Abstain
Mr. Sky:	Yes
Ms. Tenney:	No because of the exclusion of B(2)

Following brief further discussion, Ms. Tenney requested that KidsVax® schedule a subsequent meeting to allow for additional review of the Political Activity and Public Advocacy Policy and the Communications Policy.

Upon motion duly made by Dr. Fredenburg and seconded by Ms. Bobinsky, it was

VOTED: To table the Political Activity and Public Advocacy Policy until a later meeting.

Upon motion duly made by Dr. Fredenburg and seconded by Ms. Bobinsky, it was

VOTED: To table the Communications Policy until a later meeting.

Upon motion duly made by Ms. Bobinsky and seconded by Dr. Lamm, it was unanimously

VOTED: To table the 2014 NHVA Annual Report to the Legislature until a later meeting.

2015 Legislative Matters

Attorney McCue updated the Board regarding the status of the technical amendment to RSA 126-Q. The goal of the amendment is to ensure that the Managed Care Organizations (MCOs) that manage New Hampshire's Medicaid program are not required to pay a state assessment for children who are eligible to have their vaccines paid for through the federal "Vaccines for Children Program." DHHS's proposed corrections to RSA 126-Q were submitted yesterday with the Governor's budget bill. It was the sense of the Board, however, that certain language could be improved to provide additional precision and clarity. Ms. Bobinsky agreed to discuss with DHHS representatives if and how the amendment can be clarified.

Ms. Tenney then noted that at its prior meeting, the Board authorized the creation of an ad hoc Legislative Committee and that she subsequently invited Board members to express an interest in serving on the Committee. Ms. Tenney again inquired if any other Board member wished to serve on this Committee, and there was no response. Upon motion duly made by Dr. Lamm and seconded by Mr. Sky, it was unanimously

VOTED: To appoint a Legislative Committee consisting of Susan Tenney and David Sky (or his designee), with assessment administrator assistance provided by Fred Potter, and legal counsel provided by Attorney Mark McCue.

There being no further business or public comment, at approximately 2:30 p.m., upon motion duly made by Mr. Sky and seconded by Ms. Bobinsky, it was unanimously

VOTED: To adjourn.

A true record.

Attest,

Fred L. Potter
Secretary, Pro Tem

ADDENDUM: Amendment to the Board of Directors Special Meeting of February 13, 2015

(Page 2, line 40)

Extensive discussion ensued as Board members explained other entities and causes for which they regularly advocate before the legislature. Many Board members expressed that they would appreciate having policies that help them ensure that they meet their fiduciary duties to NHVA, protect its tax-exempt status, and support its work.

Ms. Condon expressed concern that decision to engage counsel, call for drafting of these Communications and Political Activity and Public Advocacy Policies, and authorize compensation for counsel was not a decision of the board. Ms. Condon questioned the need and purpose of these proposed Communications and Political Activity and Public Advocacy Policies. Ms. Condon reminded the board that she serves as a public member on the board, such a seat being created by the Legislature to provide for additional oversight for this Association. Ms. Condon urged the Board to contain the Association's activities to those called for in its statutory purpose under 126-Q:2 Creation of the Association. There is hereby created a nonprofit corporation to be known as the New Hampshire vaccine association. The association is formed to assess assessable entities for the cost of vaccines provided to certain children in New Hampshire. On vaccine policy this Association is neutral. We simply collect the money needed for purchase of certain vaccines. There is no reference to a charitable purpose and no reference to a "universal vaccine purchase program" in our governing statute. Ms. Condon reminded the Board of action taken to attempt to fund the state vaccine registry through this association. Given our limited statutory authority and purpose, that action was halted and prohibited. Ms. Condon again urged the board to confine its activities to that which the legislature intended and not wade into vaccine policy making matters. Ms. Condon also noted that she contacted members of the legislature in advance of the meeting to express her concern that the policies were unnecessary and inappropriate because the NHVA's statutory mission is limited to that of an assessment entity and that the Association should not be getting involved in vaccine public policy matters. Attorney McCue responded that both the state and federal governments classify NHVA as a nonprofit and charitable entity that supports a state health program.

What: New Hampshire Vaccine Association (NHVA) Special Meeting
Date and Time: Friday, February 13, 2015 / 1:00 p.m. – 2:30 p.m.
Location: KidsVax® Conference Room, 125 North State Street, Concord, NH **(NOTE: THIS IS A NEW CHANGE OF ADDRESS-DRIVING DIRECTIONS ARE IN THE MEETING PACKET UNDER 10.C.)**
Call-In: Join from dial-in phone line:
Dial: (760) 569-7171
Meeting ID: 103 063 718

NHVA Agendas are subject to revision up to and including the time of the meeting.

Approx. Time	Topic/[Anticipated Action]	Presented by:
(PUBLIC SESSION)		
1:00-1:05 p.m.	1. Welcome and Introductions	S. Tenney
	a. Survey of Other Matters from Board Members	
	b. Request for identification of individuals on conference phone	
1:05-1:10 p.m.	2. Consent Calendar Items	S. Tenney
	* a. Board Meeting Minutes (September 30, 2014)	
	b.	
1:10-1:15 p.m.	* 3. KeyBank Lockbox Services Proposal	F. Potter
1:15-1:45 p.m.	4. Pending NHVA Governance Documents	M. McCue
	* a. Communications Policy	
	* b. NHVA Political Activity and Public Advocacy Policy	
1:45-1:50 p.m.	* 5. Final Board Approval – 2014 NHVA Annual Report	F. Potter
1:50-2:15 p.m.	6. 2015 Legislative Matters	
	* a. Status of Technical Amendment to RSA 126-Q Proposed by DHHS	M. McCue
	b. Appointment of Legislative Committee for this Session	S. Tenney
2:15-2:20 p.m.	7. Other Matters from Board Members	
	a.	
	b.	
2:20-2:30 p.m.	8. Public Comment (if any)	
	9. Parking Lot Questions/Concerns (If time allows)	
2:30 p.m.	[Adjourn]	
	10. Reference Documents	
	* a. Contact Directory	
	* b. Proposed form of votes for this meeting	
	* c. Directions to meeting location	

*Indicates agenda item attached

NH Vaccine Association – Board of Directors Annual Meeting

September 30, 2014 – 8:30 a.m. – 11:00 a.m.

Conference Room – KidsVax.org®

Presiding Officer: Susan Tenney, Chair

I. Attendance. Participating in all or part of the meeting in person (P) were the following individuals:

Directors

Susan Tenney – Harvard Pilgrim Health Care (P)

Ken Ehresmann – Anthem (P)

Everett Lamm, M.D. (P)

Jose T. Montero, M.D. – DHHS

David Sky – NHID (P)

Elaine Koskela – Cigna (P)

Laura Condon – National Vaccine Information Center (P)

Edward P. Moran (P)

DHHS

Marcella J. Bobinsky (P)

Outside Counsel

Mark McCue, Esq. (P)

Members of the Public

Judy Butler – Merck

KidsVax.org

Fred L. Potter (P)

Julia G. Walter (P)

Claire M. Roberge (P)

Terry Mills (P)

Absent

David Fredenburg, M.D.

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the slate of officers as listed on page 01.c.1 of the Board packet, as amended.
2. To establish a legislative subcommittee.
3. To authorize the Chair to constitute the legislative subcommittee as she determines once she receives expressions of interest from Board members.
4. To set the assessment rate of \$0.14 per child covered live per month.
5. To approve the minutes of the August 19, 2014 board meeting with the changes suggested at this meeting.

B. Follow up Task/Action Items

1. KidsVax® will send each new Director a copy of the D&O Policy and a copy of the audited financials.
2. In notifying the payers of the new assessment rate, Mr. Potter will point out the unusual nature of the \$0.14 assessment rate.

III. Minutes

Annual Meeting of Members

Mr. Potter announced that the Speaker of the House has appointed Edward P. Moran as his designee to the NHVA Board and he will be attending today's meeting shortly. Mr. Potter explained that KidsVax® will send each new director a copy of the D&O Policy and a copy of the audited financials and recommends a personal copy of each document be retained by the director because the auditors sign off on the financials and the D&O policy applies to a director's service on the Board.

The first order of business was the report on proxy submissions. Mrs. Mills reported that six proxies were received, representing 100,112 out of a possible 143,705 child covered lives or 70% of the child covered lives in New Hampshire. All proxies were voted in favor of the nominees from the Board; Ken Ehresmann with Anthem, Elaine Koskela with Cigna, and Sue Tenney with Harvard Pilgrim. Mr. Potter made the announcement that any company that submitted a proxy, is entitled to revoke the proxy prior to the election. No additional votes were submitted. Chairperson Tenney deemed the annual election closed with the Board having been constituted.

1 Welcome and Introductions

2
3 At approximately 9:40 a.m., a quorum having been established, Chairperson Susan Tenney called the meeting to order. There were no
4 attendees participating by telephone. Chairperson Tenney surveyed the Board for additional items to be added to the agenda in addition to
5 the report from outside counsel and the discussion regarding creation of a legislative subcommittee.

6
7 Election of Officers

8
9 During the Annual Meeting of Members it was reported that six proxy votes were received all voting for the slate of officers that were
10 contained in the proxies, which would represent the three largest carriers in the State of New Hampshire. The directors were elected and
11 are now constituted. According to the NHVA Bylaws, the directors elect the officers of the Board.

12
13 Mr. Potter reported NHVA has an independent audit/finance committee. NHVA typically has combined the functions of the two
14 committees because there are a number of members with different backgrounds. The nominees have expressed a willingness to serve on
15 the Board. Mr. Sky asked Ms. Condon if she would like to be on the Audit Committee and she expressed her willingness as well.

16
17 Upon motion duly made by Mr. Sky and seconded by Mr. Ehresmann, it was

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19 VOTED: To approve the slate of officers as listed on page 01.c.1 of the Board packet, as amended.

20
21 Report on Consultation with Counsel

22
23 One topic that has been discussed over a number of meetings is the amended statute bringing a new assessment structure and base into
24 NHVA. It was concluded by the Department of Insurance that it covers the Medicaid Managed Care Organizations (MCOs) that are
25 managing the state Medicaid program but the Department of Health and Human Services believes that determination, if final, would be
26 inconsistent with the federal structure of vaccines where Medicaid federally eligible children cannot be vaccinated and have the cost of
27 those vaccines subsidized by State program funds. This concern was raised with the Insurance Department but it declined to modify its
28 interpretation of the statute. Dr. Montero has spoken with his Department and also with the Attorney General's office. They also
29 recommended that the statute be amended because the language, although inconsistent with the structure of the vaccination program, does
30 not appear to be ambiguous on its face.

31
32 Mr. Sky advised that, provided someone on behalf of NHVA pursues clarification on this point through legislative action in the upcoming
33 session, the Department of Insurance will not press its interpretation into requiring assessment of the MCOs this year, especially since (a)
34 the assessment rate is quite low and (b) not a single present payer is pressing the Department to force collections which could jeopardize
35 the much larger federal grant to the State of New Hampshire. Dr. Montero reported that DHHS will be looking into a technical amendment
36 to remedy the fact that arguably right now MCOs are included under a strict interpretation of the current statute. The Board also discussed
37 additional technical amendments that it may wish to see now that NHVA has gone through the assessment process once and is about to do
38 it again. Therefore, the recommendation is that the Board create and delegate to a legislative subcommittee review of the statute,
39 discussions with DHHS, and help in developing a technical amendment to NHVA in their amended statute.

40
41 After brief discussion regarding the creation of a legislative subcommittee, Chairperson Tenney requested that those Board members
42 interested in serving on such a committee e-mail her and the committee can be set up. Dr. Montero advised that he will ask Ms. Frye to
43 assist in navigating this process. Mr. Potter thanked Dr. Montero for this thoughtfulness especially given her expertise in this area and past
44 effectiveness in assisting NHVA.

45
46 Attorney McCue recommended that the Board vote to establish the legislative subcommittee since it is delegating its authority to this
47 committee on this topic. The appointment power can be given to the Chair.

48
49 Upon motion duly made by Dr. Lamm and seconded by Dr. Montero, it was

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51 VOTED: To establish a legislative subcommittee.

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53 Upon motion duly made by Dr. Montero and seconded by Dr. Lamm, it was

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55 VOTED: To authorize the Chair to constitute the committee as she determines once she receives expressions of interest
56 from Board members.

57
58 Recommendation for the Audit Committee

59
60 Ms. Tenney reported that the auditors have reviewed the financial statements. They have made a determination that the financial
61 statements are intact and are good as presented. There were a couple of recommendations of the auditors to help tighten the internal
62 controls in terms of distribution of responsibilities. The Audit Committee will be meeting subsequent to this meeting to take action and
63 determine what it is that the Board wants to do, if anything, to perhaps tighten some internal controls. However, the auditors indicated that

does not have any bearing on the Board's ability to accept the financial statements as they have been published. The Audit Committee does recommend that the full Board accept those audited statements as presented.

Upon motion duly made by Mr. Sky and seconded by Mr. Ehresmann, it was

VOTED: To accept the audited statements as presented to the Board.

2014/15 Assessment Setting

Mr. Potter expressed his gratitude to Mr. Sky and Mr. Ehresmann for their time and effort in working with him on the assessment setting worksheet. Mr. Potter gave a brief summary regarding the changes that were made to the worksheet. The worksheet carries forward the recommendations of Mr. Sky and Mr. Ehresmann as of their working session and brings forward the latest information on covered lives which are now incorporated in the calculations. Due to the current excess cash of \$14 M and the fact that there is one more assessment collection, it is expected that \$20 M will be carried forward this year, considerably more than is needed. Consequently, under the methodology developed by KidsVax® under the board's direction the calculated assessment rate takes the assessment rate down to \$0.14. Mr. Potter noted that it is his best estimate that if the assessment rate is set at \$0.14, the targeted reserve level will be reached and the rate the following year will go back to \$8.00. In the past, when the rate was set below the normal rate, the carriers were alerted to the fact that this was an unusually low rate given the utilization and the expected level is more than this level so that the actuarial staff of the carriers can start having that number in mind. It would be helpful to inform them that with the base data available, the normal rate is \$8.00. NHVA is basically effecting a refund per statute of over collections. Extensive discussion ensued.

Upon motion duly made by Mr. Sky and seconded by Dr. Lamm, it was

VOTED: To set the assessment rate of \$0.14 per child covered live per month.

The Board requested that in notifying the payers of the new assessment rate, that Mr. Potter point out the unusual nature of the \$0.14 assessment rate.

Consent Calendar Items

Upon motion duly made by Mr. Sky and seconded by Mr. Ehresmann, it was

VOTED: To approve the minutes of the August 19, 2014 board meeting with the changes suggested at this meeting.

After brief discussion, it was the sense of the Board not to address the refund request information submitted by BCBS of IL, MT, NM, OK, and TX at this time. It will be addressed at the next Board meeting. Mr. Sky stated for the record that there has been no refund request made. The Board has been alerted that there might be a request forthcoming, but there is no request for a refund that he has been made aware of.

There being no further business to come before the Board at this time, it was unanimously voted to adjourn.

A true record.

Attest,

Fred L. Potter
Secretary, Pro Tem



MEMORANDUM

TO: New Hampshire Vaccine Association Board of Directors
Laura Condon
David Fredenburg, MD
Elaine Koskela
Everett J. Lamm, MD
Jason Margus
Jose T. Montero, MD
Edward P. Moran
David Sky
Susan Tenney, Chairperson

FROM: Fred L. Potter

DATE: February 12, 2015

RE: KeyBank Lockbox Proposal

After receiving the independent auditor's recommendations last fall and meeting with both audit and board committees, Claire and I have worked on developing alternatives. Either of these would fully respond to the outside auditor's suggestion that further segregation of duties be incorporated now that we have moved to the quarterly self-assessment system cycle including its substantially enlarged number of payers. The challenges, you may recall, resulted from the need to be able to assist payers in resolving payer errors without opening up the system for outside payer or other manipulation. The concern surrounded the hypothetical potential that, due to staff vacations or other internal coverage matters with a relatively small staff at KidsVax®, one person could theoretically both adjust the assessment system so that the record of payments was reduced and divert one or more items made payable to the New Hampshire Vaccine Association to another non-NHVA account. The risk was not with the large payment items for which such diversion would become evident in NHVA financials, but with one or more of the smaller payer accounts for which the diversion would be harder to detect. We are prepared to proceed with either alternative, but recommend #2 below.

1. Lockdown of the assessment system. This approach would preclude all in-house KidsVax® employees from adjusting the assessment system for payer errors. The system then would require approval by KidsVax®'s outside financial analyst, Peter Smith, or another individual who has no access to the regular paper processing flow inside the

KidsVax® office. Accordingly, under this approach, only Peter Smith would be able to adjust the assessment system side of the records and all the check and other transaction processing flow would continue to be controlled within the internal staff.

In review of this alternative with the KidsVax® system designer, we learned that it would, indeed, be technically feasible to incorporate such a lockout. KidsVax®, accordingly, stands ready, willing, and able to make the system adjustment if that is the direction of the NHVA Board. However, in light of the more favorable pricing now available from KeyBank as outlined below and the following two considerations, KidsVax® recommends that we not take this approach for two reasons:

- a. Internal control. To this point, our outside internal control monitor and financial analyst, CPA Peter Smith, has had no ability to effect any actual live transaction at KidsVax®. On the other hand, he has 100% view access to all transactions and personally checks off on each monthly bank reconciliation. He also, by virtue of support of the financial analyst work done with each assessment cycle, maintains familiarity on the flow expectations as a result of his financial modeling work. From a control and audit perspective, it is my preference that we maintain that qualitative segregation of duties between view/audit/review and internal transaction processing. That would suggest that we do not want to diminish Peter's autonomy by having him take on responsibility for actual live transactions at any point in the process.
 - b. Service level diminution. Pulling the ability to correct payer errors out of the regular processing staff runs the risk of reducing our service level. With the turmoil in the industry due to the Affordable Care Act (ACA) and other factors, including shifting market shares, KidsVax® has noted a sharp increase in payer errors over the last two years. The numbers still are relatively low, but we are helped in vaccine funding administration by being able to timely and "on the spot" resolve those errors when they arise. Requiring an outside independent person to interact with each of these transactions inevitably will reduce our service level at exactly the point (payer error) at which prompt resolution is most helpful.
2. Collection lockbox. KidsVax® requested KeyBank quote to the New Hampshire Vaccine Association based upon the volume discounts it had obtained for the Washington program in which 300,000+ annual transactions are processed. We also requested that there be no additional fee to make available an eastern United States lockbox address in addition to the Tacoma, Washington address. We are pleased to report that KeyBank has agreed to do so. The cash flow model attached is based upon current best estimates of the NHVA volume. For modeling purposes it assumes a level monthly volume though actual volumes will be clustered, of course, around each quarterly payment cycle. That concentration would not affect the aggregate charges, only the monthly levels. As you will see, the estimated costs in aggregate would be under \$8,000 per year. NHVA previously had authorized KidsVax® to implement an ACH payment option in addition to prior pay-by-pay check alternative. This lockbox proposal includes ACH as well as paper transaction processing. The lockbox services would include 100% 24/7 view access to all

transactions by independent auditors and any board member authorized to have such access in addition to the KidsVax® staff.

KidsVax® had declined to recommend such outside services in the past simply as a matter of holding down costs consistent with the Board's policy of minimizing administrative expenses. However, this approach clearly would be a "best practice" approach for collection segregation. The quality of KidsVax® staff assures that there is no practical risk exposure to NHVA, but this approach also would remove any theoretical exposure to the risk of item diversion. With (a) the lower cost now available through KeyBank, (b) the broadening assessment base, including an increasing number of out-of-state payers, and (c) the significant increase in childhood vaccination costs from manufacturers over the last decade, KidsVax® recommends that NHVA engage these services.

The initial setup will involve opening an account at KeyBank's New York address and securing a segregated NHVA lockbox number. This will involve both account and cash management/lockbox services agreements between KeyBank and NHVA. The requested action is to authorize these agreements at this time so that KidsVax® can move forward and make the corresponding system adjustments to implement this program in the second quarter of 2015. We propose that the ACH payment alternative be offered to the payer community at the same time.

If the Board proceeds with the lockbox alternative, KidsVax® will then seek further review with KeyBank concerning KeyBank's investment services. There may be opportunities, in light of the current low interest rates, to increase the compensated minimum account balance from that model in the attachment to offset most or all of the fees. As a practical matter, with low interest rates, this may be a good alternative to maintaining an independent investment program.



Fred L. Potter
Executive Director

Attachment

cc: Claire Roberge

KeyBank Account Analysis Statement

Date: 01/02/2015 09:32:51 AM EST

NHVA

Balance Summary	
Average Positive Collected Balance	\$250,000.00
LESS: Reserve Requirement	\$0.00
Balances Available to Support Services	\$250,000.00

Billing Information	
Settlement Cycle	Monthly
Payment Method	Direct Debit
Days in the Month	31 Days

Service Charge Summary	
Service Charges Eligible for Earning Credit	\$612.41
Earning Credit Rate	0.1%
LESS: Earnings Credit Allowance	-\$20.00
Direct Service Charges	\$0.00
Service Charges Due	\$592.41

Service Account Summary		
Service Codes	Services	Total Service Charges
AFP01	GENERAL ACCOUNT SERVICES	\$115.00
AFP05	LOCKBOX SERVICES	\$287.85
AFP10	DEPOSITORY SERVICES	\$21.00
AFP15	PAPER DISBURSEMENT SERVICES	\$0.40
AFP25	GENERAL ACH SERVICES	\$77.16
AFP35	WIRE AND OTHER FUNDS TRANSFER	\$12.00
AFP40	INFORMATION SERVICES	\$0.00
AFP99	UNDEFINED SERVICES	\$99.00

Service Account Details					
Service Codes	Services	Quantity	Unit Price	Total Service Charges	Balance Needed To Support Services
AFP01 GENERAL ACCOUNT SERVICES					
010000	MAINTENANCE	2	\$25.00000	\$50.00	\$624,999.50
010020	ZBA CONCENTRATION ACCOUNT	1	\$40.00000	\$40.00	\$499,999.60
010021	ZBA SUBSIDIARY ACCOUNTS	1	\$25.00000	\$25.00	\$312,499.75
010306	KTT CORP BANKING STATEMENT	2	\$0.00000	\$0.00	\$0.00
010406	ELECTRONIC ANALYSIS STATEMENT	1	\$0.00000	\$0.00	\$0.00
010406	KTT ANALYSIS STATEMENT	1	\$0.00000	\$0.00	\$0.00
AFP01__Total				\$115.00	\$1,437,498.85
AFP05 LOCKBOX SERVICES					
050100	LOCKBOX ITEMS	35	\$0.42000	\$14.70	\$183,749.85
05011M	LOCKBOX UNPROCESSABLE ITEMS	1	\$0.25000	\$0.25	\$3,124.99
05011R	LBX IMAGE CHECK SCAN	35	\$0.05500	\$1.92	\$24,062.48
05011R	LBX IMAGE DOCUMENT SCAN	350	\$0.10000	\$35.00	\$437,499.65
050126	LOCKBOX REMITT PER KEYSTROKE	700	\$0.01500	\$10.50	\$131,249.89
050220	LOCKBOX OCR BASE	1	\$62.50000	\$62.50	\$781,249.37
050300	LBX DEPOSITED ITEM CLEARING	35	\$0.08500	\$2.98	\$37,187.47
050400	KTT LBX IMAGE BASE FEE	1	\$100.00000	\$100.00	\$1,249,999.00
050401	LOCKBOX DATA TRANSMISSION	4	\$5.00000	\$20.00	\$249,999.80
050404	KTT RECEIVABLES BASE FEE	1	\$30.00000	\$30.00	\$374,999.70
059999	LOCKBOX PRIORITY MAIL DELIVERY	10	\$1.00000	\$10.00	\$124,999.90
AFP05__Total				\$287.85	\$3,598,122.10
AFP10 DEPOSITORY SERVICES					
100200	DEPOSITS LOCKBOX	21	\$1.00000	\$21.00	\$262,499.79
AFP10__Total				\$21.00	\$262,499.79
AFP15 PAPER DISBURSEMENT SERVICES					
150100	CHECKS/DEBITS PAID	2	\$0.20000	\$0.40	\$4,999.99
AFP15__Total				\$0.40	\$4,999.99
AFP25 GENERAL ACH SERVICES					

NHVA

250100	ORIGINATED ACH DEBIT VIA KTT FOR 1-50 ITEMS	1	\$0.18000	\$0.18	\$2,249.99
250201	INCOMING ACH CREDIT ITEM	9	\$0.12000	\$1.08	\$13,499.98
250220	ACH RECEIVED ADDENDA	30	\$0.03000	\$0.90	\$11,249.99
250400	CAR REPORT FOR KTT ACH	1	\$0.00000	\$0.00	\$0.00
251053	EPA ADMIN FEE W/ACH DIRECT	2	\$10.00000	\$20.00	\$249,999.80
251100	ACH DIRECT MONTHLY MAINT	1	\$35.00000	\$35.00	\$437,499.65
251100	KTT ACH MONTHLY BASE FEE	1	\$20.00000	\$20.00	\$249,999.80
AFP25__Total				\$77.16	\$964,499.21
AFP35 WIRE AND OTHER FUNDS TRANSFER					
350123	KTT BOOK TRANSFER ENTRY		\$0.00000	\$0.00	\$0.00
350510	OUTGOING STANDING TRANSFER ORD	1	\$12.00000	\$12.00	\$149,999.88
AFP35__Total				\$12.00	\$149,999.88
AFP40 INFORMATION SERVICES					
400010	PREVIOUS DAY REPORT FOR 1-3 ACCTS	2	\$0.00000	\$0.00	\$0.00
400010	PREVIOUS DAY REPORT FOR > 3 ACCTS		\$30.00000	\$0.00	\$0.00
400210	CURRENT DAY REPORT FOR 1-3 ACCTS	2	\$0.00000	\$0.00	\$0.00
400210	CURRENT DAY REPORT FOR > 3 ACCTS		\$30.00000	\$0.00	\$0.00
400210	KTT ACCOUNT MANAGEMENT BASE FEE	1	\$0.00000	\$0.00	\$0.00
AFP40__Total				\$0.00	\$0.00
AFP99 UNDEFINED SERVICES					
999999	KTT ACH PACKAGE FEE	1	\$0.00000	\$0.00	\$0.00
999999	KTT INFO REPORTING PACKAGE FEE	1	\$99.00000	\$99.00	\$1,237,499.01
AFP99__Total				\$99.00	\$1,237,499.01
Grand Total				\$612.41	\$7,655,118.83

ASSUMPTIONS & CLARIFICATIONS

- Balances Needed to Support Services are calculated as follows:
Total Fees / Days in the Month (31) X Days in the Year (365) / Earnings Credit Rate
- Earnings Credit Rate is based on several market indicators and is subject to change monthly. For purposes of this analysis, the rate is 0.1%
- All services and products not listed on this proforma will be billed in accordance with Key Bank's Schedule of Rates, Fees, and Charges for Non-Personal Accounts, as well as the Cash Management Schedule of fees.
- All fees quoted within this proforma are valid for 30 days and subject to change after this period. Other fees such as one-time setup charges and software licenses may apply.
- For purposes of this proforma, volumes and balances were based on a month containing 31 Days
- The Pricing quoted in this proposal is effective April 2014.

NEW HAMPSHIRE VACCINE ASSOCIATION

Policy Title:	Communications		
Policy Number:		Effective Date: 2/ /15	
Purpose:	To comply with the reporting requirements of New Hampshire RSA 126-Q and to ensure that any external communications by the New Hampshire Vaccine Association or its directors, officers or staff are authorized, accurately reflect the position of the Association, and are consistent with its charitable purposes.		

POLICY STATEMENT:

The New Hampshire Vaccine Association (“NHVA”) is a non-profit voluntary corporation organized under New Hampshire RSA 292 and is exempt from federal income taxation as a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. It is the policy of NHVA to comply with the annual reporting requirements imposed upon it by New Hampshire RSA 126-Q, and to communicate regularly with its constituents regarding its charitable activities and matters affecting its operations.

PERSONS SUBJECT TO THE COMMUNICATIONS POLICY:

This Communications Policy (the “Policy”) will guide the actions of the members of the NHVA Board of Directors and the NHVA Executive Director, and their representatives, agents and employees, in communications on behalf of NHVA (each an “NHVA Representative”).

PROCEDURES:

The following procedures are established to further the purposes of this Policy:

A. STATUTORY REPORTS

1. NHVA will prepare and submit in a timely manner all reports required by New Hampshire RSA 126-Q and any other applicable law or regulation, including without limitation the annual report to the New Hampshire Commissioner of Insurance required by RSA 126-Q:3(V)(k); the annual report to the President of the New Hampshire Senate, the Speaker of the New Hampshire House and the New Hampshire Governor required by RSA 126-Q:3(V)(p); and the annual fiscal report to the Commissioner of the New Hampshire Department of Health and Human Services (“DHHS”) required by RSA 126-Q:6 (collectively the “Annual Reports”).

2. The following procedures will govern the preparation of the NHVA Annual Reports:

a. The NHVA Executive Director will be responsible for preparing the initial draft of the Annual Reports, which will contain all of the information required by statute and any other matters germane to the charitable mission or activities of NHVA. Because the charitable purpose of NHVA is to support the New Hampshire universal vaccine purchase program through an assessment mechanism, the NHVA Board of Directors has determined that its charitable purposes are furthered by activities which support the continuation of

NEW HAMPSHIRE VACCINE ASSOCIATION

such universal vaccine purchase program. Therefore, the Annual Reports may contain information in support of – but not in opposition to -- such program.

b. The NHVA Controller and Financial Analyst will review all financial matters to ensure their accuracy, and all health statistics will be made available for review by the State of New Hampshire Immunization Manager to ensure the accuracy of all statements and consistency with other published and available health reports in the State.

c. Upon its completion, the NHVA Executive Director will disseminate the initial draft of each Annual Report to the members of the Board of Directors and solicit individual comments by email or telephone. The NHVA Executive Director then will synthesize the Board comments and prepare a revised draft, which it will disseminate to the Board of Directors for further review.

d. At the request of any Board member directed to the NHVA Executive Director or the Board Chair, the Board will discuss the revised Annual Report at its next regular meeting or, if the filing deadline so requires, at a special meeting called by the Board Chair. Consistent with any final Board direction resulting from such discussion, or if no such discussion is requested, the NHVA Executive Director will endeavor to finalize each Annual Report so that NHVA can file it in a timely manner.

3. Unless otherwise directed by the Board, the NHVA Executive Director will post all final and submitted Annual Reports on the NHVA web site.

B. PUBLIC STATEMENTS AND COMMUNICATIONS

1. When acting in his or her official NHVA capacity no NHVA Representative may make a contrary communication, either oral or written, to any official position of NHVA on public policy issues germane to its charitable mission and operations and contained in, or subsequently adopted in accordance with, its Political Activity and Public Advocacy Policy. Any reports, communications or comments made on behalf of NHVA must be consistent with such public policy positions.

2. When possible, public statements and communications requested of NHVA should be directed to the NHVA Board Chair. The Board Chair then may communicate on behalf of NHVA, or designate the NHVA Executive Director or other member of the Board to communicate on behalf of NHVA. All communications made on behalf of NHVA must be accurate, consistent with its charitable purposes and established policy positions, and in fulfillment of the fiduciary duty of loyalty to NHVA.

3. Notwithstanding the above, the NHVA Executive Director is authorized and directed to respond to factual inquiries about NHVA or its assessment operations, and to communicate with NHVA members about carrier assessments and collections. Nothing in this Policy will prevent the NHVA Executive Director from sharing its knowledge of vaccine programs and assessment mechanisms in other states, provided that the NHVA Executive Director expressly states that such views are only those of the NHVA Executive Director, and not of NHVA.

NEW HAMPSHIRE VACCINE ASSOCIATION

C. ENFORCEMENT

This Policy will be enforced by the NHVA Board of Directors, which will consider any instances of noncompliance at a regular or special meeting of the Board. The decision of the Board will be final.

REVIEW and REVISION:

This Policy will be reviewed and updated from time to time to ensure that the Policy is furthering its intended purpose.

DATE APPROVED: 2--15

LAST REVISED:

LAST REVIEWED:

NEW HAMPSHIRE VACCINE ASSOCIATION

Policy Title:	Political Activity and Public Advocacy		
Policy Number:		Effective Date: 2/ /15	
Purpose:	To ensure that any political or public advocacy activities by the New Hampshire Vaccine Association or its directors, officers or staff comply with applicable federal and state restrictions and the fiduciary duty of loyalty, while recognizing the right of such individuals to participate in political and public advocacy activity as private citizens.		

POLICY STATEMENT:

The New Hampshire Vaccine Association (“NHVA”), a non-profit voluntary corporation organized under New Hampshire RSA 292, is exempt from federal income taxation as a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Federal tax law states that “no substantial part of a charity’s activities may consist of carrying on propaganda or otherwise attempting to influence legislation.” Revenue Ruling 2007-41 provides guidance as to when political activity by a tax-exempt organization is improper and may jeopardize the organization’s tax-exempt status or subject it to excise taxes. It is the policy of NHVA that it will not conduct any political or public advocacy activity in violation of any state or federal tax, charitable or other legal restrictions or prohibitions applicable to NHVA.

PERSONS SUBJECT TO THE POLITICAL ACTIVITY AND PUBLIC ADVOCACY POLICY:

This Political Activity and Public Advocacy Policy (the “Policy”) will guide the actions of the members of the NHVA Board of Directors and the NHVA Executive Director, and their representatives, agents and employees, in conducting the affairs of NHVA (each an “NHVA Representative”). This Policy does not impede the constitutional right of any individual to advocate for a particular policy, candidate, political party, legislative action or social issue as a private citizen, *provided that* such individual is not doing so in, or under the guise of, his or her official capacity with NHVA.

DEFINITIONS:

For purposes of this Policy, the following terms have the following meanings:

- (i) “Political activity” means any activity which is intended to or is likely to have the effect of:
 - (a) influencing legislation or regulation, including but not limited to the support of or opposition to proposed legislation or the encouragement of the repeal or amendment of existing legislation; (b) advocating for the success or failure of a political party, candidate or partisan political group; or (c) endorsing or otherwise supporting a political party, candidate or partisan political group.
- (ii) “Public advocacy activity” means any activity which is intended to or is likely to have the effect of: (a) presenting to members of the public and/or public officials a particular point of view or perspective on a matter of social policy or preference; or (b) advocating for certain action or inaction by members of the public and/or public officials regarding a matter of social policy or preference.

NEW HAMPSHIRE VACCINE ASSOCIATION

GUIDELINES:

The following guidelines are established to further the purposes of this Policy:

A. POLITICAL CAMPAIGNS

1. Neither NHVA nor any NHVA Representative, acting in its official capacity for NHVA, may participate, directly or indirectly, in any activity directed at the success or failure of a political party, a partisan political candidate, or a partisan political group.

2. Neither NHVA nor any NHVA Representative, acting in its official capacity for NHVA, may endorse a candidate, contribute NHVA funds to a candidate's campaign, or use NHVA facilities, letterhead, web sites or other social media to conduct any fundraising or other activities in support of a candidate.

3. If approved by the NHVA Board of Directors, NHVA may conduct non-partisan voter education programs that do not favor any particular candidate or political party or group, either directly or implicitly based on the circumstances or the manner in which the program is conducted.

B. PUBLIC POLICY ISSUES

1. NHVA may take an official position on public policy issues germane to its charitable mission and operations, but only in accordance with the following procedures:

a. The NHVA Board of Directors must approve the content and nature of the organization's policy position, after first determining that the issue is pertinent to NHVA's mission and/or operations.

b. All communication of the NHVA policy position will be conducted solely by NHVA representatives authorized by, and only through means approved in advance by, the NHVA Board of Directors or a duly-constituted legislative committee of the NHVA Board.

c. NHVA policy positions will not: (i) identify one or more candidates for political office; (ii) approve or disapprove of any candidate's position or actions with respect to the policy issue; (iii) reference voting or an upcoming election; or (iv) be delivered in close proximity in time to an election in which the policy issue is germane.

2. The NHVA Board of Directors has determined that its charitable purposes are furthered by activities which support the continuation of the New Hampshire universal vaccine purchase program, which program is designed to provide to the children of New Hampshire all vaccines recommended by the Centers for Disease Control and Prevention ("CDC") (collectively the "Recommended Childhood Vaccines"). Therefore, the Board adopts the public policy positions that NHVA supports: (a) the purchase and dissemination by the New Hampshire Department of Health and Human Services ("NHDHHS") of all Recommended Childhood Vaccines to children in New Hampshire; (b) the administration of such vaccines in accordance with CDC's recommended schedule by New Hampshire licensed health care providers; (c) the maintenance by NHDHHS of an

NEW HAMPSHIRE VACCINE ASSOCIATION

accurate registry of all vaccine administrations in the State of New Hampshire; and (4) educational and other public information programs designed to increase vaccination rates in New Hampshire for Recommended Childhood Vaccines. The foregoing policy positions do not alter the statutory obligations and limitations imposed on NHVA with respect to the assessment mechanism established under RSA 126-Q.

3. No NHVA Representative may assert any policy position on behalf of NHVA, or give the appearance of asserting any policy position on behalf of NHVA, except in strict accordance with the procedures described above and in a manner consistent with NHVA's approved policy positions.

C. POLITICAL ACTIVITY AND PUBLIC ADVOCACY AS PRIVATE CITIZEN

1. Any NHVA Representative may conduct or participate in political or public advocacy activities in his or her individual capacity as a private citizen.

2. Each NHVA Representative has a fiduciary duty of loyalty to NHVA when acting in an official capacity. When conducting political or public advocacy activity as a private citizen, each NHVA Representative must take the following steps to ensure that he or she is not using his or her official NHVA capacity to further personal political or social views or goals, or creating the possibility that his or her political activity as a private citizen may be misconstrued as the activity of, or an expression of support by, NHVA:

a. When conducting political or public advocacy activity as a private citizen, each NHVA Representative must utilize personal letterhead, social media, telephone lines, email, and facilities and conduct such political activity outside of the NHVA Representative's official duties for NHVA.

b. An NHVA Representative may note his or her title or official capacity with NHVA solely for identification purposes. Whenever such capacity is noted (i) in connection with any private political or public advocacy activity, whether verbal, written or electronic (including email, web sites, blogs, online commentary, Facebook, Twitter or other social media), or (ii) in a manner or under circumstances which may create an inference that such private political or public advocacy activity is conducted on behalf of, or with the support of NHVA, then the NHVA Representative must state expressly in each such instance that he or she is acting in an individual capacity, and in no way on behalf of NHVA.

c. Except in strict accordance with Paragraph B(1) above, no NHVA Representative has authority to conduct any political or public advocacy activity on behalf of NHVA, or to create the appearance that he or she is acting on NHVA's behalf or with NHVA's support. Each NHVA Representative will take all steps necessary to clarify the personal nature of any political or public advocacy activity conducted as a private citizen.

D. COMPLAINTS

If any person subject to this Political Activity and Public Advocacy Policy fails to follow its requirements, then the NHVA Executive Director will consult with the NHVA Board Chair and

NEW HAMPSHIRE VACCINE ASSOCIATION

attempt to resolve the noncompliance. If the NHVA Executive Director and Board Chair are unable to address any singular or ongoing acts of noncompliance in a satisfactory manner, then the matter will be presented to the Board or an appropriate Committee at its next regular or special meeting. The Board or Committee may consider all courses of action, including but not limited to education and training and possible removal from the Board or, in the case of staff, termination. The decision of the Board or Committee will be final.

REVIEW and REVISION:

This Policy will be reviewed and updated from time to time to ensure that the Policy is furthering its intended purpose.

DATE APPROVED: 2--15

LAST REVISED:

LAST REVIEWED:

MEMORANDUM

TO: The Honorable Maggie Hassan
Governor of New Hampshire
State House
107 North Main Street
Concord, NH 03301

The Honorable Chuck Morse, Senate President
New Hampshire State Senate
107 North Main Street
Concord, NH 03301

The Honorable Shawn Jasper, Speaker of the House
New Hampshire House of Representatives
107 North Main Street
Concord, NH 03301

FROM: Fred L. Potter

DATE: February 17, 2015

RE: New Hampshire Vaccine Association ("NHVA") 2014 Annual Report filed in
accordance with RSA 126-Q:3, V.(p)

Attached are the following documents which, together, constitute NHVA's 2014 annual report in accordance with this newly-effective statute:

1. VaxFacts NH 2013/14.
2. Analysis summary dated October 8, 2014 from Peter M. Smith, Financial & Internal Control Analyst, documenting the cost savings to payers in New Hampshire as a result of NHVA's operation.
3. Audited Financial Statements for the fiscal year ending June 30, 2014.

In accordance with the provisions of RSA 126-Q:3, V. (p) this letter also advises that there have been no newly-approved vaccines adopted by the Department of Health and Human Services during the fiscal year ending June 30, 2014.

I want to thank you, each one, for your support in adopting recent updates to NHVA's governing statute, RSA 126-Q. We had anticipated that more equitable cost sharing would arise as a result of these statutory changes and that NHVA would be better positioned to respond to numerous changes affecting the health care industry as a result of the federal Affordable Care Act. We sought to be conservative in our presentation of the expected benefits before the legislature. Thankfully, the results exceeded not only our presentation analysis, but also our expectations. Thanks to the diligent work of NHVA's Board, the Department of Health and Human Services, the Department of Insurance, and key staff assigned to this important work by

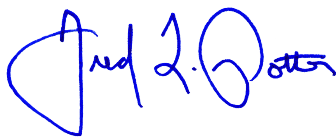
the commissioners of those two departments, NHVA was able recently to announce very favorable financial results. As a consequence, the assessment rate will be dropped one-time to \$0.14 per child covered life per month for 2015. This implements NHVA's goal of restoring to payers funds over-collected from the first assessment rates at the first available opportunity. Of necessity, prior rates had been set without complete data for the new assessment base established by the legislature. They turned out to be higher than what was needed. The new rate will return those excess collections.

This 2014 report confirms not only the cost savings for purchase of vaccines, but also the overall program improvements. A letter to the payer community advising of the rate reduction for calendar year 2015 is attached. As noted in that letter, our best current estimate, based upon the improved data now available, is that the ongoing assessment level will be in the range of \$8.35 per assessable child covered life per month, prior to any effects from vaccine cost increases, once this unusual 2015 rate (intended to refund overpayments) is completed.

The attached financial reports reflect the results of NHVA operations through its fiscal year ending June 30, 2014. In July 2015, additional amendments to NHVA's governing statute became effective. Last fall we welcomed new board members Laura Condon and Edward P. Moran, appointed pursuant to RSA 126-Q:3, III.(f) & (g) respectively. We understand that the Governor and Council are still working on the appointment of a representative of self-insured entities as provided by RSA 126-Q:3, III.(e).

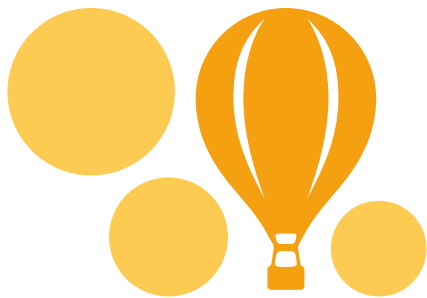
We are grateful for the opportunity to serve with you in addressing the health needs of New Hampshire's children. We commend DHHS for its work in sustaining New Hampshire's leadership in its childhood immunization program and are pleased to be able to report both the effectiveness of NHVA's new improved funding mechanism and its performance of substantially more favorable levels than that anticipated at the time we had requested these statutory improvements.

Given the numerous challenges from the rippling implementation of the Affordable Care Act, we anticipate that some further "tweaks" to New Hampshire's legislative structure for NHVA may be needed from time-to-time to allow adequate flexibility to maintain payer payment equity. Nonetheless, these early results confirm the efficacy of the significant updates recently enacted. Thank you, once again.



Fred L. Potter
Serving as Executive Director of NHVA through





2013 - 2014
NHVA 2015-02-13 05.3

NH

VaX FactsSM

NHVA New Hampshire
Vaccine Association

Dear Friends and Colleagues,

As NHVA's 12th year in operation draws to a close, we are pleased to report even greater increases in childhood vaccination coverage and carrier participation. Thanks to the efforts of NHVA's stakeholders—insurers, providers, and the NH Departments of Insurance and Health & Human Services—NH's universal vaccine purchase program has created an even more accurate and equitable assessment system. As a result of the combined efforts of these groups, we are happy to report that our costs for the year remained lower than expected, creating a substantial surplus that will be used to reduce costs to payers in the upcoming year. NH's universal vaccination program set a new record in reducing healthcare costs, producing a cumulative savings total of over \$54 MM dollars.

We are extremely grateful for all the hard work NH's legislature invested in updating NHVA's governing statute. NH's legislation has enabled NHVA to accommodate the systemic changes in the industry due to the implementation of the federal mandates, as required under the Affordable Care Act. As membership moves into healthcare exchanges, further flexibility is needed to keep NHVA current with shifting healthcare structures. Overall, the program has performed admirably. NHVA is thankful for your continued interest in the state's funding of vaccine purchase as it works to protect the lives of NH's children.

Susan M. Tenney
Susan M. Tenney, Board Chair

Fred L. Potter
Fred L. Potter, Executive Director

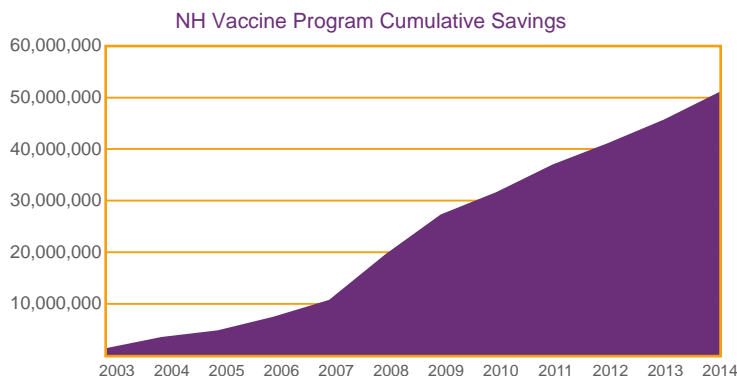
WWW.NHVACCINE.ORG

What is a Universal Purchase Program?

A universal vaccine purchasing program allows a state to purchase essential vaccines for all children, regardless of insurance coverage or income. New Hampshire's program enables state purchase of vaccines for every resident family and to distribute the vaccines to providers, like doctors' offices and hospitals, at no out of pocket cost to the provider or family. The New Hampshire Vaccine Association ("NHVA") funds its universal purchase program through a cooperative approach involving health insurers, providers, and the NH Departments of Insurance and Health & Human Services.

How does the Universal Purchase Program lower health care costs?

As a universal purchase state, New Hampshire qualifies to purchase vaccines at a substantially discounted federal rate from vaccine manufacturers. State and federal dollars fund vaccines for low-income and other federally-eligible children, while NHVA covers vaccine costs for privately insured children through assessments collected from insurance carriers. This approach allows state health officials to manage the supply of vaccines, thereby lowering providers' administrative costs and ensuring that the state can quickly supply vaccines to vulnerable patient groups during emergencies or vaccine shortages.



Beyond these immediate savings, improved immunization rates will produce long-term savings by eliminating both direct costs of extended treatment and indirect societal costs associated with illness such as missed school, work, disability, or even death.

How does the Universal Purchase Program improve childhood health?

New Hampshire's universal purchase program ensures that every child who enters a medical provider's office, clinic, or hospital can receive life-saving vaccines at no out of pocket expense as the program makes vaccines available to all health care providers. In turn, more providers offer immunization services because providers no longer have to finance the up-front costs of vaccines out of their own pockets or be burdened with complex ordering systems. As a result, New Hampshire has one of the highest immunization rates in the country, benefiting all New Hampshire citizens. High immunization rates protect vaccinated children, while also protecting individuals whom are unable to receive vaccinations due to allergies or other health problems. A higher immunization rate lowers the odds are that an unvaccinated person will encounter a person carrying a disease.



NHVA Board of Directors

INSURER REPRESENTATIVES

Ken Ehresmann
Regional Vice President, Underwriting
Anthem Blue Cross & Blue Shield

Elaine Koskela
Senior Contract Manager
CIGNA Health Care

Susan Tenney
Manager, Network Contracting
Harvard Pilgrim Health Care, Inc.

HEALTHCARE PROVIDER REPRESENTATIVES

Everett Lamm, MD

David Fredenburg, MD

GOVERNMENTAL REPRESENTATIVES

Dr. José Thier Montero, MD, MHCDS
Director
Division of Public Health Services

David Sky
Life, Accident and Health Actuary
New Hampshire Insurance Department

WWW.NHVACCINE.ORG

ADMINISTRATOR:

KidsVax.org

PHONE: 1-855-KidsVax (543-7829)

FAX: 1-855-KidsFax (543-7329)

WEBSITE: www.KidsVax.org

KIDS VAX® STAFF

Fred L. Potter
Executive Director

Claire M. Roberge
Controller

Julia G. Walter
Staff Attorney &
Communications
Coordinator

Terry Mills
Executive Assistant

Peter Smith
Financial Analyst



A Message from the Division of Public Health Services

When asked why New Hampshire is able to meet or nearly meet the Healthy People 2020 targets set for childhood and immunizations year after year, I credit three critical elements. The first is the parents who choose to protect their children with the most basic of preventive measure—vaccination. By the time children in New Hampshire enter kindergarten, 97% of them have been vaccinated against some of the most harmful diseases known to humankind.

Secondly, medical providers in New Hampshire have structured their practices to recommend and offer childhood vaccinations to the families they serve. Over 90% of our children are vaccinated against diphtheria, tetanus and pertussis, measles, mumps and rubella, polio, hepatitis B and varicella. New Hampshire adolescents are also being vaccinated at rates that surpass the Healthy People 2020 Objectives. In 2013, 94.7% of adolescents were vaccinated against tetanus, diphtheria and pertussis, 91.6% against varicella and 85.6% against meningococcal disease.

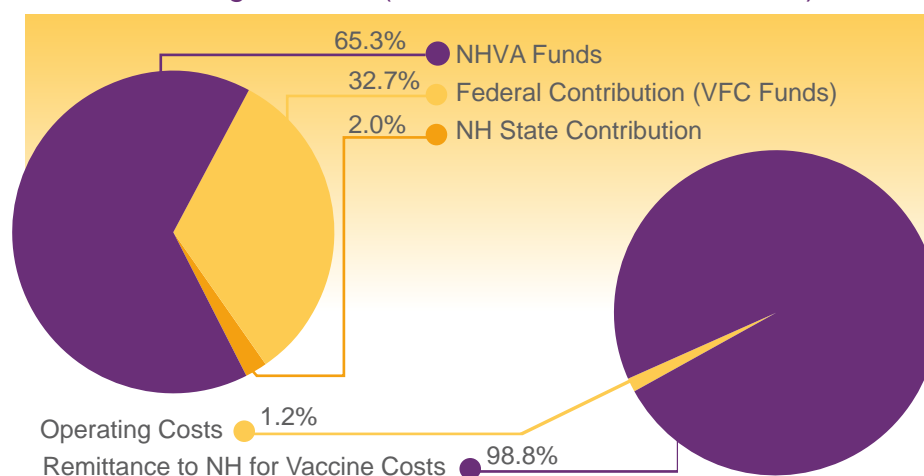
And third, the New Hampshire Vaccine Association, the Centers for Disease Control and Prevention, and the State and Federal Governments have passed legislation and implemented policies to pay for childhood and adolescent vaccines. By paying for vaccines, these funders have made it easy for parents and medical providers to choose vaccinations to keep New Hampshire families healthy.

José Thier Montero, JTM, MD, MHCDS
Director, Division of Public Health Services
www.DHHS.NH.gov/DPHS

FINANCIALS

July 1, 2013 – June 30, 2014

Vaccine Funding Sources (Estimated Total: \$24,490,220)



NHVA Program Expenditures (Total: \$16,205,539)

- References:**
1. For the annual savings analysis visit: www.NHvaccine.org/savings/2014
 2. For the audited financial statements visit: www.NHvaccine.org/audit/2014
 3. The total expenditure amount does not include a \$3,229,741 reserve increase in FYE 6/30/2014. Those funds are reserved by NHVA for future vaccine purchases and operating costs.



October 8, 2014

New Hampshire Vaccine Association
P.O. Box 1885
Concord, NH 03302-1885

NHVA Program Savings Estimate for FY 2014

Dear Directors,

Below is an estimate of savings as result of the New Hampshire universal purchase of vaccines for children program in FY2014. Data from the state estimating vaccine purchases was used along with financial information from FY2014 published reports to calculate the below estimate of savings.

Comparison Period: 7/1/2013 to 6/30/2014

A. CDC Survey Market Comparison costs:		
(actual doses per brand x CDC market price per brand)		\$ 21,615,654
B. NHVA Program costs:		
Cost of vaccine replenishments	\$ 16,004,025	
+ Operating Cost	201,514	
+ <u>Leakage & Bad Debt</u>	<u> -- </u>	
= Total FY 2014 Program Cost		<u>\$ 16,205,539</u>
C. NHVA Program Savings (A – B = C)		\$ 5,410,115
D. Program Savings Percentage (C / A = D)		25.03%

Notes:

1. The market comparison used for each dose is an average of prices given in response to the survey conducted and published annually by the CDC. Information is not provided on volume or location purchased. This CDC survey just addresses vaccine costs. It does not include certain other costs such as management fees, financing costs or other overhead, which some providers properly include in billings. Neither does it include normal payer administration costs for individual claims administration. Hence, use of this benchmark is expected to underestimate the actual savings to New Hampshire payers.
2. In any program like this it is not possible to calculate savings with 100% accuracy. There are a number of reasons for this including the fact that some providers may continue to bill for some private supply. This is especially true during the transition period into full universal supply.
3. Nonetheless, we believe this is a fair representation of the cost savings to payers for the vaccines themselves. Payments to providers for administration of vaccines, of course, are completely outside of this system. KidsVax.org intends to periodically track this metric in future periods to aid NHVA work in monitoring its program effectiveness.

Sincerely,



Peter M. Smith
Financial & Internal Control Analyst

Cc: Fred L. Potter



*NEW HAMPSHIRE VACCINE
ASSOCIATION*

FINANCIAL STATEMENTS

*FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013*

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MASON + RICH

NHVA 2015-02-13 05. 8

PROFESSIONAL ASSOCIATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Hampshire Vaccine Association

We have audited the accompanying financial statements of New Hampshire Vaccine Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Vaccine Association as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mason + Rich, P.A.

MASON + RICH, PROFESSIONAL ASSOCIATION
Certified Public Accountants

September 10, 2014

SIX
BICENTENNIAL
SQUARE
CONCORD NH
03301
T 603.224.2000
F 603.224.2613

VISIT US AT WWW.MASONRICH.COM

NEW HAMPSHIRE VACCINE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
<i>CURRENT ASSETS</i>		
Cash and Cash Equivalents	\$ 11,085,026	\$ 5,323,811
Prepaid Expenses	3,849	4,483
Assessment Receivable	46,870	-
<i>Total Current Assets</i>	<u>11,135,745</u>	<u>5,328,294</u>
<i>TOTAL ASSETS</i>	<u>\$ 11,135,745</u>	<u>\$ 5,328,294</u>

LIABILITIES AND NET ASSETS

<i>CURRENT LIABILITIES</i>		
Accounts Payable	\$ 1,023	\$ 2,525
Assessment Payable	122,609	-
<i>TOTAL CURRENT LIABILITIES</i>	<u>123,632</u>	<u>2,525</u>
<i>NET ASSETS</i>		
Unrestricted Net Assets	250,000	250,000
Temporarily Restricted Net Assets	10,762,113	5,075,769
<i>Total Net Assets</i>	<u>11,012,113</u>	<u>5,325,769</u>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<u>\$ 11,135,745</u>	<u>\$ 5,328,294</u>

NEW HAMPSHIRE VACCINE ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
UNRESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT		
Net Assets Released From Restrictions		
Assets Released for Operations	\$ 201,514	\$ 82,199
EXPENSES		
Administration Expenses		
Administrative Services	150,153	63,336
Professional Fees	39,577	10,748
Total Administration Expenses	<u>189,730</u>	<u>74,084</u>
Office Expenses		
Office	500	524
Dues and Publications	-	2,200
Miscellaneous	4,750	-
Total Office Expenses	<u>5,250</u>	<u>2,724</u>
Board Expenses		
Insurance	6,534	5,370
Board Meetings	-	21
Total Board Expenses	<u>6,534</u>	<u>5,391</u>
TOTAL EXPENSES	<u>201,514</u>	<u>82,199</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>-</u>	<u>-</u>
TEMPORARILY RESTRICTED NET ASSETS		
Assessment Income	21,867,380	14,185,133
Investment Return	24,503	19,324
Net Assets Released From Restrictions		
Remittance to the State of New Hampshire	(16,004,025)	(10,892,517)
Assets Released for Operations	<u>(201,514)</u>	<u>(82,199)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>5,686,344</u>	<u>3,229,741</u>
INCREASE IN NET ASSETS	5,686,344	3,229,741
NET ASSETS, BEGINNING OF YEAR	<u>5,325,769</u>	<u>2,096,028</u>
NET ASSETS, END OF YEAR	<u>\$ 11,012,113</u>	<u>\$ 5,325,769</u>

NEW HAMPSHIRE VACCINE ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Increase in Net Assets	\$ 5,686,344	\$ 3,229,741
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) in Operating Assets:		
Prepaid Expenses	634	-
Assessment Receivable	(46,870)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(1,502)	2,525
Assessment Payable	122,609	-
Total Adjustments	<u>74,871</u>	<u>2,525</u>
<i>Net Cash Provided by Operating Activities</i>	<u>5,761,215</u>	<u>3,232,266</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 5,761,215	 3,232,266
 <i>Cash and Equivalents, Beginning of Year</i>	 <u>5,323,811</u>	 <u>2,091,545</u>
 <i>Cash and Equivalents, End of Year</i>	 <u><u>\$ 11,085,026</u></u>	 <u><u>\$ 5,323,811</u></u>

NEW HAMPSHIRE VACCINE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

A | ASSOCIATION AND NATURE OF OPERATIONS

The New Hampshire Vaccine Association is a nonprofit corporation established pursuant to Chapter 126-Q of the New Hampshire Revised Statutes Annotated. The Association was formed to assess certain entities for a portion of the cost of vaccines provided for children in New Hampshire. The Association accomplishes its mission by assessing "assessable entities," as defined by RSA 126-Q:1, II. That definition encompasses all insurers, all government health benefit plans and essentially all third party administrators administering health benefits for any child in New Hampshire. The Association remits funds to the State of New Hampshire so that the NH Department of Health and Human Services is able to purchase and distribute, without charge to health care providers in the State of New Hampshire, all federally-recommended childhood vaccines.

The assessments collected are then transferred to the State of New Hampshire to fund a specified portion of the cost of providing vaccines.

B | SUMMARY OF ACCOUNTING POLICIES

This summary of significant accounting policies of the New Hampshire Vaccine Association (the Association) is presented to assist in understanding the financial statements. These accounting policies are in conformity with accounting principles generally accepted in the United States.

Net Assets

The Association is required to report information regarding its financial position and activities according to classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Descriptions of the net asset categories included in the Association's financial statements are as follows:

Unrestricted net assets include revenues and expenses and contributions which are not subject to any restrictions. Unrestricted net assets can be board designated by the Executive Board for special projects and expenditures.

Temporarily restricted net assets include contributions for which time or use restrictions have not yet been met. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets include assets that are invested in perpetuity and only the income or a portion thereof (excluding capital gains restricted by State statute) can be made available for program operations in accordance with donor restrictions. The Association had no permanently restricted net assets at June 30, 2014 and 2013.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other current assets and liabilities.

(Continued on next page)

NEW HAMPSHIRE VACCINE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

The Association was organized as a nonprofit corporation under RSA 292. On January 20, 2004, the Internal Revenue Service ruled that the Association was a nonprofit 501(c)(3) organization, furthermore that it was not a private foundation within the meaning of Internal Revenue Code section 509(a). Accordingly, the Association has not made any provision for income taxes.

For the years ended June 30, 2014 and 2013, management has evaluated its tax positions in accordance with financial accounting standards board (FASB) accounting standards codification (ASC) 740-10, *Accounting for Uncertain Tax Positions*. The Association's management does not believe they have taken uncertain tax positions, therefore, a liability for income taxes associated with uncertain tax positions has not been recognized. Additionally, the Association did not recognize interest or penalties resulting from tax liabilities associated with recognizing uncertain tax positions for the years ended June 30, 2014 and 2013.

C | CONCENTRATIONS

Cash and Cash Equivalents

The Association maintains all its cash in one financial institution. The Association has substantially all of their cash deposited in money market accounts which are uninsured. Management does not believe they are exposed to significant risk because the cash held in money market accounts is a portfolio comprised of high quality fixed-income securities issued by banks, corporations, and the United States government.

Revenue

The Association derives nearly all of its revenue from assessments of licensed insurers in the State of New Hampshire. During the year ended June 30, 2014 the New Hampshire Revised Statutes Annotated (RSA) 126-Q was amended by the passing of House Bill 664. The amendment allowed the Association to develop an operational plan to collect assessments on a quarterly basis from assessable entities based on child covered lives for the cost of vaccines. During the year ended June 30, 2013 certain carriers were not required by law to pay an assessment but instead make voluntary payments. These payments accounted for approximately 7% of total assessments for the year ended June 30, 2013. There were no voluntary payments for the year ended June 30, 2014 as a result of the amendment to RSA 126-Q. Due to the changes in law, management believes they are not subject to risk in relation to voluntary payments at June 30, 2014.

(Continued on next page)

NEW HAMPSHIRE VACCINE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

D | ASSESSMENT RECEIVABLE

Assessment receivables are stated at the amount the Association expects to collect from outstanding balances. The Association evaluates the collectability of insurer's accounts by considering factors such as historical experience, the age of the accounts receivable balance, and current economic conditions, and other circumstances, which may affect an insurer's ability to pay. Past due receivables are written off at management's discretion using the direct write off method; this is not considered a departure from accounting principles generally accepted in the United States because the effects of the direct write off method approximate those of the allowance method. The Association assesses finance charges at a rate of .03% per month on all past due accounts until paid in full or written off as uncollectible.

E | RELATED PARTY TRANSACTIONS

State of New Hampshire

The Association collects assessments for the State of New Hampshire. The organizations are financially interrelated as they meet the following criteria:

1. The State of New Hampshire has the ability to influence the Association's operating and financial decisions.
2. The State of New Hampshire has an ongoing economic interest in the net assets of the Association.

The Association transfers monies to the State of New Hampshire to fund a specified portion of the cost of providing vaccines for children in the State of New Hampshire. The association transferred \$16,004,025 and \$10,892,517 to the State of New Hampshire in 2014 and 2013, respectively.

F | COMMITMENTS AND CONTINGENCIES

The Association's plan of operations provides that licensed insurers are assessed a fee based upon the number of covered lives as self-reported to the New Hampshire Health Plan. No request for reconsideration of any assessment or refund of payment made shall be considered by the Association with respect to any request which is not filed with the Association, in writing, on or before that date which is six months after the first due date for the corresponding assessment year. The Association's plan of operations also states that any overpayments are first considered in connection with the assessment determination for the following year and may, depending upon the cash flow needs of the Association, be spread over multiple years. As a result, the Association does not record a commitment or contingency, related to this matter.

(Continued on next page)

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

G | DESIGNATION OF UNRESTRICTED NET ASSETS

It is the policy of the Board of Directors of the Association to designate appropriate sums of unrestricted net assets to assure adequate cash flow for operations. As of June 30, 2014 and 2013, the board-designated balance for this purpose was \$250,000.

H | SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 10, 2014, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date. The Association did not identify any subsequent events that would require disclosure in these financial statements.



October 31, 2014

TO: All Licensed New Hampshire Health Maintenance Organizations, Third Party Administrators ("TPAs"), Registered Administrative Services Providers with Respect to Health Insurance, Insurance Companies, and Health Service Corporations (together "Assessable Entities")

You are receiving this mailing because the records of either the New Hampshire Vaccine Association ("NHVA") or the New Hampshire Insurance Department reflect that you likely are an "Assessable Entity" under the recently-revised RSA 126-Q. RSA 126-Q is the statute which established and governs NHVA. All Assessable Entities are required to report to the NHVA on a quarterly basis all "Assessable Lives." Assessable Lives are defined by statute to be "all children under 19 years of age residing in the state who have assessable coverage written or administered by an Assessable Entity."

The NHVA, working with KidsVax® as administrator, facilitates universal purchase of vaccines for New Hampshire children. By collecting payments from Assessable Entities and remitting funds to the State of New Hampshire it is possible for:

- physicians, clinics and hospitals to receive state-supplied vaccines at no charge;
- New Hampshire children to have easy access to critical vaccines; and,
- all payers to participate in one of the most efficient, cost-effective systems in the country for purchasing and distributing childhood vaccines.

On September 30, 2014, NHVA's board ("Board") voted to set the 2015 calendar year assessment at \$0.14. 2015 assessment rate calculations will be made for amounts due on May 15, 2015, August 15, 2015, November 15, 2015, and February 15, 2016 for the measuring months of January through March, April through June, July through September, and October through December, 2015, respectively.

The Board also advises assessable entities, in connection with this notice, that its best estimate of the monthly assessment rate, which would have been applicable, apart from transitional items, would have been at or above \$8.35. Also, kindly be reminded that the rate of \$12.96, as set by the board last year, remains in effect for assessment payments due November 15, 2014 and February 15, 2015. Your organization need only enter the correct number of Assessable Lives for each month. The NHVA self-reporting assessment system will automatically apply the correct rate for each quarter in the invoice it produces.

We are grateful to the payer community of insurers, TPAs, ERISA plans, government entities, and others for their complete and timely transition to the new quarterly child covered lives assessment system. NHVA was intentionally conservative

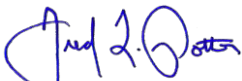
in its recommendation to the New Hampshire legislature that assessments move to a quarterly child covered lives system. Our goal was to more equitably allocate the costs amongst various health plans whose beneficiaries receive childhood vaccines at lower prices due to the New Hampshire Department of Health and Human Services' ("DHHS") Universal Childhood Vaccination Program. We estimated a need for a higher assessment rate under the new program—initially estimated at \$10.61 for calendar year 2015 and \$12.96 thereafter—than what has proven to be required.

Due to the unanticipated but rapid pace of payer compliance, the estimated assessment turned out to be higher than required. As a consequence, NHVA, as reflected in its audited financial statements, has collected substantially more cash than its Board believes necessary to maintain prudent operating reserves. Additionally, it is our understanding under NHVA's guiding regulations, that this is the first time the Board is allowed to reduce the rates for measuring months commencing January, 2015. In reducing the assessment rate to \$0.14 the Board expects to effect a substantial reduction in cash balances over the next 24 months.

We thank the payer community for their evident support of the NHVA funding program. We also want to express our appreciation to the DHHS for its careful management of vaccine supply that resulted not only in vaccine purchases below the anticipated levels, but also very minimal actual wastage (again, below estimated levels used in assessment-setting work). Those factors, as well as payer participation contributed to the strong financial performance of NHVA and allowed the Board to significantly reduce the assessment rate, resulting in a substantial refund, in aggregate, to payers. We invite you to review NHVA's Audited Financial Statements that are available on NHVA's website. Also available on the website is VaxFactsSM NH 2013-14 which provides an overview of operations of NHVA last fiscal year.

As always, please do not hesitate to call or e-mail at any time if we can offer further assistance. We desire to facilitate your efforts to maintain compliance in this important program which benefits New Hampshire children while also mitigating the rising costs of health care.

Very truly yours,



Fred L. Potter, NHVA Executive Director



PO Box 1885 • Concord, NH 03302-1885 **ph** 1.855.KidsVax (543.7829)
cell 603.491.2389 | **fax** 1.855.KidsFax (543.7329) **email** fpotter@KidsVax.org

NEW HAMPSHIRE VACCINE ASSOCIATION

DHHS: Proposed Language	Mark McCue: Proposed Language
RSA 126-Q:1 Definitions	RSA 126-Q:1 Definitions
I. "Assessable coverage" means:	I. "Assessable coverage" means:
(a) Health coverage as defined in RSA 420-G:2, IX;	(a) Health coverage as defined in RSA 420-G:2, IX;
(b) Stop loss coverage that conforms with RSA 415-H:3, or other group excess loss insurance purchased against the risk that any particular claim, or total liability, will exceed a specified dollar amount; or	(b) Stop loss coverage that conforms with RSA 415-H:3, or other group excess loss insurance purchased against the risk that any particular claim, or total liability, will exceed a specified dollar amount; or
(c) Group health plan, as defined by 42 U.S.C. 300gg-91(a).	(c) Group health plan, as defined by 42 U.S.C. 300gg-91(a).
II. "Assessable entity" means any:	II. "Assessable entity" means any:
(a) Health maintenance organization, as defined by RSA 420-B:1, VI.	(a) Health maintenance organization, as defined by RSA 420-B:1, VI.
(b) Third party administrator, as defined by RSA 402-H:1, I.	(b) Third party administrator, as defined by RSA 402-H:1, I.
(c) Entity providing administrator services and required to register with the insurance commissioner under RSA 402-H:11-a or RSA 402-H:11-b.	(c) Entity providing administrator services and required to register with the insurance commissioner under RSA 402-H:11-a or RSA 402-H:11-b.
(d) Insurance company licensed pursuant to RSA 401:1, IV.	(d) Insurance company licensed pursuant to RSA 401:1, IV.
(e) Health service corporation, as defined by RSA 420-A:1,	(e) Health service corporation, as defined by RSA 420-A:1, III.
III. "Assessable lives" means all children under 19 years of age residing in the state who have assessable coverage written or administered by an assessable entity, <u>with the exception of children whose vaccines are paid for under the federal Vaccines for Children program established under 42 USC section 1396s.</u>	III. "Assessable lives" means all children under 19 years of age residing in the state who have assessable coverage written or administered by an assessable entity, <u>but excluding any child who is a "federally vaccine-eligible child," as defined in 42 U.S.C. §1396s(b)(2) or any successor statute to the so-called "Vaccines for Children Program."</u>

NEW HAMPSHIRE VACCINE ASSOCIATION

RSA 126-Q:3 Powers and Duties.

V. The board of directors of the association shall:
...

(m) Collect assessments from assessable entities as calculated under RSA 126-Q:4 and deposit said assessments less the association's administrative costs annually and reserves with the state treasurer to the credit of the vaccine purchase fund established pursuant to RSA 141-C:17-a. At the written request of the association following a majority vote of the board of directors, any funds forwarded to the state treasurer for the vaccine purchase fund remaining unexpended for childhood vaccinees, shall promptly be returned to the association.

(n) Annually, deposit funds sufficient to pay the total non-federal program cost with the state treasurer to the credit of the vaccine purchase fund established pursuant to RSA 141-C:17-a. At the written request of the association following a majority vote of the board of directors, any funds forwarded to the state treasurer for the vaccine purchase fund remaining unexpended for childhood vaccinees, shall promptly be returned to the association.

~~(n)~~(o) Be authorized to enter into one or more agreements with other applicable authorities in surrounding states to reduce the risk of duplicate assessments and to assure availability of vaccines for children who are residents of this state but who receive vaccination services in other states. Any costs relating to any such agreement shall be considered additional vaccine costs of the program for purposes of determining the association's assessments.

~~(o)~~~~(p)~~ Perform any other functions as may be necessary or proper to carry out the plan of operation.

~~(p)~~~~(q)~~ Adopt procedures by which affiliated assessable entities calculate their assessment on an aggregate basis and procedures to ensure that no assessable life is counted more than once. Unless

NEW HAMPSHIRE VACCINE ASSOCIATION

<p>RSA 126-Q:4 Assessment Determination.</p> <p>I. The board shall determine an assessment for each assessable entity in accordance with this section, <u>except that no assessment shall be made for based on children excluded from assessable lives whose vaccines are paid for under the federal Vaccines for Children program established under 42 USC section 1396s.</u> An assessment determination made pursuant to this section is a pharmaceutical cost and not a regulatory cost for purposes of calculating the carrier's medical loss ratio.</p>	<p>otherwise determined by the board, the assessable entity responsible for the payment of the provider's administrative costs for childhood vaccines shall be the entity responsible for reporting assessable lives and payment of the corresponding assessment.</p>
--	---

In addition to the above, the following potential technical amendments have been suggested previously by Hinckley Allen and KidsVax:

- Alteration of when the assessment amount must be determined in order to narrow the period of time over which non-federal program vaccine costs must be projected.
- Provision of limited discretionary authority to the NHVA Board to waive the assessment in order to avoid duplicate assessments (e.g. Tricare)

BOARD OF DIRECTORS

Insurer Representatives [RSA 126-Q:3, III.(a)]

Jason Margus, F.S.A., M.A.A.A.
Anthem Blue Cross & Blue Shield
1155 Elm Street, Suite 200
Manchester, NH 03101-1505

Telephone: 603-541-2021
E-mail: Jason.margus@anthem.com

Elaine Koskela
Senior Contract Manager
CIGNA Health Care
Two College Park
Hooksett, NH 03106

Telephone: 603-268-7193
E-mail: Elaine.Koskela@Cigna.com

Susan Tenney
Manager, Network Contracting
Harvard Pilgrim Health Care-NE
650 Elm Street, 7th Floor
Manchester, NH 03101

Telephone: 603-656-9594
Facsimile: 603-656-9565
E-mail: Susan_Tenney@hphc.org

Healthcare Provider Representatives [RSA 126-Q:3, III.(b)]

Everett J. Lamm, M.D., F.A.A.P.
11 Autumn Lane
Stratham, NH 03885

Telephone: 603-918-0156 (Cell)
Facsimile:
E-mail: ejlamm@aap.net

David Fredenburg, M.D.
27 Hazelwood Road
Hudson, NH 03051

Telephone: 603-598-0996
Cell: 603-321-6664
E-mail: fredenburg.david@gmail.com

Governmental Representatives [RSA 126-Q:3, III.(c)&(d)]

Dr. Jose Their Montero, Director
Division of Public Health Services
29 Hazen Drive
Concord, NH 03301
(Personal Representative for Commissioner Nicholas Toumpas)
See Bylaws Article IV. Section 20.

Telephone: 603-271-4501
Facsimile: 603-271-4827
E-mail: JMontero@dhhs.state.nh.us
Assistant: Kathie Capron 603-271-4612
E-mail: Kathleen_Capron@dhhs.state.nh.us

David Sky
Life, Accident and Health Actuary
New Hampshire Insurance Department
21 South Fruit Street, Suite 14
Concord, NH 03301

Telephone: 603-271-7973 x239
Facsimile: 603-271-1406
E-mail: David.Sky@ins.nh.gov

Representatives of Self-Insured Entities [RSA 126-Q:3, III.(e)]

Open Position – As of 2/12/15 this appointment has not yet been made.
(Appointed by the Governor and Council)

Members of the Public [RSA 126-Q:3, III.(f)&(g)]

Laura Condon
NH Director of Advocacy
National Vaccine Information Center
c/o 12 Brick Mill Road
Bedford, NH 03110
(Appointed by the President of the Senate)

Telephone: 603-471-0787
E-mail: vaxchoicenh@gmail.com

Edward P. Moran
Former State Legislator
19 Ministerial Rd
Bedford, NH 03301
(Appointed by the Speaker of the House)

Telephone: 603-472-5912 ext 2016
E-mail: edpmoran@gmail.com

NEW HAMPSHIRE GOVERNMENTAL AUTHORITIESNH Department of Health & Human Services

Nicholas A. Toumpas, Commissioner
 NH Dept. of Health & Human Services
 129 Pleasant Street
 Concord, NH 03301

Telephone: 603-271-4331
 Facsimile: 603-271-4912
 Assistant: Kathleen Henderson 603-271-4334
 E-mail: kHenderson@dhhs.state.nh.us

Marcella J. Bobinsky
 Program Manager
 NH Immunization Program
 Division of Public Health Services
 29 Hazen Drive
 Concord, NH 03301

Telephone: 603-271-2853
 Facsimile: 603-271-3850
 E-mail: Marcella.J.Bobinsky@dhhs.state.nh.us

NH Insurance Department

Roger A. Sevigny, Commissioner
 New Hampshire Insurance Department
 21 South Fruit Street, Suite 14
 Concord, NH 03301-2430

Telephone: 603-271-2261
 Facsimile: 603-271-7851
 E-mail:
 Assistant: Sandy Barlow 603-271-7973 x 202

KidsVax

Fred L. Potter
 P.O. Box 1885
 Concord, NH 03302-1885

Telephone: 855-556-4101 (Direct Line)
 Facsimile: 855-556-4101 (Direct Fax)
 E-mail: FPotter@KidsVax.org

Claire M. Roberge
 P.O. Box 1885
 Concord, NH 03302-1885

Telephone: 855-556-4102 (Direct Line)
 Facsimile: 855-556-4102 (Direct Fax)
 E-mail: CRoberge@KidsVax.org

Julia G. Walter
 P.O. Box 1885
 Concord, NH 03302-1885

Telephone: 855-556-4104 (Direct Line)
 Facsimile: 855-556-4104 (Direct Fax)
 E-mail: JWalter@KidsVax.org

Terry Mills
 P.O. Box 1885
 Concord, NH 03302-1885

Telephone: 855-556-4103 (Direct Line)
 Facsimile: 855-556-4103 (Direct Fax)
 E-mail: TMills@KidsVax.org

BOARD GOVERNANCE ROLES

Officers

Chair: Susan Tenney
 Vice-Chair: Jose Montero, M.D.
 Treasurer: David Fredenburg, M.D.
 Secretary: Elaine Koskela

Legislative Committee

(To be appointed)

Finance/Audit Committee

David Fredenburg, M.D. – Chairman
 Susan Tenney – Vice-Chair
 David Sky
 Laura Condon
 (Potential Open Position – at the Annual Meeting Ken Ehresmann had been designated but has since left the Board.)

February 13, 2015
Proposed Form of Votes - New Hampshire Vaccine Association

The following are suggested forms of votes only. They are intended to be an aid to facilitate work by individual directors. All board policy and the final form of votes is exclusively the province of the Board acting collectively as a Board of Directors.

Item under Agenda Section 3a:

VOTED: To approve the minutes of the September 30, 2014 Board meeting.

[To approve the minutes of the September 30, 2014 Board meeting with the changes suggested at this meeting.]

Item under Agenda Section 4:

VOTED: To approve the KeyBank Lockbox Services Proposal as presented at this meeting.

[To request that KeyBank revise the Lockbox Services Proposal to incorporate changes suggested by the Board at this meeting and to approve the Proposal as revised.]

Item under Agenda Section 4:

VOTED: To authorize either of the following persons to sign the KeyBank Lockbox Services Proposal and to deliver the Proposal to KeyBank on behalf of NHVA: Susan Tenney or Fred Potter.

[To authorize any of the following persons to sign the KeyBank Lockbox Services Proposal and to deliver the Proposal to KeyBank on behalf of NHVA: _____, _____, or _____].

Item under Agenda Section 5a:

VOTED: To approve the NHVA Communications Policy as presented at this meeting, effective immediately.

[To approve the NHVA Communications Policy with the changes suggested at this meeting, effective immediately.]

Item under Agenda Section 5b:

VOTED: To approve the NHVA Legislative Policy as presented at this meeting, effective immediately.

[To approve the NHVA Legislative Policy with the changes suggested at this meeting, effective immediately.]

Item under Agenda Section 6b:

VOTED: To appoint a Legislative Committee consisting of Susan Tenney, David Sky, and Fred Potter, and assisted by Attorney Mark McCue as Outside Counsel, and to

authorize the Legislative Committee to guide the legislative efforts of NHVA during the 2015 General Session, including but not limited to any action on the anticipated technical amendment to RSA 126-Q, and to take any actions convenient or necessary in furtherance of the foregoing purpose.

[To appoint a Legislative Committee consisting of _____, _____, and _____, and assisted by Attorney Mark McCue as Outside Counsel, and to authorize the Legislative Committee to guide the legislative efforts of NHVA during the 2015 General Session, including but not limited to any action on the anticipated technical amendment to RSA 126-Q, and to take any actions convenient or necessary in furtherance of the foregoing purpose.]

DRAFT



DIRECTIONS TO KIDSVAX®

**125 North State Street [at the corner of North State Street and Franklin Street],
Concord, NH**

From the North:

- Take I-93 South.
- Merge onto US-202 W via Exit 15W toward US-3/North Main Street/Downtown.
- Turn left at the traffic lights onto North Main Street/US-3/US-202 W.
- Take the first right onto Franklin Street (Friendly's Restaurant is on the corner).
- At the rotary on Franklin and North State Streets, proceed half way around the rotary onto Franklin Street.
- Take the first right into the parking lot. KidVax® is located in the yellow Victorian house on the corner of Franklin and North State Streets.

From the South:

- Take I-93 North.
- Merge onto US-202 W via Exit 15W toward US-3/North Main Street/Downtown.
- Turn left at the traffic lights onto North Main Street/US-3/US-202 W.
- Take the first right onto Franklin Street (Friendly's Restaurant is on the corner).
- At the rotary on Franklin and North State Streets, proceed half way around the rotary onto Franklin Street.
- Take the first right into the parking lot. KidVax® is located in the yellow Victorian house on the corner of Franklin and North State Streets.

Should you have any difficulty, please don't hesitate to call (603) 491-8044 or (855) 556-4103. Have a safe trip!

