

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

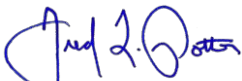
in its recommendation to the New Hampshire legislature that assessments move to a quarterly child covered lives system. Our goal was to more equitably allocate the costs amongst various health plans whose beneficiaries receive childhood vaccines at lower prices due to the New Hampshire Department of 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 VaxFacts<sup>SM</sup> 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



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