

Introduction & Notes re: MVB Annual Assessment Setting Workbook

MVB Calendar Year 2018

[Note: This is a Working Version as of 9/18/2017.

01. This workbook follows the past naming conventions with each sheet beginning with a letter (i.e., "a." through "d."), and each cell within each sheet being identified by a 2-digit row number (e.g., "01.") and column letter (e.g., "A"). So, to facilitate reference while collaborating via conference phone, users can refer to any single number, for example the new assessment rate, by a combination of the above. For that key number, the new monthly assessment rate, the reference is "a.26.C".
02. Since the first measurement period is for the month of January and assessments are due forty-five (45) days after the end of each quarter, the first assessment payment with the new rate will be May 15, 2018 for the months of Jan-Mar, 2018.
03. The primary spreadsheet for the work is the assessment calculation worksheet, worksheet a. The other sheets are intended to be reference or to develop background data in specific areas for the work. Key data for developing the primary funding target is on spreadsheet b. which contains data supplied by the Maine CDC for the vaccine funding needs. Key numbers from a subsidiary sheet rolled into the main assessment sheet generally are shaded in yellow.
04. These spreadsheets are protected as published. This is intended to help users test various assumptions and control points which may be adjusted by the MVB in setting the final new rate. Those cells in which entries normally would be made are shaded in green. They are unprotected to allow data entry. For example, a user can adjust utilization assumptions for increases over prior years by entering percents either by vaccine on sheet b. or overall on sheet a (a.3.C). The vaccine funding target takes the number as adjusted by those two factors and then applies the assumed cost increase (a.4.D). The cost increase is applied for 9/12 of the year since it typically becomes effective as of April 1 each year. The protection password to unlock the spreadsheet, for those who may wish to do so, is "KidsVax". Please note: It is not necessary to unlock the spreadsheet to see the underlying formulas. Those are displayed in the formula bar whenever the cursor is placed on a cell, whether or not the sheet is unprotected.
05. Because the first collections of the year (due February 15) will still be at the old rate and based upon covered lives reported for Oct-Dec 2017, this spreadsheet first deducts that quarterly collection and then calculates the new rate based upon what is needed to hit the funding target over the remaining 9 months.
06. It is anticipated that the MVB will, as part of its deliberations and upon considering the input of any public members or others at its meeting(s), adjust the assumptions which guide the assessment level. Of course, the MVB may also determine to adjust the assessment setting process itself or this workbook structure at any time.

Maine Vaccine Board

2018 Calendar Year Assessment Calculation Worksheet

Column →	A	B	C	D	E
Line ↓	Prior Year #s		CY 2018		
A. Preliminary Vaccine Cost, Projection Parameters, & Population Estimates					
01.	\$11,752,335		\$11,991,752		State Fiscal Year Vaccine Estimate (from tab b.)
02.	136,302		136,837		Estimate of Covered Lives including Tricare(Covered Lives tab c.)
03.	\$117,523	1.0%	\$119,918	1.0%	Provision for Vaccine Utilization increase
04.	\$311,584	3.5%	\$317,931	3.5%	Vaccine cost inflation factor (prices change each April 1st)
05.	\$12,181,442		\$12,429,601		¹ Calendar Year Vaccine Funding Estimate
B. Budget Estimates					
06.	\$147,780		\$153,081		³ Servicing Agent Contract for Administrative Services
07.	\$7,000		\$6,000		Audit Fee (Move to paid public auditor & 2 years catch up fees)
08.	\$4,500		\$5,500		Bank Fees (adding TD Bank Lockbox including setup expenses)
09.	\$5,500		\$5,500		Legal (services of AG's office only estimated)
10.	\$164,780		\$170,081		Total Operating Costs Projected
C. Financial Carry Forwards					
11.	\$9,130,680		\$5,191,172		Estimated Starting Balance January 1
	\$2,759,001		\$2,864,958	3.0	Amount Retained for Liquidity Reserve - 3 months of non flu
12.	\$1,145,437		\$969,770		Amount Retained for Liquidity Reserve - full annual flu cost
13.	\$5,226,241		\$1,356,445		Carryforward used to reduce current assessment calculation
D. Aggregate Annual Assessment Calculation					
14.	\$12,181,442		\$12,429,601		Costs of Vaccines Provided
15.	\$164,780		\$170,081		Total Operating Costs
16.	\$0		\$0		Other (as approved by board -- see statute section 2.M)
17.	\$12,346,222		\$12,599,682		"Total Costs of the Fund" per statute section 2.M.
18.	\$19,127	0.25%	\$44,099	0.35%	Collection Losses (i.e. assumed "bad debt expense")
19.	-\$43,940		-\$55,571		² Interest Income
20.	-\$5,226,241	-42.3%	-\$1,356,445	-10.8%	(excess) or shortfall of cash from prior operating year
21.	\$555,580	4.50%	\$283,493	2.25%	add reserve up to 10% per statute section 5.A.(3).
22.	\$7,650,748		\$11,515,257		Total Assessments Needed
23.	-\$3,756,114		-\$1,301,320		Projected assessments February 15 at old rate
24.	\$3,894,634		\$10,213,937		Total Assessments Needed at new rate
E. Per Covered Life Assessment Calculation					
25.	\$38.10		\$99.52		Annual Assessment per Covered Life
26.	\$3.17		\$8.29		Monthly Assessment per Covered Life
27.	-11.8%		2.0%		% Change in Vaccine Costs
28.	-65.44%		161.6%		% Change in Assessment
F. Note: Total Assessed as % of Hard Vaccine Costs					
29.	-37.19%		-7.4%		All-in costs % above vaccine costs
G. Indicated Monthly Assessment Level next year apart from reserve / cash changes					
30.	\$7.91		\$8.05		⁴ Preliminary Assessment projection
Notes					
			1.8%		Increase in preliminary assessment projection

¹ Maine CDC + per vaccine adjustments + utilization increase with inflation factor.

² Used the average of the three most recent year's Investment Income from audited financials.

³ Fixed price contract all inclusive of expenses. 10% of the fee is subject to subsequent board approval.

⁴ Projection: annual amounts w/o carryforward cash or reserve changes but 1 more year of inflation & utilization changes.

**Maine Vaccine Board
Vaccine Assessment Change Walk Down**

Column → Line ↓	A	B	C	D	E	F	G
2018 Assessment Calculation							
	<u>CY 2017</u>	<u>CY 2018</u>	<u>Change from Prior Year</u>			<u>Walk</u>	
			<u>Aggregate \$</u>	<u>Distribution</u>	<u>Per Enrollee</u>	<u>Down</u>	
01. Estimated vaccine costs	\$12,181,442	\$12,429,601	\$248,159	3.9%	\$0.20	6.4%	
02. Total operational costs	\$164,780	\$170,081	\$5,301	0.1%	\$0.00	0.1%	
03. Bad debt and investment income	-\$24,813	-\$11,472	\$13,341	0.2%	\$0.01	0.3%	
04. Net working capital reserve/carry forward	-\$4,670,661	-\$1,072,952	\$3,597,709	56.9%	\$2.92	92.2%	
05. Projected assessment at old rate	<u>-\$3,756,114</u>	<u>-\$1,301,320</u>	<u>\$2,454,794</u>	<u>38.8%</u>	<u>\$1.99</u>	<u>62.9%</u>	
06. Total	\$3,894,634	\$10,213,937	\$6,319,303	100.0%	\$5.13	161.9%	
07. Covered Lives	136,302	136,837	535			-0.4%	
08. Total						161.5%	
09. Assessment	\$3.17	\$8.29			\$5.12	161.6%	