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STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF MEDICAID BUSINESS AND POLICY

Nicholas A. Toumpas  
Commissioner

Kathleen A. Dunn  
Associate Commissioner  
Medicaid Director

129 PLEASANT STREET, CONCORD, NH 03301-3857  
603-271-9422 1-800-852-3345 Ext. 9422  
Fax: 603-271-8431 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

June 23, 2015

Her Excellency, Governor Margaret Wood Hassan  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

**Requested Action**

Authorize the Department of Health and Human Services, Office of Medicaid Business and Policy to amend an agreement by exercising a renewal option with the University of Massachusetts Medical School, Center for Health Law and Economics, (Vender #177576), 55 Lake Avenue, Worcester, MA 01655 to provide policy and technical consulting services for New Hampshire Disproportionate Share Hospital Program by increasing the price limitation by \$631,433.80 from \$602,883.00 to \$1,234,316.80 and extending the end date of the agreement from October 31, 2015 to October 31, 2018 effective October 31, 2015 or date of Governor and Executive Council approval, whichever is later. Governor and Executive Council approved the original agreement on November 14, 2012 (Item #45). 50% General Funds, 50% Federal Funds.

Funds to support this request are anticipated to be available in the following account in State Fiscal Year 2016, State Fiscal Year 2017 and State Fiscal Year 2018 upon availability and continued appropriation of funds in the future operating budget, with the ability to adjust encumbrances between State Fiscal Years through the Budget Office without Governor and Executive Council approval, if needed and justified.

**05-95-95-9560010-6126 HEALTH AND SOCIAL SERVICES, DEPARTMENT OF HEALTH AND HUMAN SVCX, HHS: COMMISSIONER, OFF MEDICAID & BUSINESS POLICY, MEDICAID ADMINISTRATION**

Fiscal Year	Class	Title	Activity Code	Current Budget	Increase - Decrease	Modified Budget
2013	102-500731	Contracts for Program Svcs	47000004	\$130,680.00		\$130,680.00
			<b>Total:</b>			<b>\$130,680.00</b>

**05-00095-047-470010-7943 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: OFC OF MEDICAID & BUS PLCY, OFF. OF MEDICAID & BUS, POLICY, UNCOMPENSATED CARE FUND.**

<b>Fiscal Year</b>	<b>Class</b>	<b>Title</b>	<b>Activity Code</b>	<b>Current Budget</b>	<b>Increase - Decrease</b>	<b>Modified Budget</b>
2014	102-500731	Contracts for Program Svcs	47000004	\$200,920.00		\$200,920.00
2015	102-500731	Contracts for Program Svcs	47000004	\$205,943.00		\$205,943.00
2016	102-500731	Contracts for Program Svcs	47000004	\$65,340.00	\$140,603.00	\$205,943.00
2017	102-500731	Contracts for Program Svcs	47000004		\$205,943.00	\$205,943.00
2018	102-500731	Contracts for Program Svcs	47000004		\$212,807.76	\$212,807.76
2019	102-500731	Contracts for Program Svcs	47000004		\$72,080.04	\$72,080.04
			<b>Total:</b>	<b>\$602,883.00</b>	<b>\$631,433.80</b>	<b>\$1,234,316.80</b>

**Explanation**

The purpose of this amendment is to extend the contract completion date in order to continue to receive expert advice concerning New Hampshire and federal requirements for the Disproportionate Share Hospital Program from the University of Massachusetts Medical. In 2009, the New Hampshire Legislature enacted Chapter 133.212 (HB 2), which required the Department of Health and Human Services to redesign the Disproportionate Share Hospital Program within the parameters of State and federal law. Since that time, New Hampshire's Disproportionate Share Hospital Program has undergone significant scrutiny, analysis, and modification in order to comply with State and federal law.

The personnel of the University of Massachusetts Medical School personnel have the experience and expertise necessary to navigate through the Disproportionate Share Hospital Program's complex legal requirements and policy considerations and to advise the Department of Health and Human Services accordingly. The availability of specialized and expert services will enable the Department to continue the long-term policy and technical work necessary for State and federal legal compliance.

The original contract and Governor and Executive Council letter contain renewal language that allows for one (1) extension for a three (3) year period by amendment. The Department is satisfied with the services provided.

Should the Governor and Executive Council not approve this request, The Department would not have the necessary expertise to comply with State and federal law regulating the Disproportionate Share Hospital program. The Department would have difficulty completing Disproportionate Share Hospital program tasks in a timely and accurate manner; thereby exposing the Department and State to an increased risk of federal funds being withheld, of continued and costly litigation from hospitals, and liability for incorrect or noncompliant Disproportionate Share Hospital program calculations.

Area Served: Statewide

Source of Funds: 50% General funds and 50% Federal funds.

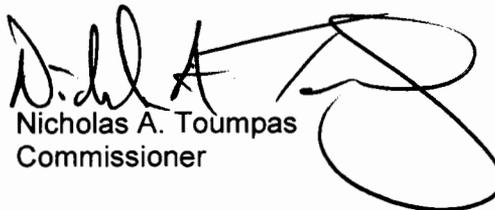
In the event Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Kathleen A. Dunn, MPH  
Associate Commissioner  
Medicaid Director

Approved by:



Nicholas A. Toumpas  
Commissioner



**State of New Hampshire  
Department of Health and Human Services  
Amendment #1 to the University of Massachusetts Medical School DSH Consultant Contract**

This 1st Amendment to the University of Massachusetts Medical School DSH Consultant contract (hereinafter referred to as "Amendment #1") dated this, third day of June is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and University of Massachusetts Medical School (hereinafter referred to as "the Contractor"), a public university with a place of business at 333 South Street, Shrewsbury, MA 01545.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on November 14, 2012 (item #45), the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract as amended and in consideration of certain sums specified; and

WHEREAS, the State and the Contractor have agreed to make changes to the scope of work, payment schedules and terms and conditions of the contract; and

WHEREAS, pursuant to the General Provisions, Paragraph 18 of the Agreement, and Standard Exhibit A, Paragraph 2, the State may renew the contract for three (3) additional years by written agreement of the parties and approval of the Governor and Executive Council; and;

WHEREAS, the parties agree to extend the Contract for three (3) years and increase the price limitation; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the Contract and set forth herein, the parties hereto agree as follows:

To amend as follows:

1. Form P-37, General Provisions, Item 1.7, Completion Date, to read:  
October 31, 2018
2. Form P-37, General Provisions, Item 1.8, Price Limitation, to read:  
\$1,234,316.80
3. Form P-37, General Provisions, Item 1.9, Contracting Officer for State Agency, to read:  
Eric D. Borrin
4. Form P-37, General Provisions, Item 1.10, State Agency Telephone Number, to read:  
(603) 271-9558
5. Delete Standard Exhibit A, Section B, Paragraph B3.
6. Standard Exhibit A, Section B, Paragraph B6 to read:  
Participate in a minimum of ten on-site meetings as a subject matter expert at the request of the Department. Meeting venues may include Office of the Governor, CMS (Central and Regional Offices), Department of Justice, other New Hampshire State agencies, and Legislative Chairs and Committees. Meetings will be scheduled whenever new or modified policy, procedure, rate or program must garner support, approval or stakeholder input from entities in addition to the Department.
7. Standard Exhibit A, Section B, Paragraph B16 to read:  
Develop new procedures for administration of the DSH program and improvements to data collections related to the DSH program in consultation with the Department program managers



and the Associate Commissioner and Medicaid Director, including any proposals for the modification of DSH payment methods to increase efficiencies, reduce the size and frequency of retroactive adjustments, audit findings, or DSH overpayments, or to accommodate changing federal laws and regulations affecting the DSH program policies or the current structures of the State's permissible health care related taxes.

8. Standard Exhibit A, Section D Project Management and Implementation Work Plan, Major Milestones to read:
  - D1. Kick off meeting and Fiscal Year 2016 Workplan by November 2015 and repeated annually during the duration of the contract period;
  - D2. Resolution of current State Plan Amendments and CMS Access Questions, November 2015 through February 2016;
  - D3. Advice on need for new SPAs and notices, as needed, November 2015 through October 2018;
  - D4. Draft new SPAs and notices, as needed, November 2015 through October 2018;
  - D5. Develop fiscal models for annual DSH payments in conformity with state and federal rules and state budget directives, November 2015, August 2016 through November 2016, August 2017 through October 2018;
  - D6. Develop, update and issue annual DSH data form, December 2015, December 2016, December 2017 and October 2018;
  - D7. Review Data Feedback and calculate preliminary revenue sources (MET et al.) for DSH payment and implement overdue payment procedure before end of State Fiscal Year 2016, unless the State of New Hampshire amends its current policy for overdue MET payments;
  - D8. Review DSH Data Feedback and calculation of preliminary DSH payments at least annually, and whenever DSH payment adjustments need to be made;
  - D9. Calculate interim final DSH payments (subject to final state budget directives and federally-required independent DSH audits by independent DSH audit contractor, under 42 CFR 455.300-304);
  - D10. Review and develop methods for calculations of state uncompensated care costs, DSH limits, Hospital UPLs, Deemed DSH identification, and P1/P2 provider tax test whenever some hospitals may be exempted from tax, Ongoing throughout the term of this Agreement;
  - D11. Assist with the development of responses to CMS inquires, and draft and/or edit and as requested review all draft responses, Ongoing throughout the term of this Agreement;
  - D12. Develop agenda and materials for CMS conference calls to resolve CMS questions; participate in calls; amend SPA provisions, provide other advice as needed to secure CMS approvals whenever needed during the term of this Agreement;
  - D13. Brief hospitals, solicit input and modify proposal, as appropriate and requested, in response to hospitals feedback; assist The Department with providing hospital technical assistance on reimbursement matters, DSH payments, hospital cost reports and related financial information as needed throughout the term of this Agreement;
  - D14. Develop format and all presentation materials for an annual provider/stakeholder forum with the Department officials to review past year's program, policy and process, develop understanding of upcoming year's program requirements, policies, parameters and procedures; solicit feedback on provider and stakeholder concerns each year, or other annual period as the Department prefers;



- D15. Provide advice, analysis, document drafting, meeting participation, presentations for state Legislative Committees, Legislative leadership, as requested, and no less than annually throughout the term of this Agreement;
  - D16. Provide advice, analysis, document drafting, meeting participation and presentations, as requested by the Department, for Executive Branch communications needs, including Governor's office or staff, DRA officials, Department of Justice attorneys, or other Department of the Executive Branch or the Department's leadership throughout the term of this Agreement;
  - D17. Provide advice, analysis, document drafting, meeting participation and/or preparation, and presentations, as requested, for conference calls, negotiations or meetings with CMS staff and officials, the Secretary of the United States Department of Health and Human Services or other federal oversight agency (e.g. OIG) throughout the term of this agreement;
  - D18. Provide advice and assistance to the Department on relationship management and negotiation strategies as requested throughout the term of this agreement;
  - D19. Develop modeling for alternative DSH and Health Care Related Tax programs that are aligned with and leverage State options and mandates under the federal health law, PPACA, in advance of the effective dates of various options and mandates throughout the term of this Agreement;
  - D20. Assist in development of periodic reports, as requested;
  - D21. Assist, advise and participate in CMS conference calls and meetings, as requested;
  - D22. Analyze and explain any final or new federal regulations or guidance relative to Access or DSH or Health Care Related Tax compliance throughout the term of this Agreement;
  - D23. Assist with Provider – Department communications relative to access policies, plans, issues and reporting, as requested;
  - D24. Assist the Department staff, provide advice and assist in the preparation or review of material relating to the incorporation of Access monitoring and measurement procedures into the terms, contract provisions and contractor management and oversight of the Care Management Plans, as requested throughout the term of this Agreement.
9. Standard Exhibit B, Methods and Conditions Precedent to Payment, Paragraph 1, to read:  
Payments shall be made to the Contractor on a monthly basis. The Total of all payments made to the Contractor shall not exceed the amount in Form P-37, General Provisions, Item 1.8, Price Limitation.



10. Standard Exhibit, B, Methods and Conditions Precedent to Payment add the following:

**Staff Hourly Rates November 2015 through October 2017**

<b>Staff Position</b>	<b>Rate per Hour</b>
Jean C. Sullivan, Center Director	\$247
Larry Crehan (or other special expert approved by the Department Contract Officer)	\$131
Katharine London or other Principal	\$189
Michael Grenier or other Senior Consultant	\$173
Associates	\$140
Senior Policy Analysts	\$102
Policy Analysts	\$ 84

**Staff Hourly Rates November 2017 through October 2018**

<b>Staff Position</b>	<b>Rate per Hour</b>
Jean C. Sullivan, Center Director	\$259.35
Larry Crehan (or other special expert approved by the Department Contract Officer)	\$137.55
Katharine London or other Principal	\$198.45
Michael Grenier or other Senior Consultant	\$181.65
Associates	\$147.00
Senior Policy Analysts	\$107.10
Policy Analysts	\$ 88.20

11. Standard Exhibit D, Certification Regarding Drug-Free Workplace Requirements, Period Covered by this Certification, to read:  
From November 1, 2012 to October 31, 2018
12. Standard Exhibit E, Certification Regarding Lobbying, Contract Period, to read:  
From November 1, 2012 to October 31, 2018
13. Delete Standard Exhibit G, Certification Regarding the Americans with Disabilities Act Compliance, and replace with Exhibit G, Certification of Compliance with Requirements Pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower Protections.



New Hampshire Department of Health and Human Services  
University of Massachusetts Medical School DSH Consultant

This amendment shall be effective upon the date of Governor and Executive Council approval.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,

State of New Hampshire  
Department of Health and Human Services

6/25/15  
Date

Maxhleen O'Donnell  
NAME: Associate Commissioner  
TITLE: Associate Commissioner

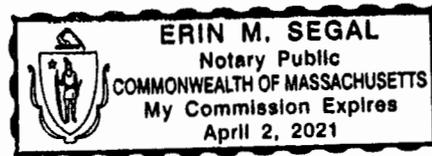
6/22/15  
Date

Joyce H. Murphy  
NAME: Joyce H. Murphy  
TITLE: Executive Vice Chancellor

Acknowledgement:  
State of Massachusetts, County of Worcester on June 22, 2015, before the undersigned officer, personally appeared the person identified above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Signature of Notary Public or Justice of the Peace

Erin M. Segal  
Name and Title of Notary or Justice of the Peace



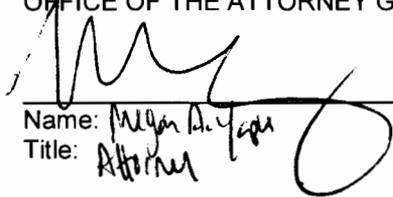
**New Hampshire Department of Health and Human Services  
University of Massachusetts Medical School DSH Consultant**



The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

Date 7/6/15

  
Name: Melissa A. Yegan  
Title: Attorney

I hereby certify that the foregoing Amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: \_\_\_\_\_ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

Date \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS PERTAINING TO  
FEDERAL NONDISCRIMINATION, EQUAL TREATMENT OF FAITH-BASED ORGANIZATIONS AND  
WHISTLEBLOWER PROTECTIONS**

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

Contractor will comply, and will require any subgrantees or subcontractors to comply, with any applicable federal nondiscrimination requirements, which may include:

- the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. Section 3789d) which prohibits recipients of federal funding under this statute from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act requires certain recipients to produce an Equal Employment Opportunity Plan;
- the Juvenile Justice Delinquency Prevention Act of 2002 (42 U.S.C. Section 5672(b)) which adopts by reference, the civil rights obligations of the Safe Streets Act. Recipients of federal funding under this statute are prohibited from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act includes Equal Employment Opportunity Plan requirements;
- the Civil Rights Act of 1964 (42 U.S.C. Section 2000d, which prohibits recipients of federal financial assistance from discriminating on the basis of race, color, or national origin in any program or activity);
- the Rehabilitation Act of 1973 (29 U.S.C. Section 794), which prohibits recipients of Federal financial assistance from discriminating on the basis of disability, in regard to employment and the delivery of services or benefits, in any program or activity;
- the Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12131-34), which prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation;
- the Education Amendments of 1972 (20 U.S.C. Sections 1681, 1683, 1685-86), which prohibits discrimination on the basis of sex in federally assisted education programs;
- the Age Discrimination Act of 1975 (42 U.S.C. Sections 6106-07), which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance. It does not include employment discrimination;
- 28 C.F.R. pt. 31 (U.S. Department of Justice Regulations – OJJDP Grant Programs); 28 C.F.R. pt. 42 (U.S. Department of Justice Regulations – Nondiscrimination; Equal Employment Opportunity; Policies and Procedures); Executive Order No. 13279 (equal protection of the laws for faith-based and community organizations); Executive Order No. 13559, which provide fundamental principles and policy-making criteria for partnerships with faith-based and neighborhood organizations;
- 28 C.F.R. pt. 38 (U.S. Department of Justice Regulations – Equal Treatment for Faith-Based Organizations); and Whistleblower protections 41 U.S.C. §4712 and The National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) the Pilot Program for Enhancement of Contract Employee Whistleblower Protections, which protects employees against reprisal for certain whistle blowing activities in connection with federal grants and contracts.

The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment.

Exhibit G

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

Contractor Initials

  
Date 6/22/15

New Hampshire Department of Health and Human Services  
Exhibit G



In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this proposal (contract) the Contractor agrees to comply with the provisions indicated above.

Contractor Name:

6/22/15  
Date

[Signature]  
Name: Foyce A. Murphy  
Title: Executive Vice Chancellor

Exhibit G

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

Contractor Initials [Signature]

Date 6/22/15

**EXTRACT FROM THE RECORDS OF  
UNIVERSITY OF MASSACHUSETTS**

**Granting Authority to Execute Contracts and All Other Instruments**

**I, Zunilka Barrett, Secretary of the Board of Trustees of the University of Massachusetts**, do hereby certify that the following is a true and complete copy of a vote duly adopted by the Board of Trustees of the University of Massachusetts at a meeting duly called and held on the fifth day of February, nineteen hundred and ninety-seven at the University of Massachusetts, Chancellor's Conference Room, Boston, Massachusetts:

“Further, to affirm that, except as to matters governed by the University of Massachusetts Intellectual Property Policy (Doc. T96-040), the Treasurer of the University of Massachusetts or his designee shall be the sole contracting officer of the University with the Authority to execute all contract, grants, restricted gifts (excluding endowments), and amendments thereto for sponsored programs in instruction, research, or public service, unless and until otherwise voted by the Board of Trustees.”

I further certify that the Senior Vice President for Administration & Finance and Treasurer of the University, Christine M. Wilda, has retained the right to remain the sole contracting officer of the University of Massachusetts, but in her absence, she has designated Philip J. Marquis, Assistant Vice President and Associate Treasurer.

I further certify that effective June 16, 2015, the following is a list of designated individuals authorized in accordance with the afore referenced votes to review and execute all grants and contracts for sponsored programs in instruction, research and public service that are applicable to and received on behalf of the University of Massachusetts for their respective campuses.

**Amherst Campus**

**Kumble R. Subbaswamy**, Chancellor, Amherst Campus, Amherst, Massachusetts,  
**Robert S. Feldman**, Deputy Chancellor, Amherst Campus, Amherst, Massachusetts,  
**Michael Malone**, Vice Chancellor, Amherst Campus, Amherst, Massachusetts,  
**Carol P. Sprague**, Director of the Office of Grants and Contracts Administration, Amherst Campus, Amherst, Massachusetts,  
**Jennifer A. Donais**, Director of Research Compliance, Amherst Campus, Amherst, Massachusetts,  
**Theresa W. Girardi**, Assistant Director, Amherst Campus, Amherst, Massachusetts,  
**Nancy E. Stewart**, Assistant Director, Amherst Campus, Amherst, Massachusetts,  
**James B. Ayres**, Assistant Director, Amherst Campus, Amherst, Massachusetts,  
**Laura J. Howard**, Associate Director, Division of Continuing Education, Amherst Campus, Amherst, Massachusetts

**Boston Campus**

**J. Keith Motley**, Chancellor, Boston Campus, Boston, Massachusetts,  
**Ellen M. O'Connor**, Vice Chancellor for Administration & Finance, Boston Campus, Boston, Massachusetts,  
**Winston Langley**, Provost & Vice Chancellor for Academic Affairs, Boston Campus, Boston, Massachusetts,

**Zong-Guo Xia**, Vice Provost for Research and Strategic Initiatives, Boston Campus, Boston, Massachusetts,

**Matthew L. Meyer**, Associate Vice Provost for Research and Director of the Office of Research & Sponsored Programs, Boston Campus, Boston, Massachusetts,

**Shala A. Bonyun**, Assistant Director for the Office of Research and Sponsored Programs, Boston Campus, Boston, Massachusetts

### **Dartmouth Campus**

**Divina Grossman**, Chancellor, Dartmouth Campus, Dartmouth, Massachusetts,

**Mohammad A. Karim**, Provost & Executive Vice Chancellor for Academic and Student Affairs & Chief Operating Officer, Dartmouth Campus, Dartmouth, Massachusetts,

**Mark A. Preble**, Vice Chancellor for Administration and Finance & Chief Financial Officer, Dartmouth Campus, Dartmouth, Massachusetts,

**Louis Goodman**, Interim Vice Chancellor for Research & Economic Development, Dartmouth Campus, Dartmouth, Massachusetts,

**Elena Glatman**, Director of Research Administration, Dartmouth Campus, Dartmouth, Massachusetts,

**Michelle M. Plaud**, Manager of Pre and Post Award Administration, Dartmouth Campus, Dartmouth, Massachusetts,

### **Lowell Campus**

**Martin T. Meehan**, Chancellor, Lowell Campus, Lowell, Massachusetts,

**Joanne Yestramski**, Vice Chancellor for Finance and Operations, Lowell Campus, Lowell, Massachusetts,

**Jacqueline F. Moloney**, Executive Vice Chancellor, Lowell Campus, Lowell, Massachusetts,

**Ahmed Abdelal**, Provost, Lowell Campus, Lowell, Massachusetts,

**Steven O’Riordan**, Associate Vice Chancellor for Financial Services, Lowell Campus, Lowell, Massachusetts,

**Linda Concino**, Director, Grants & Contracts Administration, Lowell Campus, Lowell, Massachusetts,

**Julie Chen**, Vice Provost for Research, Lowell Campus, Lowell, Massachusetts,

### **President’s Office**

**Tom Chmura**, Vice President for Economic Development, President’s Office, Boston, Massachusetts,

**Lynn Griesemer**, Associate Vice President for Economic Development and Executive Director for the Donahue Institute, President’s Office, Boston, Massachusetts,

**Eric Heller**, Deputy Director for the Donahue Institute, President’s Office, Boston, Massachusetts,

### **Worcester**

**Michael F. Collins, MD**, Chancellor, University of Massachusetts Medical School, Worcester, Massachusetts,

**Robert Jenal**, Executive Vice Chancellor for Administration & Finance, University of Massachusetts Medical School, Worcester, Massachusetts,

**Joyce A. Murphy**, Executive Vice Chancellor for Commonwealth Medicine, University of Massachusetts Medical School, Worcester, Massachusetts,

**Nancy E. Vasil**, Associate Vice Chancellor for Administration & Finance, University of Massachusetts Medical School, Worcester, Massachusetts,

**Margaret L. Johnson**, Director, Office of Clinical Research, University of Massachusetts Medical School, Worcester, Massachusetts,

**Margaret J. Koziel**, MD, Assistant Vice Provost for Clinical and Translational Research, University of Massachusetts Medical School, Worcester, Massachusetts,

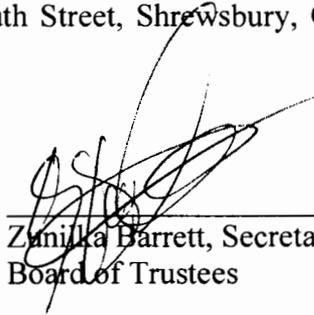
**Jean A. King**, Ph.D., Associate Provost for Biomedical Science Research, University of Massachusetts Medical School, Worcester, Massachusetts,

**Janice Lagace**, Associate Director Research Funding Services, University of Massachusetts Medical School, Worcester, Massachusetts,

**Diego R. Vazquez**, Assistant Vice Provost for Research Funding Services, University of Massachusetts Medical School, Worcester, Massachusetts

I further certify that Christine M. Wilda, Philip J. Marquis, Kumble R. Subbaswamy, Robert S. Feldman, Michael Malone, Carol P. Sprague, Jennifer A. Donais, Theresa W. Girardi, Nancy E. Stewart, James B. Ayres, Laura J. Howard, J. Keith Motley, Ellen M. O'Connor, Winston Langley, Zong-Guo Xia, Matthew L. Meyer, Shala A. Bonyun, Divina Grossman, Mohammad A. Karim, Mark A. Preble, Louis Goodman, Elena Glatman, Michelle M. Plaud, Martin T. Meehan, Joanne Yestranski, Jacqueline F. Moloney, Ahmed Abdelal, Steven O'Riordan, Linda Concino, Julie Chen, Tom Chmura, Lynn Griesemer, Eric Heller, Michael F. Collins, MD, Robert Jenal, Joyce A. Murphy, Nancy E. Vasil, Margaret L. Johnson, Margaret J. Koziel, Jean A. King, Janice Lagace and Diego R. Vazquez are members of the University Administration with its principal office located at 333 South Street, Shrewsbury, County of Worcester, in the Commonwealth of Massachusetts

Date: 6/22/15

  
\_\_\_\_\_  
Zanilka Barrett, Secretary to the  
Board of Trustees



# CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)  
06/09/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Services Northeast, Inc. Providence RI Office 100 Westminster Street, 10th Floor Providence RI 02903-2393 USA	<b>CONTACT NAME:</b> PHONE (A/C. No. Ext.): (866) 283-7122      FAX (A/C. No.): (800) 363-0105	
	<b>E-MAIL ADDRESS:</b>	
<b>INSURED</b> University of Massachusetts 333 South Street, Suite 450 Shrewsbury MA 01545 USA	<b>INSURER(S) AFFORDING COVERAGE</b>	
	<b>INSURER A:</b> Lexington Insurance Company <b>NAIC #</b> 19437	
	<b>INSURER B:</b>	
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	

**COVERAGES**      **CERTIFICATE NUMBER: 570058013058**      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.      **Limits shown are as requested**

INSUR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:		004055483 SIR applies per policy terms & conditions	05/01/2015	05/01/2016	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMPROP AGG \$4,000,000 SIR \$100,000
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED    RETENTION					EACH OCCURRENCE AGGREGATE
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A			<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**  
 RE: UMass Medical School Commonwealth Medicine & NH DHHS Contract for DSH Consultant Services. NH Dept. of Health & Human Services is included as Additional Insured in accordance with the policy provisions of the General Liability policy.

### CERTIFICATE HOLDER

NH Dept. of Health & Human Services  
 Attn: Caroline Trexler  
 Contracts & Procurement Unit  
 129 Pleasant Street, 4th Floor  
 Concord NH 03301 USA

### CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Aon Risk Services Northeast, Inc.*

Holder Identifier :

Certificate No : 570058013058



# University of Massachusetts

Amherst • Boston • Dartmouth • Lowell • Medical School • UMassOnline

To Whom It May Concern:

The University of Massachusetts, as an entity of the Commonwealth of Massachusetts, is self-insured for Worker's Compensation in accordance with Chapter 152 of the Massachusetts General Laws.

If you have any questions or concerns please contact me at 774-455-7616. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Kate Leahy".

Kate Leahy, J.D.  
Insurance Analyst

UNIVERSITY OF MASSACHUSETTS

**COMMITTEE ASSIGNMENTS**  
**2015**

*as of 2/18/15*

**COMMITTEE ON ACADEMIC  
AND STUDENT AFFAIRS**

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Kerri Osterhaus-Houle, M.D., Vice Chair  
Lawrence M. Carpmann  
Sarah Freudson  
Maria D. Furman  
Phillip J. Geoffroy  
Zoila M. Gomez  
Ruben J. King-Shaw, Jr.  
Patrick Lowe  
Jacob D. Miller  
Nolan O'Brien  
R. Norman Peters  
Margaret D. Xifaras  
Henry M. Thomas, III  
Victor Woolridge (Chairman)

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AND FINANCE**

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Ruben J. King-Shaw, Vice Chair  
Richard P. Campbell  
Edward W. Collins, Jr.  
David G. Fubini  
Maria D. Furman  
Philip W. Johnston  
Alyce J. Lee  
Jacob D. Miller  
Jeffrey B. Mullan  
Nolan O'Brien  
R. Norman Peters  
James A. Peyser  
Henry M. Thomas, III  
Victor Woolridge (Chairman)

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Richard P. Campbell, Vice Chair  
Lawrence M. Carpmann  
Sarah Freudson  
David G. Fubini  
Maria D. Furman  
Phillip J. Geoffroy  
Margaret D. Xifaras  
Victor Woolridge (Chairman)

**AUDIT COMMITTEE**

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Edward W. Collins, Jr., Vice Chair  
James R. Buonomo  
Richard P. Campbell  
Victor Woolridge (Chairman)

**GOVERNANCE COMMITTEE**

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Philip W. Johnston, Vice Chair  
Maria D. Furman  
Jeffrey B. Mullan  
Victor Woolridge (Chairman)

**COMPENSATION COMMITTEE**

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Ruben J. King-Shaw, Jr., Vice Chair  
Philip W. Johnston  
Victor Woolridge (Chairman)

## **Mission Statements**

This contract will be carried out by the New England Newborn Screening Program, which is part of Commonwealth Medicine, a division of the University of Massachusetts Medical School. We provide the mission statements for each of these levels of the organization here.

### **Of the University of Massachusetts Medical School:**

The mission of the University of Massachusetts Medical School is to advance the health and well-being of the people of the commonwealth and the world through pioneering advances in education, research and health care delivery.

### **Of Commonwealth Medicine:**

To apply knowledge to improve health outcomes for those served by public health and human service programs.

## **University of Massachusetts Mission Statement**

To provide an affordable and accessible education of high quality and to conduct programs of research and public service that advance knowledge and improve the lives of the people of the Commonwealth, the nation, and the world.

# **2014**

# **Annual Financial**

# **Report**



**The University of Massachusetts**  
*Amherst • Boston • Dartmouth • Lowell • Worcester • UMassOnline*

## University Administration

As of November 2014

### Board of Trustees:

Henry M. Thomas III, J.D. (Chair), Springfield, MA  
Ruben J. King-Shaw, Jr. (Vice Chair), Carlisle, MA  
Maria D. Furman, Wellesley, MA  
James Buonomo, Shrewsbury, MA  
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Lawrence M. Carpman, Marshfield, MA  
Edward W. Collins, Jr., Springfield, MA  
David G. Fubini, Brookline, MA  
Zoila M. Gomez, J.D., Lawrence, MA  
Philip W. Johnston, Marshfield, MA  
Alyce J. Lee, Milton, MA  
Matthew H. Malone, Ph.D., Secretary of Education, Commonwealth of MA, Roslindale, MA  
Jeffrey B. Mullan, J.D., Milton, MA  
Kerri Osterhaus-Houle, M.D., Hudson, MA  
R. Norman Peters, J.D., Paxton, MA  
Victor Woolridge, Springfield, MA  
Margaret D. Xifaras, J.D., Marion, MA

Sarah Freudson, (UMass Amherst Student Trustee), Simsbury, CT  
(Non-Voting Student)  
Nolan O'Brien, (UMass Boston Student Trustee), Munson, MA  
(Non-Voting Student)  
Jacob D. Miller, (UMass Dartmouth Student Trustee), Fairhaven, MA  
(Non-Voting Student)  
Phillip J. Geoffroy, (UMass Lowell Student Trustee), Chelmsford, MA  
(Voting Student)  
Patrick Lowe, (UMass Worcester Student Trustee), Worcester, MA  
(Voting Student)

### Officers of the University:

Robert L. Caret, Ph.D., President  
Kumble R. Subbaswamy, Ph.D., Chancellor, UMass Amherst  
J. Keith Motley, Ph.D., Chancellor, UMass Boston  
Divina Grossman, Ph.D., Chancellor, UMass Dartmouth  
Martin T. Meehan, J.D., Chancellor, UMass Lowell  
Michael F. Collins, M.D., Chancellor, UMass Worcester  
and Senior Vice President for Health Sciences  
James R. Julian, J.D., Executive Vice President  
Christine M. Wilda, Senior Vice President for Administration and Finance & Treasurer  
Marcellette G. Williams, Ph.D., Senior Vice President for Academic Affairs and International Relations  
Zuniika Barrett, Secretary to the Board of Trustees



December 18, 2014

To the Board of Trustees  
and President Robert L. Caret

We are pleased to submit the annual Financial Report of the University of Massachusetts for the year ended June 30, 2014. The enclosed financial statements incorporate all financial activity of the University and its five campuses. This statement has been audited by an independent auditing firm and is fully represented in the financial report of the Commonwealth of Massachusetts. Detailed information about each campus is provided as supplemental information.

The financial information presented in the Financial Report is designed to aid a wide variety of readers to assess the effectiveness of the University's management of its resources in meeting its primary mission of instruction, research, and public service. This report is intended to form a comprehensive and permanent record of the finances of the University of Massachusetts, and it is submitted as the public accounting of the University's financial affairs for the fiscal year ended June 30, 2014 including comparative information as of June 30, 2013.

The University's net assets increased \$203.9 million from \$2.61 billion in fiscal year 2013 to \$2.82 billion in fiscal year 2014. The major components of the increase are due to physical plant improvements and positive operating results due primarily to greater student fee revenues associated with increased enrollment, cost reductions, and strong market performance for the University's investments.

Each year, the Board of Trustees approves five-year targets for five key financial indicators that are likely to determine the success of the University over the long term. Those key indicators are operating margin, financial cushion, return on net assets, debt service to operations, and endowment per student. During 2014, the University met or exceeded its targets for all five indicators. Overall, the University made important progress in fiscal 2014 toward the achievement of its long-term financial objectives of growth and stability.

Respectfully submitted,

A handwritten signature in black ink that reads "Christine M. Wilda".

Christine M. Wilda  
Senior Vice President for Administration and  
Finance & Treasurer

A handwritten signature in black ink that reads "Sarah B. Mongeau".

Sarah B. Mongeau  
University Controller

**University of Massachusetts  
2014 Annual Financial Report  
Table of Contents**

	<u>Page</u>
Report of Independent Certified Public Accountants	1
Management's Discussion and Analysis	3
Consolidated Statements of Net Position as of June 30, 2014 and 2013	14
Consolidated Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30, 2014 and 2013	15
Consolidated Statements of Cash Flows for the Years Ended June 30, 2014 and 2013	16
Notes to Consolidated Financial Statements	17
Supplemental Financial Information	40



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP  
75 State Street, 13<sup>th</sup> Floor  
Boston, MA 02109-1827  
T 617.723.7900  
F 617.723.3640  
[www.GrantThornton.com](http://www.GrantThornton.com)

Board of Trustees of the  
University of Massachusetts

### Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units, of the University of Massachusetts (the "University"), an enterprise fund of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the University's basic consolidated financial statements as listed in the table of contents.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 opinions on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 consolidated 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 University'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 University'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 opinions.

#### Opinions

In our opinion, the basic consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University of Massachusetts as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other matters

##### *Required supplementary information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the MD&A information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Boston, Massachusetts  
December 18, 2014

**University of Massachusetts  
Management's Discussion and Analysis (unaudited)  
June 30, 2014**

**Introduction**

This unaudited section of the University of Massachusetts (the "University") Annual Financial Report presents our discussion and analysis of the financial position and performance of the University and its component units during the fiscal year ended June 30, 2014 with comparative information as of June 30, 2013. This discussion and analysis has been prepared by management along with the accompanying financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The accompanying financial statements, footnotes and this discussion are the responsibility of management.

The University of Massachusetts is a state coeducational institution for higher education with separate campuses at Amherst, Boston, Dartmouth, Lowell and Worcester all located in the Commonwealth of Massachusetts (the "Commonwealth"). The University was established in 1863 in Amherst, under the provisions of the 1862 Morrill Land Grant Acts, as the Massachusetts Agricultural College. It became known as the Massachusetts State College in 1932 and in 1947 became the University of Massachusetts. The Boston campus was opened in 1965 and the Worcester campus, Medical School, was opened in 1970. The Lowell and Dartmouth campuses (previously the University of Lowell and Southeastern Massachusetts University, respectively) were made a part of the University by a legislative act of the Commonwealth, effective September 1, 1991.

The University's mission is to provide an affordable and accessible education of high quality and to conduct programs of research and public service that advance knowledge and improve the lives of the people of the Commonwealth, the nation and the world. In the fall of 2013, the University enrolled 61,336 full-time equivalent ("FTE") students. The University is committed to providing, without discrimination, diverse program offerings to meet the needs of the whole of the state's population. The University's five campuses are geographically dispersed throughout Massachusetts and possess unique and complementary missions.

**Financial Highlights**

The University's combined net position increased \$203.9 million from \$2.61 billion in fiscal year 2013 to \$2.82 billion in fiscal year 2014. The major components of the increase in fiscal year 2014 relate to investments in infrastructure and greater student fee revenues. From fiscal year 2013 to fiscal year 2014, the University's operating revenue increased by \$56.5 million and operating expenditures increased by \$146.1 million. The increase in operating revenue is primarily due to the increase in fee and auxiliary revenue associated with the enrollment increases and fee increases in categories other than in state undergraduates and auxiliary revenue to support related expenditures.

**Using the Annual Financial Report**

One of the most important questions asked about University finances is whether the University as a whole is better off or worse off as a result of the year's activities. The key to understanding this question lies within the Statement of Net Position, Statement of Revenues, Expenses and Changes in Position and the Statement of Cash Flows. These statements present financial information in a form similar to that used by private sector companies. The University's net position (the difference between assets and liabilities) is one indicator of the University's financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of an institution's financial health when considered with non-financial facts such as enrollment levels, operating expenses, and the condition of the facilities.

The Statement of Net Position includes all assets, liabilities, as well as deferred inflows and outflows of resources of the University. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the services are provided and expenses and liabilities are recognized when services are incurred, regardless of when cash is exchanged. Net Position is further broken down into three categories: invested in capital assets-net of related debt, restricted and unrestricted. Amounts reported in invested in capital assets-net of related debt represent the historical cost of property and equipment, reduced by the balance of related debt outstanding and depreciation expense charged over the years. Net Position is reported as restricted when constraints are imposed by third parties, such as donors or enabling legislation. Restricted net position is either non-expendable, as in the case of endowment gifts to be held in perpetuity, or expendable, as in the case of funds to be spent on scholarships and research. All other assets are unrestricted; however, they may be committed for use under contract or designation by the Board of Trustees.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned or received and expenses incurred during the year. Activities are reported as either operating or non-operating. Operating revenues and expenses include tuition and fees, grant and contract activity, auxiliary enterprises and activity for the general operations of the institution not including appropriations from state and federal sources. Non-operating revenues and expenses include appropriations, capital grants and contracts, endowment, gifts, investment income, and non-operating federal grants (Pell Grants). With a public University's dependency on support from the state, Pell grants, and gifts, it is common for institutions to have operating expenses exceed operating revenues. That is because the prescribed financial reporting model classifies state appropriations, Pell grants, and gifts as non-operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation expense, which amortizes the cost of a capital asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the University's ability to meet financial obligations as they mature. The statement of cash flows presents information related to cash inflows and outflows summarized by operating, capital and non-capital, financing and investing activities.

The footnotes provide additional information that is essential to understanding the information provided in the external financial statements.

### Reporting Entity

The financial statements report information about the University as a whole using accounting methods similar to those used by private-sector companies. The financial statements of the University are separated between University (including its blended component units) and its discretely presented Component Unit activities. The University's discretely presented Component Units (or Related Organizations) are the University of Massachusetts Foundation, Inc., and the University of Massachusetts Dartmouth Foundation, Inc.

### Condensed Financial Information

University of Massachusetts Condensed Statement of Net Position As of June 30, 2014 and 2013 (In thousands of dollars)			
	University June 30, 2014	University June 30, 2013	FY13-14 Change
<b>ASSETS</b>			
Current Assets	\$ 592,750	\$ 579,824	\$ 12,926
Noncurrent Assets			
Investment in Plant Net of Accumulated Depreciation	4,064,786	3,705,517	359,269
All Other Noncurrent Assets	1,543,391	1,403,449	139,942
<b>Total Assets</b>	<b>6,200,927</b>	<b>5,688,790</b>	<b>512,137</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>112,880</b>	<b>114,286</b>	<b>(1,406)</b>
<b>LIABILITIES</b>			
Current Liabilities	674,330	772,922	(98,592)
Noncurrent Liabilities	2,821,182	2,415,798	405,384
<b>Total Liabilities</b>	<b>3,495,512</b>	<b>3,188,720</b>	<b>306,792</b>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	1,800,767	1,682,173	118,594
Restricted			
Nonexpendable	17,387	18,058	(671)
Expendable	174,530	158,469	18,061
Unrestricted	825,611	757,856	67,955
<b>Total Net Position</b>	<b>\$ 2,818,295</b>	<b>\$ 2,814,356</b>	<b>\$ 203,939</b>
<b>University of Massachusetts Condensed Statement of Net Position for Related Organizations As of June 30, 2014 and 2013 (In thousands of dollars)</b>			
	University Related Organizations June 30, 2014	University Related Organizations June 30, 2013	FY13-14 Change
<b>ASSETS</b>			
Current Assets	\$ 1,678	\$ 3,830	\$ (2,152)
Noncurrent Assets			
Investment in Plant Net of Accumulated Depreciation	8,478	8,619	(141)
All Other Noncurrent Assets	454,646	391,699	62,947
<b>Total Assets</b>	<b>464,802</b>	<b>404,148</b>	<b>60,654</b>
<b>LIABILITIES</b>			
Current Liabilities	15,525	14,604	921
Noncurrent Liabilities	3,483	3,332	151
<b>Total Liabilities</b>	<b>19,008</b>	<b>17,936</b>	<b>1,072</b>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	8,477	8,619	(142)
Restricted			
Nonexpendable	309,718	290,858	18,860
Expendable	101,195	74,706	26,489
Unrestricted	26,404	12,029	14,375
<b>Total Net Position</b>	<b>\$ 445,794</b>	<b>\$ 386,212</b>	<b>\$ 59,582</b>

At June 30, 2014, total University net position was \$2.82 billion, an increase of \$203.9 million over the \$2.61 billion in net position for fiscal year 2013. The University's largest asset continues to be its net investment in its physical plant of \$4.06 billion at June 30, 2014 (\$3.71 billion in fiscal year 2013).

University liabilities totaled \$3.49 billion at June 30, 2014, an increase of \$306.8 million over fiscal year 2013. Long-term liabilities represent 81% of the total liabilities which primarily consist of bonds payable amounting to \$2.62 billion at June 30, 2014.

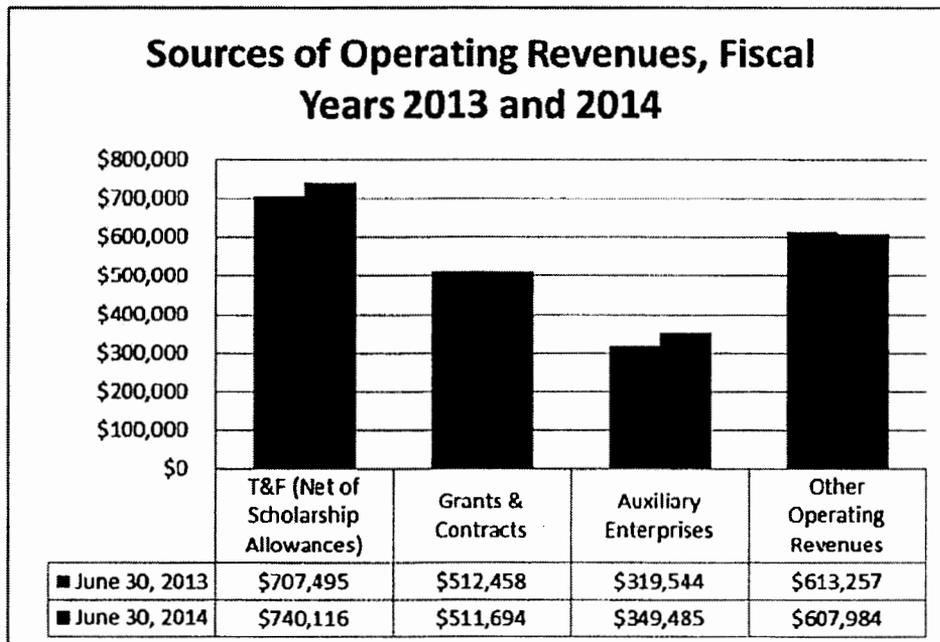
The University's current assets as of June 30, 2014 of \$592.8 million were below the current liabilities of \$674.3 million, as a result the current ratio was 0.88 dollars in assets to every one dollar in liabilities. June 30, 2013 current assets of \$579.9 million were below the current liabilities of \$772.9 million, resulting in a current ratio of 0.75.

The unrestricted and restricted expendable net position totaled \$1.0 billion in fiscal year 2014, which represents 36% of total operating expenditures of \$2.81 billion for fiscal year 2014. The unrestricted and restricted expendable net position totaled \$914.1 million in fiscal year 2013, which represents 34% of total operating expenditures of \$2.66 billion.

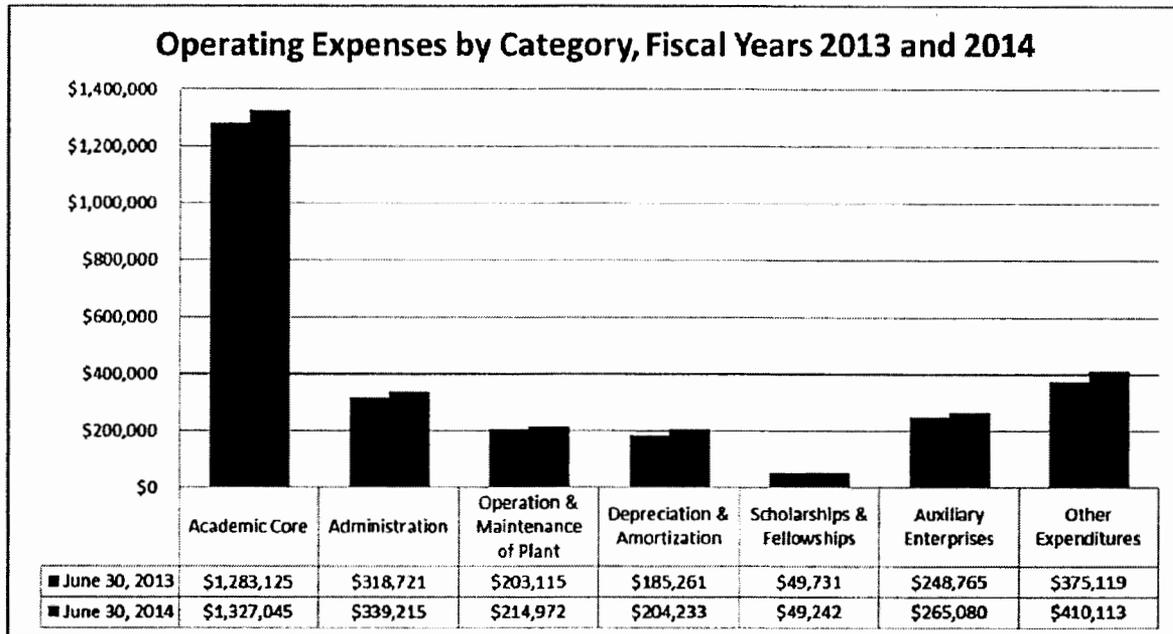
University of Massachusetts Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2014 and 2013 (In thousands of dollars)			
	University June 30, 2014	University June 30, 2013	FY13-14 Change
<b>Operating Revenues</b>			
Tuition and Fees (net of scholarship allowances)	\$ 740,116	\$ 707,495	\$ 32,621
Grants and Contracts	511,694	512,458	(764)
Auxiliary Enterprises	349,485	319,544	29,941
Other Operating Revenues	607,984	613,257	(5,273)
<b>Total Operating Revenues</b>	<b>2,209,279</b>	<b>2,152,754</b>	<b>56,525</b>
<b>Operating Expenses</b>	<b>2,809,900</b>	<b>2,663,837</b>	<b>146,063</b>
<b>Operating Loss</b>	<b>(600,621)</b>	<b>(511,083)</b>	<b>(89,538)</b>
<b>Nonoperating Revenues / (Expenses)</b>			
Federal Appropriations	7,020	6,774	246
State Appropriations	570,618	519,311	51,307
Interest on Indebtedness	(89,496)	(91,364)	1,868
Other Nonoperating Income	133,386	100,697	32,689
Nonoperating Federal Grants	74,279	70,586	3,693
<b>Net Nonoperating Revenues</b>	<b>695,807</b>	<b>606,004</b>	<b>89,803</b>
<b>Income Before Other Revenues, Expenses, Gains and Losses</b>	<b>95,186</b>	<b>94,921</b>	<b>265</b>
Capital Appropriations, Grants and Other Sources	134,369	156,442	(22,073)
Disposal of Plant Facilities	(6,198)	(8,802)	2,604
Other Additions / (Deductions)	(19,418)	2,939	(22,357)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>108,753</b>	<b>150,579</b>	<b>(41,826)</b>
<b>Total Increase in Net Position</b>	<b>203,939</b>	<b>245,500</b>	<b>(41,561)</b>
<b>Net Position</b>			
Net Position at the Beginning of the Year	2,614,356	2,389,377	224,979
Cummulative effect of change in accounting principle **		(20,521)	
Net Position at the Beginning of the Year, adjusted		2,368,856	
<b>Net Position at the End of the Year</b>	<b>\$ 2,818,295</b>	<b>\$ 2,614,356</b>	<b>\$ 183,418</b>

\*\*This reflects the retroactive adoption of GASB 65. Please see *Footnote 1, Summary of Significant Accounting Policies-New GASB Pronouncements* for further details regarding this item.

University of Massachusetts			
Condensed Statement of Revenues, Expenses, and Changes in Net Position for University Related Organizations			
For the Year Ended June 30, 2014 and 2013			
(in thousands of dollars)			
	University Related Organizations June 30, 2014	University Related Organizations June 30, 2013	FY13-14 Change
Operating Expenses	\$ 11,443	\$ 12,852	\$ (1,409)
Operating Loss	(11,443)	(12,852)	(1,409)
Nonoperating Revenues / (Expenses)			
Other Nonoperating Income	54,982	35,152	19,830
Net Nonoperating Revenues	54,982	35,152	19,830
Income Before Other Revenues, Expenses, Gains and Losses	43,539	22,300	21,239
Additions to Permanent Endowments	17,566	16,056	1,510
Other Additions	(1,523)	(9,979)	8,456
Total Other Revenues, Expenses, Gains, and Losses	16,043	6,077	9,966
Total Increase in Net Position	59,582	28,377	31,205
Net Position			
Net Position at the Beginning of the Year	388,212	357,835	28,377
Net Position at the End of the Year	\$ 445,794	\$ 386,212	\$ 59,582



Total operating revenues for fiscal year 2014 were \$2.21 billion. This represents a \$56.5 million increase from the \$2.15 billion in operating revenues in fiscal year 2013. The most significant sources of operating revenue for the University are tuition and fees, grants and contracts, auxiliary services and public service activities at the Worcester Medical School campus categorized in the chart above as "Other Operating Revenues". While not classified on the financial statements as operating revenue, state appropriations serve as a primary source for funding the core mission of the University. State appropriation revenue, described in detail in a section below, is used almost exclusively to fund payroll for University employees. The chart above displays operating revenues by source for the University in fiscal years 2014 and 2013.



In fiscal year 2014, operating expenditures, including depreciation and amortization of \$204.2 million, totaled \$2.81 billion. Of this total, \$1.33 billion or 47% was used to support the academic core activities of the University, including \$407.4 million in research. In fiscal year 2013, operating expenditures, including depreciation and amortization of \$185.3 million, totaled \$2.66 billion. The chart above displays fiscal year 2014 and 2013 operating spend.

#### Public Service Activities

Other operating revenues includes Public Service Activities and consists largely of sales and services provided to third parties by the UMass Medical School campus through its Commonwealth Medicine ("CWM") programs, which provide public consulting and services in health care financing, administration and policy to federal, state and local agencies and not-for-profit health and policy organizations. Included in this category of activities are CWM revenues of \$349.0 million and \$358.7 million for the years ended June 30, 2014 and 2013, respectively. Included in expenditures are CWM expenditures of \$318.2 million and \$347.4 million for the years ended June 30, 2014 and 2013, respectively.

In addition to CWM activities, Public Service Activities also includes payments received by the Medical School for educational services it provides to its clinical affiliate UMass Memorial Health Care, Inc. ("UMass Memorial") as required by the enabling legislation enacted by the Commonwealth in 1997. Educational services revenues included in public service revenues were \$163.8 million and \$153.0 million for the years ended June 30, 2014 and 2013, respectively. Finally, Public Service Activity expenditures also include payments made to the Commonwealth of Massachusetts of \$120 million and \$65.0 million for the years ended June 30, 2014 and 2013, respectively, pursuant to requirements of legislation enacted by the State Legislature of Massachusetts.

#### State Appropriations

In fiscal year 2014, state appropriations represent approximately 20% of all operating and non-operating revenues. The level of state support is a key factor influencing the University's overall financial condition. Although the state appropriation is unrestricted revenue, nearly 100% of the state appropriation supports payroll and benefits for University employees.

The net state appropriation for the University increased by \$51.3 million from fiscal year 2013, with the increase attributable to a higher level of State Appropriation and related fringe benefit support through the State's investment in the University's 50/50 plan. This plan, to be phased in over FY14 and FY15, has the State providing additional State Appropriation in order to bring State funding levels closer to historical amounts that will allow for the State to support 50% of the educational costs of an in state undergraduate while the student funds the remaining 50%. In return for this State investment, the University and the Board committed to freezing the in state undergraduate curriculum fee during this same time period.

In the year ended June 30, 2014 the University reported tuition revenue of approximately \$34.3 million of tuition the University remits to the State Treasurer's Office for the general fund of the Commonwealth of Massachusetts. Unless otherwise permitted by the Massachusetts Legislature, the University is required to remit tuition revenue received to the Commonwealth. Therefore, the University collects student tuition on behalf of the Commonwealth and remits it to the Commonwealth's General Fund. The amount of tuition remitted to the Commonwealth was \$35.1 million in fiscal year 2013. There is no direct connection between the amount of tuition revenues collected by the University and the amount of state funds appropriated in any given year.

In fiscal year 2004, a pilot program authorized by the Commonwealth enabled the Amherst campus to retain tuition for out-of-state students. This pilot program was extended indefinitely for the Amherst Campus in fiscal year 2005 and starting in fiscal year

2012 all of the University's campuses were authorized to retain tuition from out-of-state students. The amount of tuition retained by the University during 2014 and 2013 was \$75.8 million and \$74.5 million, respectively.

The following table details the Commonwealth operating appropriations received by the University for fiscal years ending June 30, 2014 and 2013:

	FY2014	FY2013
Gross Commonwealth Appropriations	\$ 486,656	\$ 447,837
Plus: Fringe Benefits*	141,881	130,005
	<b>628,537</b>	<b>577,842</b>
Less: Tuition Remitted	(34,325)	(35,103)
Less: Mandatory Waivers	(23,594)	(23,428)
<b>Net Commonwealth Support</b>	<b>\$ 570,618</b>	<b>\$ 519,311</b>

\*The Commonwealth pays the fringe benefits for University employees paid from Commonwealth operating appropriations. Therefore, such fringe benefit support is added to the "State Appropriations" financial statement line item as presented in the above table. The University pays the Commonwealth for the fringe benefit cost of the employees paid from funding sources other than Commonwealth operating appropriations.

#### Capital Appropriations from the Commonwealth

The University faces a financial challenge to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. In order to have a successful capital program, the University must rely on a combination of revenue sources to fund its investment. In fiscal year 2014, there was \$112.1 million of capital support provided to the University through appropriations and grants from the Commonwealth. This is consistent with capital appropriations provided in fiscal year 2013. This funding is attributed to the Commonwealth's Division of Capital Asset Management ("DCAM") which funded several large capital projects in fiscal year 2013 and 2014 through the State's Higher Education Bond Bill and Life Sciences Bond Bill, both passed in 2008 and have projects funded on each of the campuses. The University projects that although capital support will fluctuate from year to year, the level of capital appropriations from the Commonwealth will continue to be significant. Although the completion of major construction projects managed by DCAM are underway at all five of the University's campuses. The current bond support from the State has been fully programmed and therefore the University is now working to secure the next round of funding to ensure continuity of the capital program beyond FY18.

#### Grant and Contract Revenue

Collectively, the University's Amherst Campus and Medical School in Worcester account for approximately 77% of University grant and contract activity. The Boston, Dartmouth, and Lowell campuses continue to have significant sponsored research activity.

The following table details the University's grant and contract revenues (in thousands) for the fiscal years ended June 30, 2014 and 2013:

	FY2014	FY2013
Federal Grants and Contracts	\$ 322,047	\$ 334,697
State Grants and Contracts	74,996	68,794
Local Grants and Contracts	2,223	2,253
Private Grants and Contracts	112,428	106,714
<b>Total Grants and Contracts</b>	<b>\$ 511,694</b>	<b>\$ 512,458</b>

#### Discretely Presented Component Units

##### University of Massachusetts Foundation, Inc.

The combined University and Foundation endowment has increased to approximately \$757.5 million at June 30, 2014 from \$664.7 million at June 30, 2013.

The Foundation utilizes the pooled investment concept whereby all invested funds are in one investment pool, except for investments of certain funds that are otherwise restricted. Pooled investment funds will receive an annual distribution of 4% of the endowment fund's average market value for the preceding twelve quarters on a one year lag. Only quarters with funds on deposit shall be included in the average. In addition, a prudence rule will be utilized to limit spending from a particular endowment fund to no lower than 93% of its book value. The Foundation distributed \$17.7 million (4%) and \$15.1 million (4%) in fiscal years 2014 and 2013, respectively.

The total investment return of the Foundation for fiscal year 2014 was \$112.2 million as compared to 2013, which, including realized and unrealized investment activity, was a net gain of approximately \$64.0 million. This is consistent with investment return performance at other institutions.

University of Massachusetts Dartmouth Foundation, Inc.

Total marketable securities for the Dartmouth Foundation were \$53.5 million at June 30, 2014 up from \$47.9 million at June 30, 2013, which are held by the University of Massachusetts Foundation, Inc. The increase was primarily due to favorable market conditions and new gifts. The Dartmouth Foundation total investment return for fiscal year 2014, including realized and unrealized investment activity, was a net gain of \$4.9 million as compared to a net gain of \$2.9 million in 2013.

**Tuition and Fees**

Due to declining State Appropriations, the University's Board of Trustees voted to increase mandatory student charges by 7.5% for resident undergraduate students for the 2011-2012 academic year and an additional 4.9% for the 2012-2013 academic year. For academic years 2013-2014 and 2014-2015, the Board of Trustees voted to freeze the mandatory curriculum fee for in state undergraduate students based on the increase to the State appropriation known as the 50/50 described above. Affordability will continue to be a priority of the University and increases in fees will be considered in conjunction with State support on an annual basis.

**Enrollment**

Except for the Medical School, which admits only Massachusetts residents (as required by Massachusetts Session Laws, 1987, Chapter 199, Section 99), admission to the University is open to residents of the Commonwealth and non-residents on a competitive basis. In the fall 2013 semester, Massachusetts residents accounted for approximately 82% and 54% of the University's total undergraduate and graduate enrollment, respectively. Total enrollment in the fall of 2013 was 61,336 FTE (71,941 headcount students). Enrollments at the University have shown significant increases over the last five years (53,140 FTE in fall 2008). The 15% enrollment growth is consistent with the University's efforts to increase its reach across the Commonwealth and to recruit non-resident students and is reflective of the quality education provided by the University of Massachusetts.

**Degrees Awarded**

The University awards four levels of degrees, as follows: associate, bachelors, masters and doctoral/professional degrees. A total of 16,447 degrees were awarded in the 2012-2013 academic year reflecting a 5% increase from the previous year. Of these awards, 66% were at the undergraduate level and 30% were at the graduate level. The remaining were associates degrees and undergraduate certificates.

**Bonds Payable**

As of June 30, 2014, the University had outstanding bonds of approximately \$2.81 billion representing \$2.48 billion of University of Massachusetts Building Authority bonds (the "Building Authority Bonds"), \$59.3 million of University of Massachusetts bonds financed through the Massachusetts Health and Educational Facilities Authority which has been merged into MassDevelopment (the "UMass HEFA Bonds"), and \$275.5 million of bonds financed through the Worcester City Campus Corporation (the "WCCC Bonds"). Bonds payable is the University's largest liability at June 30, 2014. The Building Authority's active projects include residence hall construction and renovation, renovation of general education buildings, replacement of core infrastructure, and construction of academic, laboratory, and research facilities. The proceeds from the UMass HEFA Bonds were used to create a revolving loan program and to fund the construction of two new campus centers at the Boston and Lowell campuses (funded jointly with the Commonwealth).

On March 8, 2013, the Building Authority issued \$212,585,000 of Senior Series 2013-1 Project Revenue Bonds (the "2013-1 Bonds") and \$71,790,000 of Senior Series 2013-2 Project Revenue Bonds (the "2013-2 Bonds"). The 2013-1 Bonds are tax-exempt and mature at various dates through 2043. The interest on the bonds is payable semi-annually each November 1<sup>st</sup> and May 1<sup>st</sup> and the interest rates on the bonds range from 2% to 5%. The 2013-2 bonds are taxable, mature at various dates through 2043 and the interest on the bonds is payable semi-annually each November 1<sup>st</sup> and May 1<sup>st</sup>. The interest rates on the bonds range from 0.43% to 2.686%. The 2013-1 Bonds and 2013-2 Bonds will be used to finance capital projects in the University's Capital Plan.

On August 8, 2013, the Authority issued its \$24,640,000 Project and Refunding Revenue Bonds, Senior Series 2013-3 (the "2013-3 bonds"). The 2013-3 bonds were issued to finance and refinance a project set forth in the University's capital plan, the Edward M. Kennedy Institute for the United States Senate on the Boston campus of the University (the "EMK Project"). The proceeds of the 2013-3 bonds were used to finance the costs of such project, to fund capitalized interest on a portion of the 2013-3 Bonds, to refund a portion of the Authority's Project Revenue Bonds, Senior Series 2009-1 allocable to the construction of the EMK Project, and to pay costs of issuing the 2013-3 Bonds. The 2013-3 Bonds are due (serially) through 2043 with fixed interest rates ranging from 4.0% to 5.0%.

On August 13, 2013, the Authority issued Commercial Paper Note, Series 2013 A and 2013 B in the amount of \$25.0 million for each respective series, with a total amount outstanding of \$50.0 million. The maximum aggregate principal amount of commercial paper which may be outstanding at one time is \$200.0 million. A portion of these notes are secured by an Irrevocable Letter of Credit ("LOC") provided by State Street Bank and Trust Company ("State Street") with respect to the \$125 million Commercial Paper Notes, Series 2013 A, which expires in August of 2016. The remaining \$75 million Commercial Paper Notes, Series 2013 B are secured by a Standby Liquidity Facility Agreement provided by U.S. Bank National Association, which expires in August 2016.

On February 25, 2014, the Building Authority issued \$293,890,000 of Project Revenue Bonds, Senior Series 2014-1 (the "2014-1 Bonds") and \$14,085,000 of Project Revenue Bonds, Senior Series 2014-2 (the "2014-2 Bonds"). The 2014-1 Bonds included a premium of \$21.8 million. The 2014-1 Bonds are tax-exempt and mature at various dates through 2044. The interest on the bonds is payable semi-annually each November 1<sup>st</sup> and May 1<sup>st</sup> and the interest rates on the bonds range from 3% to 5%. The 2014-2 Bonds are federally taxable and mature at various dates through 2019. The interest on the bonds is payable semi-annually each November 1<sup>st</sup> and May 1<sup>st</sup> and interest rates on the bonds range from 0.440% to 2.109%. The 2014-1 and 2014-2 Bonds will

be used to finance capital projects in the University's Capital Plan.

On June 3, 2014, the Building Authority issued \$157,855,000 of Refunding Revenue Bonds, Senior Series 2014-4 (the "2014-4 Bonds"). The 2014-4 Bonds are federally taxable and mature at various dates through 2025. The interest on the bonds is payable semi-annually each November 1<sup>st</sup> and May 1<sup>st</sup> and the interest rates on the bonds range from 0.2% to 3.381%. The 2014-4 Bonds were issued to refinance the Building Authority's Refunding Revenue Bonds, Senior Series 2005-2.

#### Capitalized Lease Obligations

At June 30, 2014, the University had capital lease obligations with remaining principal payments of approximately \$2.2 million which is a \$4.3 million decrease from the remaining principal payments of \$6.5 million at June 30, 2013. The capital leases primarily consist of telecommunications, software and co-generation systems, and campus energy conversions. The decrease in obligations is due to scheduled lease payments.

#### University Rating

The University is relying on a carefully planned and executed debt strategy to support master and strategic planning at the campuses and for the University as a whole. The University has been rewarded for its strategic planning by recent ratings upgrades. Bonds issued by the University of Massachusetts and the University of Massachusetts Building Authority are now AA, Aa2 and AA- as rated by Fitch, Moody's and Standard & Poor's rating agencies, respectively.

#### Limitations on Additional Indebtedness

The University may, without limit, issue additional indebtedness or request the Building Authority to issue additional indebtedness on behalf of the University so long as such indebtedness is payable from all available funds of the University. However, the University may request that the Building Authority issue additional indebtedness not payable from all available funds of the University provided that the additional indebtedness is secured by certain pledged revenues and the maximum annual debt service on all revenue indebtedness does not exceed 8% of the University's available revenues.

The Building Authority is authorized by its enabling act to issue bonds with the unconditional guarantee of the Commonwealth of Massachusetts for the punctual payment of the interest and principal payments on the guaranteed bonds. The full faith and credit of the Commonwealth are pledged for the performance of its guarantee. The enabling act, as amended, presently limits to \$200 million the total principal amount of notes and bonds of the Building Authority that may be Commonwealth guaranteed and outstanding at any one time. The amount of bond obligation guaranteed by the Commonwealth at June 30, 2014 and 2013 was \$125.6 million and \$129.5 million, respectively.

#### Capital Plan

In September 2013, the University's Trustees approved a \$5.5 billion five-year (fiscal years 2014-2018) update to its capital plan with \$3.8 billion of projects approved to continue or commence over the next 24 months. The University generally has funded its capital plans through a combination of funding received from University operations, bonds issued by the University of Massachusetts Building Authority, MassDevelopment financing, Commonwealth appropriations, and private fundraising. The execution of many projects from the University's capital plan is from funding from the Commonwealth through the Higher Education and Life Sciences Bond Bills.

Campus	Total 5-Year Plan FY14 - FY18	Total Approved Projects (as of Sept 2014)
Amherst	\$1,417,236	\$1,453,445
Boston	\$1,291,935	\$962,585
Dartmouth	\$721,328	\$438,510
Lowell	\$1,516,400	\$865,400
Worcester	\$523,598	\$153,340
<b>TOTAL</b>	<b>\$5,470,497</b>	<b>\$3,873,280</b>
<b># of Projects</b>	<b>255</b>	<b>191</b>

The University's five-year capital plan for fiscal years 2014-2018 includes both new projects and major projects that were previously approved by the University Trustees in prior-year capital plans. Over the last year the University has been working with the Board to enhance its policy regarding its approval of capital projects to ensure a clear process for the review and approval of projects and to provide for multiple reviews during the process so that the President's Office, Building Authority and the Board of Trustees (the Board) are actively involved. Since the capital program requires significant investment, the President's office and the Board wanted to ensure that the proper steps were in place for reviewing and approving projects so that the University continues to live within its current capital and debt policies. The capital plan is currently being reviewed and is set to go before the Board for its biennial review at the December Board meeting.

#### Factors Impacting Future Periods

There are a number of issues of University-wide importance that directly impact the financial operations of the University. Many of these issues, such as improving academic quality, realizing strong financial results, investing in capital assets, expanding fundraising capacity, operating more efficiently and being the most effective University for students and the Commonwealth given the available resources, and measuring performance are ongoing activities of continuous importance to the Board of Trustees and University leadership that impact the financial and budget planning each year. The level of state support, the impact of collectively

bargained wage increases, and the ability of student-fee supported activities to meet inflationary pressures determine the limits of program expansion, new initiatives and strategic investments, as well as the ability of the University to meet its core mission and ongoing operational needs.

Despite challenging economic times in the Commonwealth since fiscal year 2009, the University of Massachusetts continues to focus on improving its competitive position. To meet increased student demand, boost academic credentials, and improve campus infrastructure, the University has expanded and acquired several strategic properties in the past few fiscal years:

- The Massachusetts Accelerator for Biomanufacturing (MAB) is a new 35,000 square foot bioprocessing facility located on a four acre site within the newly developed South Coast Life Sciences & Technology Park in Fall River. The facility looks to enhance the University's program offerings to assist small companies developing therapeutic biologic products with the transition from scientific protocol to large scale production processes that meet both industry and regulatory quality standards.
- In the fall of 2014, the University opened the Springfield Satellite Center to offer bachelor and master level courses associated with a variety of existing academic degrees and certificates that are already available to citizens of Greater Springfield at nearby locations and/or online. The Center will also house selected outreach, research, and economic development programs and activities.
- A satellite campus associated with the Umass Lowell, in Haverhill, is currently being explored to better serve its student population. A permanent site is being explored and a temporary site is being utilized in the current year in partnership with Northern Essex Community College.

Despite these successful acquisitions, the ability to address priority capital needs and requirements for deferred maintenance, technology, repairs and adaptation, and selected new construction projects is one of the largest challenges facing the University. Despite investing more than \$2.5 billion on capital improvements over the last decade, the University's FY14-18 capital plan projects spending another \$5.5 billion over the next five years. The commitment of operating funds for servicing debt and/or funding capital expenditures has an ongoing impact on the overall financial position of the University. In order to support the University's capital plan, the University of Massachusetts Building Authority will be issuing new bonds for renovations, new construction, and deferred maintenance projects at the Amherst, Boston, Dartmouth, Lowell, and Worcester campuses in support of the capital plan. The University is currently working with the Building Authority to determine the timing of the next bond issuance in support of the FY14 – FY18 Capital Plan.

The University, as well as Legislative and Executive Leadership in the Commonwealth, understand that despite the significant level of capital activity being financed through University debt, a much higher level of state support needs to be dedicated to higher education facilities. As such, the Massachusetts Legislature passed a higher education bond bill in August 2008 that was filed by Governor Patrick. The Higher Education Improvement Act authorized \$2.2 billion for capital improvement spending over the next ten years at community colleges, state universities, and the University. More than \$1 billion of these funds are directed to University projects exclusively. Although the financial challenges faced by the Commonwealth have slowed down the pace of this funding, the capital plans prepared by the Commonwealth's Executive Office for Administration and Finance maintain the commitment to fund \$1 billion of capital activity at the University over the ten-year period from FY09-18. To date the \$1 billion dedicated by the State to the University has been programmed toward funding critical capital projects at all of the campuses and we are currently working with the Commonwealth to secure additional authorizations for the future.

In addition, a major state effort to assist the Commonwealth in increasing its competitive position in the Life Sciences Industry was signed into law by the Governor on June 16, 2008. The \$1 billion Life Sciences Industry Investment Act authorized \$500 million of capital funding over ten years. It is anticipated that some portion of this funding, possibly as much as \$242 million, will be used to support facility improvements at the University. \$90 million has already been dedicated to partially fund the Sherman Center at the University's Medical School in Worcester. Additionally \$95 million has been provided for a research facility at the Amherst Campus and significant capital investments in collaborative facilities and programs involving the Boston, Dartmouth, and Lowell campuses.

The impact of this increased level of state capital support from both the Higher Education Bond Bill and the Life Sciences Bond Bill is illustrated on the financial statements where capital appropriations and grants exceeded \$112 million in fiscal years 2014 and 2013.

In addition to capital funding, the life sciences initiative provides a number of opportunities for the University to participate in the planning and program implementation of this important economic development effort.

The University's Boston Campus is situated on a peninsula in Boston Harbor which is also home to the John F. Kennedy Presidential Library and the Massachusetts State Archives and Commonwealth Museum. Construction is almost complete on the Edward M. Kennedy Institute for the United States Senate. The Kennedy Institute will focus on political study, training sessions for students and politicians, and historical records. The Institute will add significant prominence to the Boston Campus and the University.

Research funding for the University of Massachusetts was strong despite Federal sequestration of funds. For the University, research expenditures were \$591.1 million in fiscal year 2013 and \$597.5 million in fiscal year 2012. Most research at the University is externally funded, with the federal government providing a majority of the funding through the National Institutes of

Health, the National Science Foundation, and other sources. Among Massachusetts colleges and universities, UMass ranks third in research and development expenditures, behind only MIT and Harvard. The University, as well as most major public research universities across the United States, is closely monitoring the potential reduction in federal funding for research and development programs.

In recent years the online learning consortium of the University, UMassOnline, has shown significant growth in enrollments, course offerings and revenue generation benefiting the campuses and raising the profile of the University throughout this important sector of the higher education market. UMassOnline provides marketing and technology support for UMass' online offerings that enable students, professionals, and lifelong learners to take courses anywhere, anytime. With over 130 undergraduate and graduate degree, certificate and professional development programs and more than 1,500 courses available from University faculty, UMassOnline is one of the largest accredited online programs available.

For fiscal year 2014, UMass Online and the Continuing Education units at the five campuses collaboratively generated tuition revenue in excess of \$85.1 million and supported 63,496 course enrollments, an increase of 8.7% for revenue and an increase of 7.3% for course enrollments as compared to fiscal year 2013.

The University continues to increase its global reach through a coordinated effort in international activities to develop partnerships and programs to bring faculty, visiting scholars and students from other countries to the University; to integrate study abroad opportunities into the undergraduate and graduate curriculum; and to encourage faculty to engage in research, teaching and service activities around the world.

The Commonwealth's fiscal year 2013 budget approved in June 2012 included a base state appropriation amount for the University equal to the base state appropriation received in fiscal year 2012. In addition to the base state appropriation, the budget also provided \$25.6 million to cover the fiscal year 2013 cost of the collective bargaining increases for the University's union employees and \$6.6 million of line item funding specific to the University. With state support consistent with the FY11 level despite the fact that enrollment has increased at the University by 15% over the last five years, the University's Board of Trustees approved a 4.9% tuition and fee increase for undergraduate students for the 2012-2013 academic year. In January of 2013, the Governor imposed mid-year budget reductions to bring the State budget into balance. As part of the reductions, the University received a 1% reduction equating to \$4.2 million. Through working with the Legislature, the University was able to utilize revenues to meet the reduction so that there would be no impact on the fringe support provided by the State. Each campus and the central office absorbed the reduction into operations for fiscal year 2013.

The fiscal year 2014 budget approved in July 2013 included a new funding model that would have the State assume 50% of the cost to educate a Massachusetts student at the University. The 50:50 funding proposal required an investment by the Commonwealth of \$39.1 million in each of the next two fiscal years, 2014 and 2015). This investment, along with the additional fringe support of \$10.8 million gained from the increase in the State appropriation will provide the University with \$100 million in additional appropriation over the next two fiscal years. The 2014 State budget included language (outside section 162) providing for the second year commitment to reach the goal of 50:50. This initiative has had an immediate and meaningful impact on thousands of Massachusetts residents who have not had an increase in their tuition and mandatory curriculum fees for the upcoming academic year. It also provides them with more long-term relief by allowing them to graduate and enter the workforce with less student debt. The total appropriation for fiscal year 2014 is \$478.7 million. These State funds are used entirely to support salary costs and the associated fringe benefit from having employees funded using the State appropriation.

Despite increased State support for fiscal year 2014, the University continues to examine our operations and implement meaningful, financially impactful improvements wherever possible. Understanding that the current fiscal environment poses significant challenges for the University and its students, the responsibility to be a good steward of limited resources is taken seriously. The University, through its Board of Trustees, created a permanent Task Force on Efficiencies and Effectiveness charged with helping to ensure that improving quality through more efficient and effective operations continues to be a priority for the University. The Task Force, along with the President's Office and the campuses is working to promote a more standardized approach for cross campus collaboration and oversight of the entire effort, track and report progress, and quantify the benefits to the University and its campuses. Over the last few years the University has achieved measureable savings and efficiencies and expects current efforts to yield additional savings going forward.

The fiscal year 2015 budget approved in July 2014 provided for a base state appropriation of \$519.0 million which represents the second installment of the 50:50 plan which began in fiscal year 2014. This investment along with the additional fringe support allowed the University to freeze the mandatory curriculum fee for the second consecutive year for in state undergraduate students. However, the State did not fund the first year of collective bargaining contracts to date that cost approximately \$13 million in State support. The University continues to advocate for these funds as negotiations using State set parameters continue.

As the University begins planning for fiscal year 2016, we continue to monitor State revenues and advance work in efficiency and effectiveness efforts wherever possible. In addition, as the campuses continue to make progress on capital projects, the University is looking to the State for its next round of bond funding in support of new and deferred maintenance projects in support of the plan. Meanwhile, each campus continues their fundraising efforts and capital campaigns.

#### **Contacting the University**

This financial report is designed to provide the University, the Commonwealth, the public and other interested parties with an overview of the financial results of the University and an explanation of the University's financial condition. If you have any questions about this report or require additional information, you can contact the University by calling the University Controller, Sarah Mongeau, at (774) 455-7520 or by email at [smongeau@umassp.edu](mailto:smongeau@umassp.edu).

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University of Massachusetts  
Consolidated Statement of Net Position  
As of June 30, 2014 and 2013  
(in thousands of dollars)

	University June 30, 2014	University Related Organizations June 30, 2014	University June 30, 2013 (adjusted)	University Related Organizations June 30, 2013
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$63,752		\$93,939	
Cash Held By State Treasurer	27,867		23,883	
Accounts, Grants and Loans Receivable, net	231,156		235,988	
Pledges Receivable, net	11,320	785	12,461	887
Short Term Investments	192,957		170,916	
Inventories, net	16,298		19,769	
Accounts Receivable from UMass Memorial	40,807		12,734	
Due From Related Organizations	181	354	230	380
Other Assets	8,412	539	9,904	2,563
<b>Total Current Assets</b>	<b>692,750</b>	<b>1,678</b>	<b>679,824</b>	<b>3,830</b>
<b>Noncurrent Assets</b>				
Cash and Cash Equivalents		1,378		1,041
Cash Held By State Treasurer	8,429		9,339	
Cash and Securities Held By Trustees	704,186		622,791	
Accounts, Grants and Loans Receivable, net	40,498		39,388	
Pledges Receivable, net	6,465	677	3,907	1,109
Investments	775,953	452,529	717,729	389,376
Other Assets	7,860	62	10,295	173
Investment In Plant, net	4,064,786	8,478	3,705,517	8,619
<b>Total Noncurrent Assets</b>	<b>5,608,177</b>	<b>463,124</b>	<b>5,108,966</b>	<b>400,318</b>
<b>Total Assets</b>	<b>\$6,200,927</b>	<b>\$464,802</b>	<b>\$5,688,790</b>	<b>\$404,148</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Change in Fair Value of Interest Rate Swaps	\$41,082		\$40,207	
Loss on Debt Refunding	71,798		74,079	
<b>Total Deferred Outflows of Resources</b>	<b>\$ 112,880</b>		<b>\$ 114,286</b>	
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$113,650	\$174	\$129,238	\$94
Accrued Salaries and Wages	110,464		106,016	
Accrued Compensated Absences	74,092		73,118	
Accrued Workers' Compensation	4,352		4,198	
Accrued Interest Payable	21,872		22,316	
Bonds Payable	196,608		328,126	
Capital Lease Obligations	2,232		4,302	
Accelerated variable rate debt, current	50,000			
Assets Held on behalf of Others		13,797		12,307
Accounts Payable to UMass Memorial	3,864		4,364	
Due To Related Organizations	354	181	380	230
Unearned Revenues and Credits	40,923	1,373	40,388	1,973
Advances and Deposits	6,912		7,946	
Other Liabilities	49,007		52,530	
<b>Total Current Liabilities</b>	<b>674,330</b>	<b>15,525</b>	<b>772,922</b>	<b>14,604</b>
<b>Noncurrent Liabilities</b>				
Accrued Compensated Absences	31,779		30,410	
Accrued Workers' Compensation	10,811		10,429	
Bonds Payable	2,617,149		2,213,722	
Capital Lease Obligations			2,238	
Derivative Instruments, Interest Rate Swaps	68,843		69,325	
Unearned Revenues and Credits	21,243		20,199	
Advances and Deposits	28,094		27,943	
Other Liabilities	43,283	3,483	41,532	3,332
<b>Total Noncurrent Liabilities</b>	<b>2,821,182</b>	<b>3,483</b>	<b>2,415,798</b>	<b>3,332</b>
<b>Total Liabilities</b>	<b>\$3,495,512</b>	<b>\$19,008</b>	<b>\$3,188,720</b>	<b>\$17,936</b>
<b>Net Position:</b>				
Invested in Capital Assets Net of Related Debt	\$1,800,767	\$8,477	\$1,682,173	\$8,619
Restricted				
Nonexpendable	17,387	309,718	18,058	290,858
Expendable	174,530	101,195	156,469	74,706
Unrestricted	825,611	26,404	757,656	12,029
<b>Total Net Position</b>	<b>\$2,818,295</b>	<b>\$445,794</b>	<b>\$2,614,356</b>	<b>\$386,212</b>

The accompanying notes are an integral part of the financial statements.

University of Massachusetts  
Consolidated Statement of Revenues, Expenses, and Changes in Net Position  
For The Years Ended June 30, 2014 and 2013  
(in thousands of dollars)

	University June 30, 2014	University Related Organizations June 30, 2014	University June 30, 2013 (adjusted)	University Related Organizations June 30, 2013
<b>REVENUES</b>				
<i>Operating Revenues</i>				
Tuition and Fees (net of scholarship allowances of \$201,186 at June 30, 2014 and \$189,753 at June 30, 2013)	\$740,116		\$707,485	
Federal Grants and Contracts	322,047		334,697	
State Grants and Contracts	74,996		68,794	
Local Grants and Contracts	2,223		2,253	
Private Grants and Contracts	112,428		106,714	
Sales and Service, Educational	21,792		19,237	
Auxiliary Enterprises	349,485		319,544	
Other Operating Revenues:				
Sales and Service, Independent Operations	44,296		46,062	
Sales and Service, Public Service Activities	448,478		447,119	
Other	93,418		100,839	
<b>Total Operating Revenues</b>	<b>2,209,279</b>		<b>2,152,754</b>	
<b>EXPENSES</b>				
<i>Operating Expenses</i>				
<i>Educational and General</i>				
Instruction	690,635		657,841	
Research	407,425		405,223	
Public Service	77,985	\$11,066	74,510	\$12,573
Academic Support	151,000		145,551	
Student Services	119,295		108,746	
Institutional Support	219,920		209,975	
Operation and Maintenance of Plant	214,972		203,115	
Depreciation and Amortization	204,233	200	185,261	202
Scholarships and Fellowships	49,242	177	49,731	77
<i>Auxiliary Enterprises</i>	265,080		248,765	
<i>Other Expenditures</i>				
Independent Operations	44,861		47,826	
Public Service Activities	365,252		327,293	
<b>Total Operating Expenses</b>	<b>2,809,900</b>	<b>11,443</b>	<b>2,683,837</b>	<b>12,852</b>
<b>Operating Loss</b>	<b>(600,621)</b>	<b>(11,443)</b>	<b>(511,083)</b>	<b>(12,852)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
Federal Appropriations	7,020		6,774	
State Appropriations	570,618		519,311	
Gifts	29,013	11,063	30,044	9,452
Investment Income	86,685	42,849	56,037	24,540
Endowment Income	16,642	1,070	13,614	1,160
Interest on Indebtedness	(88,496)		(91,364)	
Nonoperating Federal Grants	74,279		70,586	
Other Nonoperating Income	1,046		1,002	
<b>Net Nonoperating Revenues</b>	<b>695,807</b>	<b>54,982</b>	<b>606,004</b>	<b>35,152</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>95,188</b>	<b>43,539</b>	<b>94,921</b>	<b>22,300</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>				
Capital Appropriations	112,132		112,581	
Capital Grants and Contracts	21,987		39,347	
Additions to Permanent Endowments		17,566		16,056
Net Amounts Earned/Received on Behalf of Others		(1,555)		(928)
Capital Contribution	250		4,514	
Disposal of Plant Facilities	(6,198)		(8,802)	
University Related Organization Transactions				
Other Additions/(Deductions)	(19,418)	32	2,939	(9,051)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>108,753</b>	<b>16,043</b>	<b>150,579</b>	<b>6,077</b>
<b>Total Increase in Net Position</b>	<b>203,939</b>	<b>59,582</b>	<b>245,500</b>	<b>28,377</b>
<b>NET POSITION</b>				
Net Position at Beginning of Year, as reported	2,614,356	386,212	2,389,377	357,835
Cummulative effect of change in accounting principle			(20,521)	
Net Position at Beginning of Year, as adjusted			2,368,856	
<b>Net Position at End of Year</b>	<b>\$2,818,295</b>	<b>\$445,794</b>	<b>\$2,614,356</b>	<b>\$386,212</b>

The accompanying notes are an integral part of the financial statements.

University of Massachusetts  
Consolidated Statements of Cash Flows  
For The Years Ended June 30, 2014 and 2013  
(in thousands of dollars)

	University June 30, 2014	University June 30, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees	\$793,246	\$780,540
Grants and Contracts	798,973	695,492
Payments to Suppliers	(1,273,331)	(1,038,532)
Payments to Employees	(1,298,736)	(1,292,185)
Payments for Benefits	(288,288)	(283,775)
Payments for Scholarships and Fellowships	(49,236)	(49,725)
Loans Issued to Students and Employees	(7,212)	(7,230)
Collections of Loans to Students and Employees	5,302	5,755
Auxiliary Enterprises Receipts	338,456	305,907
Sales and Service, Educational	21,613	19,372
Sales and Service, Independent Operations	49,781	69,181
Sales and Service, Public Service Activities	471,119	466,113
<i>Net Cash Used in Operating Activities</i>	<u>(440,311)</u>	<u>(329,088)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	628,537	577,841
Tuition Remitted to the State	(34,325)	(35,103)
Federal Appropriations	7,020	6,774
Gifts and Grants for Other Than Capital Purposes	25,980	23,047
Nonoperating Federal Grants	74,279	70,586
Student Organization Agency Transactions	31	(518)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>701,533</u>	<u>642,627</u>
<b>CASH FLOWS FROM CAPITAL AND OTHER FINANCING ACTIVITIES</b>		
Proceeds from Capital Debt	587,555	303,752
Bond Issuance Costs Paid	(3,647)	(2,151)
Capital Appropriations	112,132	112,582
Capital Grants and Contracts	37,584	40,324
Purchases of Capital Assets and Construction	(208,444)	(273,885)
Principal Paid on Capital Debt and Leases	(257,837)	(76,347)
Interest Paid on Capital Debt and Leases	(104,441)	(95,550)
Use of Debt Proceeds on Deposit with Trustees	(357,204)	(537,050)
<i>Net Cash Used in Capital Financing Activities</i>	<u>(194,302)</u>	<u>(528,325)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturities of Investments	1,141,204	1,067,591
Interest on Investments	8,959	9,172
Purchase of Investments	(1,162,801)	(1,022,629)
<i>Net Cash (Used in)/Provided by Investing Activities</i>	<u>(12,638)</u>	<u>64,134</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>64,282</u>	<u>(160,852)</u>
Cash and Cash Equivalents - Beginning of the Year	749,952	910,604
Cash and Cash Equivalents - End of Year	<u>\$804,234</u>	<u>\$749,952</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	(\$600,621)	(\$511,083)
<i>Adjustments to reconcile loss to net cash used by Operating Activities:</i>		
Depreciation and Amortization Expense	\$204,233	185,261
<i>Changes in Assets and Liabilities:</i>		
Receivables, net	2,305	(14,984)
Inventories	3,471	1,673
Due to/from Related Organizations	(75)	(105)
Accounts Receivable/Payable UMass Memorial	(28,573)	(8,175)
Other Assets	(16,748)	(2,090)
Accounts Payable (non-capital)	(10,550)	(7,039)
Accrued Liabilities	7,327	13,632
Deferred Revenue	1,579	(2,162)
Advances and Deposits	(883)	(962)
Other Liabilities	(1,777)	14,948
<i>Net Cash Used in Operating Activities</i>	<u>(\$440,312)</u>	<u>(\$329,086)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:</b>		
Assets acquired and included in accounts payable and other liabilities	\$56,705	\$61,743
Loss on disposal of capital assets	(\$6,198)	(8,802)
Unrealized gain on investments	50,353	7,932

The accompanying notes are an integral part of the financial statements.

**University of Massachusetts  
Notes to Consolidated Financial Statements  
June 30, 2014 and 2013**

**1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION**

The consolidated financial statements herein present the financial position, results of operations, changes in net position, and cash flows of the University of Massachusetts ("the University"), a federal land grant institution. The financial statements of the University include the Amherst, Boston, Dartmouth, Lowell and Worcester Medical School campuses, and the Central Administration office of the University, Worcester City Campus Corporation ("WCCC"), the University of Massachusetts Amherst Foundation ("UMass Amherst Foundation"), as well as the University of Massachusetts Building Authority ("the Building Authority").

The Building Authority is a public instrumentality of the Commonwealth created by Chapter 773 of the Acts of 1960 (referred to as the "Enabling Act"), whose purpose is to provide dormitories, dining commons, and other buildings and structures for use by the University. WCCC is a tax exempt organization founded to support research and real property activities for the University. The UMass Amherst Foundation was established in 2003 as a tax exempt organization founded to foster and promote the growth, progress, and general welfare of the University. These component units are included in the financial statements of the University because of the significance and exclusivity of their financial relationships with the University.

The University Related Organizations column in the accompanying financial statements includes the financial information of the University's discretely presented component units. The University of Massachusetts Foundation, Inc. ("the Foundation") and the University of Massachusetts Dartmouth Foundation, Inc. ("the Dartmouth Foundation") are related tax exempt organizations founded to foster and promote the growth, progress and general welfare of the University, and are reported in a separate column to emphasize that they are Massachusetts not-for-profit organizations legally separate from the University. These component units are included as part of the University's financial statements because of the nature and the significance of their financial relationship with the University. The financial statement presentation of the discretely presented component units has been reclassified to conform to the University presentation. The financial reports of all above mentioned component units are available upon request from the University.

The University is an enterprise fund of the Commonwealth of Massachusetts ("the Commonwealth"). The financial balances and activities included in these financial statements are, therefore, also included in the Commonwealth's comprehensive annual financial report.

**BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB") using the economic resources measurement focus and the accrual basis of accounting. These financial statements are reported on a consolidated basis, and all intra-University transactions are eliminated.

Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities (including royalties from licensing agreements) and auxiliary enterprise revenues. Operating expenses include salaries, wages, fringe benefits, utilities, subcontracts on grants and contracts, supplies and services, and depreciation and amortization. All other revenues and expenses of the University are reported as non-operating revenues and expenses including state general appropriations, federal appropriations, non-capital gifts, short term investment income, endowment income used in operations, interest expense, and capital additions and deductions. Other revenues, expenses, gains and losses represent all capital items, other changes in long term plant, and endowment net assets. Revenues are recognized when earned and expenses are recognized when incurred with the exception of revenue earned on certain public service activities (see Note 5). Restricted grant revenue is recognized only when all eligibility requirements have been met, that is to the extent grant revenues are expended or in the case of fixed price contracts, when the contract terms are met or completed. Contributions, including unconditional promises to give (pledges) for non-endowment or non-capital purposes, are recognized as revenues in the period received. Pledges to restricted non-expendable endowments are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The University applies restricted net assets first when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, and disclosures of contingencies at the date of the financial statements and revenues and expenditures recognized during the reporting period. Significant estimates include the accrual for employee compensated absences, the accrual for workers' compensation liability, the allowance for doubtful accounts, valuation of certain investments, and best estimates of selling price associated with certain multiple element arrangements. Actual results could differ from those estimates.

The University reports its financial statements as a "business-type activity" ("BTA") under GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35). BTAs are defined as those that are financed in whole or in part by fees charged to external parties for goods or services.

In order to ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the University are maintained internally in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are maintained in separate funds in accordance with the activities or objectives specified. GASB 35 establishes standards for external financial reporting by public colleges and universities that resources be classified into the following net position categories:

- **Invested in capital assets, net of related debt:** Capital assets, at historical cost, or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted Nonexpendable:** Resources subject to externally imposed stipulations that they be maintained permanently by the University.
- **Restricted Expendable:** Resources whose use by the University is subject to externally imposed stipulations. Such assets include restricted grants and contracts, the accumulated net gains/losses on true endowment funds, as well as restricted funds loaned to students, restricted gifts and endowment income, and other similar restricted funds.
- **Unrestricted:** Resources that are not subject to externally imposed stipulations. Substantially all unrestricted net assets are designated to support academic, research, auxiliary enterprises or unrestricted funds functioning as endowments, or are committed to capital construction projects.

Revenues are reported net of discounts and allowances. As a result, student financial aid expenditures are reported as an allowance against tuition and fees revenue while stipends and other payments made directly to students are recorded as scholarship and fellowship expenditures on the statements of revenues, expenses, and changes in net position, and included in supplies and services in the statements of cash flows. Discounts and allowances for tuition and fees and auxiliary enterprises are calculated using the Alternate Method which reports tuition and fee revenue net of scholarship allowances.

#### NEW GASB PRONOUNCEMENTS

In November of 2011, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (GASB 60). The objective of GASB 60 is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. A SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. GASB 60 applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The implementation of GASB 60 in 2013 had no impact on the University.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The adoption of GASB 63 resulted in the separate presentation of deferred outflows of resources on the Statement of Net Position. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. GASB 63 amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The adoption of GASB 63 in 2013 required the University to change the reference of net assets to net position.

In April 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

The University adopted GASB 65 effective July 1, 2012. In connection with the adoption of this new standard all accounts were analyzed by management in order to assess the impact on the financial statements. The implementation of this new standard resulted in the modification of the method previously used to account for the cost of issuance associated with the University's numerous bond issuances, commitment and financing fees received by the University in connection with the bonds, and the expense and costs incurred on the bond refundings to be expensed as incurred, rather than capitalized, and amortized over the life of the debt. In accordance with the requirements of this new standard, the University's Fiscal 2013 statement of net position and the University's statement of revenues,

expenses and changes in net position were adjusted to reflect the required adjustments. As a result, the following adjustments have been made to the University's financial statements.

<u>As of July 1, 2012:</u>	<u>As Previously</u>		
	<u>Reported</u>	<u>Adjustment</u>	<u>As Adjusted</u>
Net Position	\$ 2,389,376	\$ (20,521)	\$ 2,368,855
<u>For the year ended June 30, 2013:</u>			
Other Nonoperating Income/(Expense)	2,366	(1,363)	\$ 1,003
Net Position at June 30, 2013	<u>\$ 2,636,241</u>	<u>(21,884)</u>	<u>\$ 2,614,356</u>

Additionally, the deferred losses on refunded bonds in the amount of \$68.9 million at June 30, 2013 were reclassified from long term debt to deferred outflows of resources on the statement of net position.

#### CLASSIFICATION OF ASSETS AND LIABILITIES

The University presents current and non-current assets and liabilities in the statements of net position. Assets and liabilities are considered current if they mature in one year or less, or are expected to be received, used, or paid within one year or less. Investments with a maturity of greater than one year and balances that have externally imposed restrictions as to use are considered non-current. Cash Held by State Treasurer includes balances with restrictions as to use and balances that may be rolled forward for use toward the restricted purposes in future years, and such balances are classified as non-current. Cash held by trustees is presented based upon its expected period of use and the restrictions imposed on the balances by external parties.

#### CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, and savings accounts, with a maturity of three months or less when purchased.

Investments are reported at their respective fair values. Short-term investments consist of deposits with original maturities of less than one year and are available for current use. Securities received as a gift are recorded at estimated fair value at the date of the gift.

Private equities and certain other non-marketable securities held by the Foundation are valued using current estimates of fair value by management based on information provided by the general partner or investment manager for the respective securities. The Foundation believes that the carrying amounts of these investments are a reasonable estimate of fair value, however, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investment existed. Venture capital investments represent initial investments made to certain funds and are reported at cost until distributions are made from the funds or until market values are reported on the funds.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Investment income includes dividends and interest income and is recognized on the accrual basis. In computing realized gains and losses, cost is determined on a specific identification basis.

#### RESTRICTED GRANTS AND CONTRACTS

The University receives monies from federal and state government agencies under grants and contracts for research and other activities including medical service reimbursements. The University records the recovery of indirect costs applicable to research programs, and other activities which provide for the full or partial reimbursement of such costs, as revenue. Recovery of indirect costs for the years ended June 30, 2014 and 2013 was \$114.0 million and \$113.9 million, respectively, and is a component of grants and contracts revenue. The costs, both direct and indirect, charged to these grants and contracts are subject to audit by the granting agency. The University believes that any audit adjustments would not have a material effect on the University's financial statements.

#### PLEDGES AND ENDOWMENT SPENDING

Pledges for non-endowment purposes are presented net of amounts deemed uncollectible, and after discounting to the present value of the expected future cash flows. Because of uncertainties with regard to whether they are realizable, bequests and intentions and other conditional promises are not recognized as assets until the specified conditions are met.

The Foundation utilizes the pooled investment concept whereby all invested funds are in one investment pool, except for investments of certain funds that are otherwise restricted. Pooled investment funds will receive an annual distribution of 4% of the endowment fund's average market value for the preceding twelve quarters on a one year lag. Only quarters with funds on deposit shall be included in the average. In addition, a prudence rule will be utilized limiting spending from a particular endowment fund to no lower than 93% of its book value. The actual spending rate approved was 4% for 2014 and 2013. Future utilization of gains is

dependent on market performance. Deficiencies for donor-restricted endowment funds resulting from declines in market value would be offset by an allocation from unrestricted net position to restricted expendable net position, and would be recorded in realized and unrealized gains (losses) on sale of investments. In fiscal years 2014 and 2013, the deficiencies were \$0 million and \$0.1 million, respectively. The Foundation believes that these adjustments are temporary and will not require permanent funding.

**INVENTORIES**

The University's inventories consist of books, general merchandise, central stores, vaccines, and operating supplies which are carried at the lower of cost (first-in, first-out and average cost methods) or market value.

**INVESTMENT IN PLANT**

Capital assets are stated at cost or fair value upon receipt as a gift. Net interest costs incurred during the construction period for major capital projects are capitalized. Repairs and maintenance costs are expensed as incurred, whereas major improvements that extend the estimated useful lives of the assets are capitalized as additions to property and equipment. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets. The University records a full year of depreciation in the year of acquisition. Land is not depreciated. The University does not capitalize works of art, historical treasures or library books.

Following is the range of useful lives for the University's depreciable assets:

Buildings	20-50 years
Building Improvements	3-20 years
Equipment and Furniture	3-15 years
Software	5 years
Land Improvements	20 years

**COMPENSATED ABSENCES**

Employees earn the right to be compensated during absences for annual vacation leave and sick leave. The accompanying statements of net position reflect an accrual for the amounts earned and ultimately payable for such benefits as of the end of the fiscal year. The accrual equates to the entire amount of vacation time earned and an actuarially determined liability for the sick leave component of compensated absences. Employees are only entitled to 20% of their sick leave balance upon retirement. The actuarial calculation utilized the probability of retirement for this estimate.

**UNEARNED REVENUE**

Unearned revenue consists of amounts billed or received in advance of the University providing goods or services. Unearned revenue is recognized as revenue as expenses are incurred and therefore earned.

**ADVANCES AND DEPOSITS**

Advances from the U.S. Government for Federal Perkins Loans to students are reported as part of advances and deposits. Future loans to students are made available only from repayments of outstanding principal amounts plus accumulated interest received thereon.

**TUITION AND STATE APPROPRIATIONS**

The accompanying financial statements for the years ended June 30, 2014 and 2013 present as tuition revenue approximately \$34.3 million and \$35.1 million, respectively, of in-state tuition received by the University and remitted to the State Treasurer's Office for the general fund of the Commonwealth of Massachusetts. The amount of tuition retained by the University related to out-of-state students during 2014 and 2013 was \$75.8 million and \$74.5 million, respectively. The recorded amount of State Appropriations received by the University has been reduced by a corresponding amount of tuition remitted as shown below (in thousands):

	2014	2013
Gross Commonwealth Appropriations	\$486,656	\$447,637
Plus: Fringe Benefits	141,881	130,005
	<u>628,537</u>	<u>577,642</u>
Less: Tuition Remitted	(34,325)	(35,103)
Less: Mandatory Waivers	(23,594)	(23,428)
Net Commonwealth support	<u>\$570,618</u>	<u>\$519,311</u>

**AUXILIARY ENTERPRISES**

Auxiliary Enterprise revenue of \$349.5 million and \$319.5 million for the years ended June 30, 2014 and 2013, respectively, are stated net of room and board charge allowances of \$1.0 million and \$0.7 million, respectively.

**OTHER OPERATING REVENUES AND EXPENDITURES, SALES AND SERVICES, PUBLIC SERVICE ACTIVITIES**

Public Service Activities consist largely of sales and services provided to third parties by the UMass Medical School campus under its Commonwealth Medicine ("CWM") programs, which provide public consulting and services in health care financing, administration and policy to federal, state and local agencies and not-for-profit health and policy organizations. Included in this category of activities are Commonwealth Medicine revenues of \$349.0 million and \$358.7 million for the years ended June 30,

2014 and 2013, respectively. Included in expenditures are Commonwealth Medicine expenditures of \$318.2 million and \$347.4 million for the years ended June 30, 2014 and 2013, respectively.

Public Service Activities also include payments received by the Medical School for educational services it provides to its clinical affiliate, UMass Memorial, as required by the enabling legislation enacted by the Commonwealth in 1997. Educational services revenues included in public service revenues were \$163.8 million and \$153.0 million for the years ended June 30, 2014, and 2013, respectively. Finally, Public Service Activity expenditures include payments made to the Commonwealth of Massachusetts of \$120 million and \$65 million for the years ended June 30, 2014 and 2013, respectively, pursuant to requirements of legislation enacted by the State Legislature of Massachusetts.

#### FRINGE BENEFITS FOR CURRENT EMPLOYEES AND POST EMPLOYMENT OBLIGATIONS – PENSION AND NON-PENSION

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post-employment health insurance, unemployment compensation, pension, and workers' compensation benefits. Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth and currently the liability is borne by the Commonwealth. Consequently, no amounts have been reported by the University under applicable GASB standards. Workers' compensation costs are assessed separately based on actual University experience.

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns and municipalities as an agent multiple employer program, accounted for as an agency fund activity of the Commonwealth, not the University.

The GIC administers a plan included within the State Retiree Benefits Trust Fund, an irrevocable trust. Any assets accumulated in excess of liabilities to pay premiums or benefits or administrative expenses are retained in that fund. The GIC's administrative costs are financed through Commonwealth appropriations and employee investment returns. The Legislature determines employees' and retirees' contribution ratios.

The GIC is a quasi-independent state agency governed by an eleven-member body ("the Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years that ended on June 30, 2014 and June 30, 2013, respectively, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

Pursuant to the provisions of Paragraph (e), Section 5 of Chapter 163 of the Acts of 1997 and consistent with the September 22, 1992 Memorandum of Understanding between the Commonwealth of Massachusetts Executive Office of Administration and Finance and the University of Massachusetts, the University's Medical School campus has assumed the obligation for the cost of fringe benefits provided by the Commonwealth to University Medical School employees (other than those employees paid from state appropriated funds) for all periods on or after July 1, 1989. The Medical School determines the actual costs for the health insurance benefits and actuarially calculates the incurred service costs for pensions and retiree health insurance.

#### INCOME TAX STATUS

The University and the Building Authority are component units of the Commonwealth of Massachusetts and are exempt from Federal and state income tax under the doctrine of intergovernmental tax immunity found in the U.S. Constitution. The University qualifies as a public charity eligible to receive charitable contributions under Section 170(b)(1)(A)(ii) of the Internal Revenue Code, as amended (the Code). The Building Authority qualifies as a public charity under Section 170(b)(1)(A)(iv) of the Code.

The Worcester City Campus Corporation (WCCC), and the University Related Organizations are organizations described in Section 501(c)(3) of the Code, and are generally exempt from income taxes pursuant to Section 501(a) of the Code. WCCC and the University Related Organizations are required to assess uncertain tax positions and have determined that there were no such positions that are material to the financial statements.

## COMPARATIVE INFORMATION AND RECLASSIFICATIONS

The University's financial statements include prior year comparative information. Certain reclassifications were made in prior year to conform to current year presentation. These amounts were determined to be immaterial to the financial statements by management.

## 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The University's investments are made in accordance with the Investment Policy and Guidelines Statement Operating Cash Portfolio adopted in May 2005 and later amended in June 2009 by the Board of Trustees (the Investment Policy) and the Statement of Investment and Spending Policies of the University of Massachusetts Foundation, Inc. The goals of these documents are to preserve capital, provide liquidity, and generate investment income. The University of Massachusetts has statutory authority under Massachusetts General Laws Chapter 75 to collect, manage and disburse trust funds of the University.

Investments are reported at their respective fair values. The values of publicly traded fixed income and equity securities are based upon quoted market prices at the close of business on the last day of the fiscal year. Private equities and certain other non-marketable securities are valued using current estimates in fair value by management based on information provided by the general partner or investment manager for the respective securities. Investments in units of non-publicly traded pooled funds are valued at the unit value determined by the fund's administrator based on quoted market prices of the underlying investments. Private equities and other non-marketable securities represent approximately 27.4% and 24.5% of the University's investments at June 30, 2014 and 2013, respectively.

**Custodial Credit Risk** - Custodial Credit Risk is the risk that, in the event of a failure of the counterparty, the University would not be able to recover the value of its deposits, investments or collateral securities that were in the possession of an outside party. The University does not have a formal policy related to mitigation of custodial credit risk. Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the University and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. As of June 30, 2014 and 2013, all cash and investment accounts were held on behalf of the University by the Trustees, in the Trustees' name.

The University maintains depository, payroll, disbursement, receipt, and imprest accounts. In addition to bank account deposits, the University held money market instruments which are classified as investments. Interest bearing and money market accounts carry Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000 per account. None of the accounts are collateralized above the FDIC insured amounts. The University also invested in individual CDs and BNY Mellon's CDARS program. These funds are invested in individual CDs in \$250,000 increments and are therefore fully insured by the FDIC.

At June 30, 2014 and 2013, the carrying amounts, bank balances and FDIC insured amounts were as follows (in thousands):

	2014			2013		
	Book Balance	Bank Balance	FDIC Insured	Book Balance	Bank Balance	FDIC Insured
Depository Accounts	57,360	65,410	1,007	73,056	86,519	5,938
Certificates of Deposit	650	650	400	30,650	30,650	30,400
Money Market	180,601	180,601	2,251	129,004	129,004	2,251
Total	238,611	246,661	3,658	232,710	246,173	38,589

At June 30, 2014 the University held a carrying and fair market value of \$743.2 million in non-money market investments compared to a carrying and fair market value of \$723.5 million at June 30, 2013. In the event of negligence due to the University's custodian and/or investment manager(s), it is expected that investment balances of \$743.2 million and \$723.5 million at June 30, 2014 and 2013, respectively, would be fully recovered. However, these amounts are subject to both interest rate risk and credit risk.

**Concentration of Credit Risk** - Concentration of credit risk is assumed to arise when the amount of investments that the University has with one issuer exceeds 5% or more of the total value of the University's investments. The University does not have a formal policy for concentration of credit risk.

As of June 30, 2014 and June 30, 2013, respectively, there is no concentration of investments with one issuer of the University portfolio, excluding U. S. Government guaranteed obligations, which exceed 5% of the portfolio.

**Credit Risk** - Credit risk is the risk that the University will lose money because of the default of the security issuer or investment counterparty. The University's Investment Policy and Guidelines Statement allows each portfolio manager full discretion within the parameters of the investment guidelines specific to that manager.

The table below presents the fair value (in thousands) and average credit quality of the fixed income component of the University's investment portfolio as of June 30, 2014 and 2013, respectively:

<u>Asset Class</u>	June 30, 2014 <u>Fair Value</u>	Average Credit <u>Quality</u>	June 30, 2013 <u>Fair Value</u>	Average Credit <u>Quality</u>
Short duration	\$240,550	AAA	\$230,161	AAA
Intermediate duration	\$282,030	A	\$282,837	A

The table below presents the fair value (in thousands) by credit quality of the rated debt investments component of the University's investment portfolio as of June 30, 2014 and 2013, respectively:

**Rated Debt Investments - 2014**  
(in thousands)

	S&P Quality Ratings								
	Fair Value	AAA	AA	A	BBB	BB	B	<B	Unrated
U.S Agencies	\$ 12,195	\$ -	\$ 12,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S Government	34,522	-	34,522	-	-	-	-	-	-
Foreign Gov't Bonds	-	-	-	-	-	-	-	-	-
Certificates of Deposit	500	500	-	-	-	-	-	-	-
Corporate Debt	90,284	17,627	12,830	24,742	22,199	-	131	1,426	11,329
Municipal/Public Bonds	4,253	-	1,614	1,500	1,139	-	-	-	-
Bond Mutual Funds	152,806	56,581	6,657	19,463	31,222	15,940	11,282	3,375	8,286
Money Market Funds	228,021	225,764	-	-	-	-	-	-	2,257
	<b>\$ 522,581</b>	<b>\$ 300,472</b>	<b>\$ 67,818</b>	<b>\$ 45,705</b>	<b>\$ 54,560</b>	<b>\$ 15,940</b>	<b>\$ 11,413</b>	<b>\$ 4,801</b>	<b>\$ 21,872</b>

**Rated Debt Investments - 2013**  
(in thousands)

	S&P Quality Ratings								
	Fair Value	AAA	AA	A	BBB	BB	B	<B	Unrated
U.S Agencies	\$ 20,463	\$ -	\$ 20,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S Government	20,334	-	19,218	1,116	-	-	-	-	-
Certificates of Deposit	30,500	30,500	-	-	-	-	-	-	-
Corporate Debt	99,737	20,886	11,087	36,377	15,602	966	353	1,851	12,615
Municipal/Public Bonds	2,248	-	289	-1,959	-	-	-	-	-
Bond Mutual Funds	173,923	66,575	11,235	25,369	40,202	15,299	8,310	1,238	5,695
Money Market Funds	165,793	165,183	222	-	-	-	-	-	388
	<b>\$ 512,998</b>	<b>\$ 283,144</b>	<b>\$ 62,514</b>	<b>\$ 64,821</b>	<b>\$ 55,804</b>	<b>\$ 16,265</b>	<b>\$ 8,663</b>	<b>\$ 3,089</b>	<b>\$ 18,698</b>

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The University's Investment Policy and Guidelines Statement establishes targets for the preferred duration of the fixed income component of the investment portfolio by asset class by limiting investments through targeted allocations to different asset classes.

The table below shows the allocation for each asset class and the fair value (in thousands) for each as of June 30, 2014 and 2013, respectively:

<u>Asset Class</u>	6/30/14 <u>Allocation</u>	6/30/14 <u>Fair Value</u>	6/30/13 <u>Allocation</u>	6/30/13 <u>Fair Value</u>
Short Duration	25%	\$240,551	26%	\$230,161
Intermediate Duration	29%	282,030	32%	282,837
Alternative Assets	27%	265,499	25%	217,442
Equities	15%	147,500	14%	130,175
Commodities	3%	24,592	2%	21,020
Real Estate	1%	8,738	1%	7,010

**Investments - 2014**  
(in thousands)

Investment Type:	Investment Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
<b>Debt Securities</b>					
US Agencies	\$ 12,195	\$ 4,307	\$ 3,999	\$ 825	\$ 3,064
US Government	34,522	-	29,557	4,965	-
Certificates of Deposit	500	500	-	-	-
Corporate Debt	90,284	7,722	40,361	14,119	28,082
Municipal/Public Bonds	4,253	-	4,017	236	-
Bond Mutual Funds	152,806	17,395	81,561	36,503	17,347
Money Market Mutual Funds	228,021	228,021	-	-	-
<b>Sub Total Debt</b>	<b>\$ 522,581</b>	<b>\$ 257,945</b>	<b>\$ 159,495</b>	<b>\$ 56,648</b>	<b>\$ 48,493</b>

<b>Other Investments</b>	
Alternative Assets	\$ 265,499
Equity Securities- International	81,358
Equity Securities- Domestic	66,142
Commodities	24,592
Real Estate	8,738
<b>Grand Total</b>	<b>\$ 968,910</b>

**Investments - 2013**  
(in thousands)

Investment Type:	Investment Maturity (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
<b>Debt Securities</b>					
US Agencies	\$ 20,463	\$ 5,611	\$ 5,103	\$ 881	\$ 8,868
US Government	20,334	-	12,333	8,001	-
Certificates of Deposit	30,500	30,500	-	-	-
Corporate Debt	99,737	13,083	51,898	10,726	24,030
Municipal/Public Bonds	2,248	470	1,489	289	-
Bond Mutual Funds	173,923	14,704	72,774	47,857	38,588
Money Market Mutual Funds	165,793	165,793	-	-	-
<b>Sub Total Debt</b>	<b>\$ 512,998</b>	<b>\$ 230,161</b>	<b>\$ 143,597</b>	<b>\$ 67,754</b>	<b>\$ 71,486</b>

<b>Other Investments</b>	
Alternative Assets	\$ 217,442
Equity Securities- International	21,020
Equity Securities- Domestic	71,086
Commodities	59,089
Real Estate	7,010
<b>Grand Total</b>	<b>\$ 888,645</b>

### 3. CASH HELD BY STATE TREASURER

Accounts payable, accrued salaries and outlays for future capital projects to be funded from state-appropriated funds totaled approximately \$36.5 million at June 30, 2014 and \$33.2 million at June 30, 2013. The University has recorded a comparable amount of cash held by the State Treasurer for the benefit of the University, which will be subsequently utilized to pay for such liabilities. The cash is held in the State Treasurer's pooled cash account. The Commonwealth requires all bank deposits in excess of insurance coverage by the FDIC to be collateralized with a perfected pledge of eligible collateral. Eligible collateral must be pledged in an amount equal to 102% of the amount of the deposits that exceed FDIC insurance. Sufficient collateral to cover total Commonwealth deposits in excess of the FDIC insured amount must be pledged and held in safekeeping by a custodian that is approved by and under the control of the Treasurer and Receiver – General.

### 4. CASH AND SECURITIES HELD BY TRUSTEES

Cash and securities held by trustees primarily consist of unspent bond proceeds, amounts held for the future payment of debt service on such borrowings and designated funds. At June 30, 2014 and June 30, 2013 there are investments of \$0 and \$7,000, respectively, available from Master Lease agreements entered into by the University for capital asset purchases at the Amherst and Boston campuses. Additionally, there is \$3 million and \$13.6 million, respectively, available from the Revolving Loan Fund established with 2000 Series A bond proceeds issued to acquire and implement enterprise resource planning technology

along with other projects (see Note 8) and \$701.1 million and \$608.5 million, respectively, held by trustees related to the Building Authority.

Pursuant to Trust Agreements between the Building Authority and its bond trustees, all funds deposited with those trustees (approximately \$700 million at June 30, 2014 and \$600 million at June 30, 2013) shall be continuously maintained for the benefit of the Building Authority and Registered owners of the Bonds. All investments shall be (a) held with a bank or trust company approved by the Trustees and the Building Authority, as custodians, or (b) in such other manner as may be required or permitted by applicable state and Federal laws and regulations. Investments shall consist of (a) direct obligations of, or obligations which are unconditionally guaranteed by the United States of America, or any other agency or corporation which has been created pursuant to an act of Congress of the United States as an agency or instrumentality thereof; or (b) other marketable securities eligible as collateral for the deposit of trust funds under regulations of the Comptroller of the Currency having a market value not less than the amount of such deposit. Direct obligations of, or obligations which are unconditionally guaranteed by the United States of America or any other agency or corporation which has been created pursuant to an act of Congress of the United States as an agency or instrumentality thereof, may be subject to repurchase upon demand by the owner pursuant to a repurchase agreement with a bank or trust company.

**Cash Deposits – Custodial Credit Risk** The Building Authority holds a majority of its cash and cash equivalents in high quality money market mutual funds that invest in securities that are permitted investments under the Building Authority's Enabling Act or in money market mutual funds that have been specifically permitted by state legislation. The Building Authority's cash and cash equivalents consisted of the following as of June 30, 2014 and 2013 (in thousands):

	2014	2013
Cash	\$ 4,406	\$ 5,130
Permitted money market accounts ("MMA")	691,381	518,739
<b>Total cash and cash equivalents</b>	<b>\$ 695,787</b>	<b>\$ 523,869</b>

Custodial credit risk is the risk that, in the event of a bank failure, the Building Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Building Authority does not have a deposit policy for custodial credit risk. As of June 30, 2014, the bank balances of uninsured deposits totaled \$4.1 million. For purposes of disclosure under GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, money market accounts investing in debt securities are considered investments and therefore, are included in the investment disclosures that follow.

#### Investments

As of June 30, 2014, the Building Authority's investments consisted of the following:

Investment type	Fair value	Investment Maturities (in Years)		
		Less than 1	1 to 5	6 to 10
<b>Debt Securities</b>				
Repurchase Agreements	\$ 5,318			\$ 5,318
MoneyMarket funds	691,381	691,381		
<b>Total</b>	<b>\$ 696,699</b>	<b>\$ 691,381</b>	<b>\$ -</b>	<b>\$ 5,318</b>

As of June 30, 2013, the Building Authority's investments consisted of the following:

Investment type	Fair value	Investment Maturities (in Years)		
		Less than 1	1 to 5	6 to 10
<b>Debt Securities</b>				
US Treasuries	\$ 10,324	\$ 10,324	-	-
US Agencies	69,461	50,383	19,078	-
Repurchase Agreements	5,318	-	-	5,318
MoneyMarket funds	518,739	518,739	-	-
<b>Total</b>	<b>\$ 603,842</b>	<b>\$ 579,446</b>	<b>\$ 19,078</b>	<b>\$ 5,318</b>

Because money market funds are highly liquid, they are presented as investments with maturities of less than one year.

**Interest Rate Risk** The Building Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the Building Authority holds its investments until maturity.

**Credit Risk** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Enabling Act specifies the permitted investments of the Building Authority. These permitted investments include direct obligations of or obligations which are unconditionally guaranteed by the United States of America ("Treasuries"), obligations of an agency or organization created pursuant to an act of Congress of the United States as an agency or instrumentality thereof ("Agencies"), time deposits or certificate of deposits fully secured by Treasuries or Agencies, and Treasuries and Agencies subject to repurchase agreements. Other legislation allows the Building Authority to invest in the Massachusetts Municipal Depository Trust (the "MMDT"), a money market account sponsored by the Treasurer of the Commonwealth and managed by Federated Investors, Inc. Additionally, the Building Authority's Bond Trustee invests some of the Building Authority's funds in money market accounts that are permitted and collateralized by Treasuries.

No credit risk disclosures are required under GASB 40 relating to the Building Authority's investment in Treasuries. The Building Authority's investments in Agencies are highly rated by Standard & Poor's Rating Services and Moody's Investors Service, Inc. The Building Authority's investments in repurchase agreements are not rated but are fully collateralized by Treasuries and Agencies. MMDT is unrated.

**Custodial Credit Risk** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Building Authority's Enabling Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk except that interest-bearing time deposits or certificates of deposit of banking institutions or trust companies must be continuously and fully secured by Treasuries or Agencies.

Custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds or government investment pools, such as MMDT. Direct investments in marketable securities are held by the Building Authority's Bond Trustee as the Building Authority's agent. In accordance with the Building Authority's repurchase agreements, collateral for the agreements is held in segregated accounts with market values between 100% and 105% of the repurchase price, depending on the type of asset used as security and the specific repurchase agreement.

**Concentrations of Credit Risk** The Building Authority places no limit on the amount it may invest in any one issuer. As of June 30, 2014, the Building Authority had 98.6% of its investments in MMDT. As of June 30, 2013, the Building Authority had 5.9% of its investments with the Federal Home Loan Mortgage Corporation and 85.1% of its investments in MMDT.

## 5. ACCOUNTS, GRANTS AND LOANS RECEIVABLE

Accounts, grants and loans receivable as of June 30, 2014 and 2013 are as follows (in thousands):

	2014	2013
Student Accounts Receivable	\$ 53,383	\$ 51,449
Less allowance for uncollectible accounts	(21,814)	(18,319)
	<u>31,569</u>	<u>33,130</u>
Grants and Contracts Receivable	82,157	85,028
Less allowance for uncollectible accounts	(1,151)	(2,989)
	<u>81,006</u>	<u>82,039</u>
Student Loans Receivable	46,869	44,257
Less allowance for uncollectible accounts	(296)	(302)
	<u>46,573</u>	<u>43,955</u>
Commonwealth Medicine	65,586	64,094
Less allowance for uncollectible accounts	(824)	(825)
	<u>64,762</u>	<u>63,269</u>
Other	48,154	53,537
Less allowance for uncollectible accounts	(410)	(554)
	<u>47,744</u>	<u>52,983</u>
Total, net	271,654	275,376
Less current portion, net	(231,156)	(235,988)
Long-term, net	<u>\$ 40,498</u>	<u>\$ 39,388</u>

## UMASS MEMORIAL

The University and UMass Memorial have the following ongoing agreements:

- UMass Memorial has been granted the right to occupy portions of the University's Worcester Medical School campus for a period of 99 years and UMass Memorial has agreed to share responsibility for various capital and operating expenses relating to the occupied premises. UMass Memorial has also agreed to contribute to capital improvements to shared facilities.
- UMass Memorial has agreed to make certain payments to the University and its related organizations, including: 1) an annual fee of \$12.0 million (plus an inflation adjustment), for 99 years as long as the University continues to operate a medical school; and 2) a participation payment based on a percentage of net operating income of UMass Memorial for which revenue is recognized by the University when the amounts are received.

The University is reimbursed by, and reimburses UMass Memorial for shared services, cross-funded employees, and other agreed upon activities provided and purchased. For the years ended June 30, 2014 and 2013, the reimbursements for services provided to UMass Memorial were \$107.1 million and \$124.0 million, respectively. Included in these amounts are payroll paid by the University on behalf of UMass Memorial in an agency capacity in the amount of \$62.8 million and \$73.8 million for fiscal years 2014 and 2013, respectively. At June 30, 2014 and 2013, the University has recorded a receivable in the amount of \$38.8 million and \$12.7 million, respectively from UMass Memorial which includes \$23.8 million and \$5.8 million, respectively, in payroll and related fringe charges. The University has recorded a payable at June 30, 2014 of \$3.9 million primarily for cross-funded payroll. At June 30, 2013, the University had a payable of \$4.4 million for amounts due to UMass Memorial primarily consisting of a prepayment for educational services, capital projects and cross-funded payroll.

## **6. RELATED ORGANIZATIONS**

Related party activity with the Foundation includes loan agreements and investments of the University's endowment assets and Intermediate Term Investment Fund (ITIF) with the Foundation. As of June 30, 2014, the net position of the Foundation included as related organizations in the accompanying financial statements of the University are \$455.1 million, of which \$423.0 million are restricted funds and \$32.1 million are unrestricted funds. During the fiscal year ended June 30, 2014, the University received \$21.6 million from the Foundation, and \$13.1 million to the Foundation of which \$3.4 million related to the establishment of quasi-endowment. At June 30, 2014, the University's investments include \$346.1 million of endowment funds held in a custodial relationship at the Foundation, and \$295.7 million in ITIF.

As of June 30, 2013, the net position of the Foundation included as related organizations in the accompanying financial statements of the University were \$394.3 million, of which \$366.7 million were restricted funds and \$27.5 million were unrestricted funds. During the fiscal year ended June 30, 2013, the University received \$49.9 million from the Foundation, and disbursed \$121.8 million to the Foundation of which \$52.1 million related to the establishment of quasi-endowment. At June 30, 2013, the University's investments include \$311.4 million of endowment funds held in a custodial relationship at the Foundation, and \$272.5 million in ITIF.

The University leases office space from the Foundation for an annual rent of approximately \$0.5 million.

The Building Authority and the Commonwealth have entered into various lease agreements under which the Commonwealth leases to the Building Authority certain property for nominal amounts.

In August 2005, the Building Authority executed a contract with UMass Management, LLC, a wholly owned subsidiary of ClubCorp USA, Inc., to provide management services for The University of Massachusetts Club ("the Club"), a private social club for alumni and friends of the University. Under the contract, the Authority is responsible for approving the budgets and operating plans of the Club as presented by the Manager. The Building Authority is responsible for any shortfall in the operating budget and will benefit from any operating profits. The contract calls for a minimum management fee payable to the Manager of \$0.2 million or four percent of the operating revenues, as defined by the contract, whichever is greater. Additionally, the Manager receives a percentage of the Club initiation fees and 25 percent of operating profits, as defined by the contract. The contract term is 10 years and can be terminated by the Building Authority if the Building Authority decides to close the Club for a minimum of 18 months. The Building Authority is the tenant on the sublease for the Club space and the lease does not terminate should the Building Authority close the Club. The Authority had provided operating support for the Club of \$0.2 million for both years ending June 30, 2014 and 2013.

## 7. INVESTMENT IN PLANT

Investment in plant activity for the year ended June 30, 2014 is comprised of the following (in thousands):

University:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings and Improvements	\$4,058,559	\$643,091	(\$7,001)	\$4,694,649
Equipment and Furniture	587,478	35,542	(13,234)	609,786
Software	134,558	2,374	(28)	136,904
Library Books	93,091	-	(8,776)	84,315
	4,873,686	681,007	(29,039)	5,525,654
Accumulated Depreciation	(2,122,993)	(200,256)	14,122	(2,309,127)
Sub-Total	2,750,693	480,751	(14,917)	3,216,527
Land	65,886	3,484	(518)	68,852
Construction in Progress	888,937	589,512	(699,042)	779,407
Sub-Total	954,823	592,996	(699,560)	848,259
Total	\$3,705,516	\$1,073,747	(\$714,477)	\$4,064,786

University Related Organizations:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings and Improvements	\$7,942	-	-	\$7,942
Equipment and Furniture	168	-	-	168
	8,110	-	-	8,110
Accumulated Depreciation	(851)	(\$202)	-	(1,053)
Sub-Total	7,259	(202)	-	7,057
Land	1,360	61	-	1,421
Total	\$8,619	(\$141)	-	\$8,478

Investment in plant activity for the year ended June 30, 2013 is comprised of the following (in thousands):

University:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings and Improvements	\$3,322,211	\$754,586	(\$18,238)	\$4,058,559
Equipment and Furniture	604,487	30,339	(47,348)	587,478
Software	134,082	4,036	(3,560)	134,558
Library Books	101,618	-	(8,527)	93,091
	4,162,398	788,961	(77,673)	4,873,686
Accumulated Depreciation	(1,990,577)	(182,252)	49,836	(2,122,993)
Sub-Total	2,171,821	606,709	(27,837)	2,750,693
Land	57,831	8,055	-	65,886
Construction in Progress	868,534	583,748	(563,344)	888,938
Sub-Total	926,365	591,803	(563,344)	954,824
Total	\$3,098,186	\$1,198,512	(\$591,181)	\$3,705,517

University Related Organizations:	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings and Improvements	\$7,942	-	-	\$7,942
Equipment and Furniture	170	-	(\$2)	168
	8,112	-	(2)	8,110
Accumulated Depreciation	(650)	(\$201)	-	(851)
Sub-Total	7,462	(201)	(2)	7,259
Land	1,360	-	-	1,360
Total	\$8,822	(\$201)	(\$2)	\$8,619

At June 30, 2014 and 2013, investment in plant included capital lease assets of \$54.6 million and \$54.6 million, respectively, net of accumulated depreciation on capital lease assets of \$52.3 million and \$48.1 million, respectively (see Note 9).

The University has capitalized interest on borrowings, net of interest earned on related debt reserve funds, during the construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets being constructed, and is amortized over the useful lives of the assets. For the years ended June 30, 2014 and 2013, the University capitalized net interest costs of \$29.7 million and \$27.4 million respectively.

## 8. BONDS PAYABLE

Amounts Outstanding at June 30, 2014 are as follows (in thousands)

Issue Borrowing	Original Borrowing	Maturity Date	Interest Rate	Amount Outstanding
University of Massachusetts Building Authority:				
Series 2003-1	\$ 137,970	2014	3.875-5.25%	\$ 6,155
Series 2004-A	96,025	2015	4.2-4.5%	4,575
Series 2004-1	183,965	2016	5.25%	16,600
Series 2005-1	25,595	2016	5.0%	5,480
Series 2005-2	212,550	2025	5.0%	25,200
Series 2008-A	26,580	2038	variable	21,930
Series 2008-1	232,545	2038	variable	194,530
Series 2008-2	120,560	2038	4.0-5.0%	105,725
Series 2009-1	247,810	2039	3.0-5.0%	198,670
Series 2009-2	271,855	2039	6.423-6.573%	271,855
Series 2009-3	28,570	2039	5.283-6.173%	27,250
Series 2010-1	118,985	2020	5.0%	96,645
Series 2010-2	430,320	2040	3.8-5.45%	430,320
Series 2010-3	3,005	2040	5.75%	2,880
Series 2011-1	135,040	2034	variable	131,090
Series 2011-2	101,700	2034	variable	99,135
Series 2013-1	212,585	2043	2.00%-5.00%	212,585
Series 2013-2	71,790	2043	.43-2.686%	71,790
Series 2013-3	24,640	2043	4.0%- 5.0%	24,640
Series 2014-1	293,890	2045	3.0%- 5.0%	293,890
Series 2014-2	14,085	2020	.44%-2.1%	14,085
Series 2014-4	157,855	2026	.20%- 3.381%	157,855
				<u>2,412,885</u>
			Unamortized Bond Premium	<u>64,807</u>
			SUBTOTAL	<u>2,477,692</u>
University of Massachusetts HEFA/MDFA:				
2000 Series A	\$ 20,000	2030	variable	20,000
2007 Series D	10,435	2031	3.5-4.25%	9,395
Series 2011	29,970	2034	2.5-4.0%	28,880
				<u>58,275</u>
			Unamortized Bond Premium	<u>1,056</u>
				<u>59,331</u>
WCCC HEFA/MDFA:				
Series 2005-D	\$ 99,325	2029	5.0-5.25%	73,033
Series 2007-E	118,750	2036	3.5-5.0%	104,348
Series 2007-F	101,745	2036	4.0-5.0%	80,893
Series 2011	10,495	2023	2.0-5.0%	8,819
				<u>267,093</u>
			Unamortized Bond Premium	<u>8,398</u>
			SUBTOTAL	<u>275,491</u>
MDFA:				
Clean Renewable Energy Bonds	\$ 1,625	2027	3.5%	<u>1,243</u>
			TOTAL	<u>\$ 2,813,757</u>

Bond Payable activity for the year ended June 30, 2014 is summarized as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions/ Amortization</u>	<u>Retirements/ Repayments</u>	<u>Ending Balance</u>
<b>University of Massachusetts Building Authority:</b>				
Series 2003-1	\$ 12,035	-	\$ (5,880)	\$ 6,155
Series 2004-A	6,715	-	(2,140)	4,575
Series 2004-1	24,500	-	(7,900)	16,600
Series 2005-1	8,020	-	(2,540)	5,480
Series 2005-2	180,195	-	(154,995)	25,200
Series 2006-2	2,760	-	(2,760)	-
Series 2008-A	22,795	-	(865)	21,930
Series 2008-1	201,655	-	(7,125)	194,530
Series 2008-2	108,300	-	(2,575)	105,725
Series 2009-1	216,870	-	(18,200)	198,670
Series 2009-2	271,855	-	-	271,855
Series 2009-3	27,715	-	(465)	27,250
Series 2010-1	107,950	-	(11,305)	96,645
Series 2010-2	430,320	-	-	430,320
Series 2010-3	2,925	-	(45)	2,880
Series 2011-1	132,450	-	(1,360)	131,090
Series 2011-2	100,020	-	(885)	99,135
Series 2013-1	212,585	-	-	212,585
Series 2013-2	71,790	-	-	71,790
Series 2013-3	-	24,640	-	24,640
Series 2014-1	-	293,890	-	293,890
Series 2014-2	-	14,085	-	14,085
Series 2014-4	-	157,855	-	157,855
Plus: unamortized bond premium	54,033	10,774	-	64,807
<b>Subtotal</b>	<b>2,195,488</b>	<b>501,244</b>	<b>(219,040)</b>	<b>2,477,692</b>
<b>UMass HEFA/MDFA:</b>				
2000 Series A	20,000	-	-	20,000
2007 Series D	9,750	-	(355)	9,395
Series 2011	29,810	-	(930)	28,880
Plus: unamortized bond premium	1,161	-	(105)	1,056
<b>Subtotal</b>	<b>60,721</b>	<b>-</b>	<b>(1,390)</b>	<b>59,331</b>
<b>WCCC HEFA/MDFA:</b>				
WCCC 2005 Series D	81,860	-	(8,826)	73,034
WCCC 2007 Series E	108,135	-	(3,787)	104,348
WCCC 2007 Series F	87,110	-	(6,217)	80,893
Series 2011	9,765	-	(946)	8,819
Plus: unamortized bond premium	8,889	-	(491)	8,398
<b>Subtotal</b>	<b>295,759</b>	<b>-</b>	<b>(20,267)</b>	<b>275,492</b>
<b>MDFA:</b>				
Clean Renewable Energy Bonds	1,338	-	(96)	1,242
<b>Total</b>	<b>\$ 2,553,306</b>	<b>\$ 501,244</b>	<b>\$ (240,793)</b>	<b>\$ 2,813,757</b>

Principal and interest, which is estimated using rates in effect at June 30, 2014, on bonds payable for the next five fiscal years and in subsequent five-year periods are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 87,321	\$ 108,792
2016	92,261	105,353
2017	94,796	102,580
2018	95,381	99,603
2019	100,456	96,356
2020-2024	525,588	424,214
2025-2029	483,982	327,128
2030-2034	417,320	242,843
2035-2039	492,430	141,492
2040-2044	327,130	42,592
2045-2049	22,831	837
<b>Total</b>	<b>\$ 2,739,496</b>	<b>\$ 1,691,790</b>

Bond payable activity for the year ended June 30, 2013 is summarized as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions/ Amortization</u>	<u>Retirements/ Repayments</u>	<u>Ending Balance</u>
<b>University of Massachusetts Building Authority:</b>				
Series 2003-1	\$ 17,665		\$ (5,630)	\$ 12,035
Series 2004-A	8,765		(2,050)	6,715
Series 2004-1	32,195		(7,695)	24,500
Series 2005-1	10,440		(2,420)	8,020
Series 2005-2	189,645		(9,450)	180,195
Series 2006-2	5,375		(2,615)	2,760
Series 2008-A	23,630		(835)	22,795
Series 2008-1	208,515		(6,860)	201,655
Series 2008-2	110,750		(2,450)	108,300
Series 2009-1	228,665		(11,795)	216,870
Series 2009-2	271,855			271,855
Series 2009-3	28,155		(440)	27,715
Series 2010-1	114,275		(6,325)	107,950
Series 2010-2	430,320			430,320
Series 2010-3	2,965		(40)	2,925
Series 2011-1	133,765		(1,315)	132,450
Series 2011-2	100,875		(855)	100,020
Series 2013-1		212,585		212,585
Series 2013-2		71,790		71,790
Plus: unamortized bond premium	35,946	19,376	(1,290)	54,032
<b>Subtotal</b>	<b>1,953,801</b>	<b>303,751</b>	<b>(62,065)</b>	<b>2,195,487</b>
<b>UMass HEFA/MDFA:</b>				
2000 Series A	20,000			20,000
2002 Series C	740		(740)	-
2007 Series D	10,090		(340)	9,750
Series 2011	29,970		(160)	29,810
Plus: unamortized bond premium	1,161		(49)	1,112
<b>Subtotal</b>	<b>61,961</b>		<b>(1,289)</b>	<b>60,672</b>
<b>WCCC HEFA/MDFA:</b>				
WCCC 2005 Series D	84,895		(3,035)	81,860
WCCC 2007 Series E	110,520		(2,385)	108,135
WCCC 2007 Series F	89,695		(2,585)	87,110
Series 2011	10,495		(730)	9,765
Plus: unamortized bond premium	9,381		(492)	8,889
Less: deferred loss on refunding	(12,129)	721		(11,408)
<b>Subtotal</b>	<b>292,857</b>	<b>721</b>	<b>(9,227)</b>	<b>284,351</b>
<b>MDFA:</b>				
Clean Renewable Energy Bonds	1,434		(96)	1,338
<b>Total</b>	<b>\$ 2,310,053</b>	<b>\$ 304,472</b>	<b>\$ (72,677)</b>	<b>\$ 2,541,848</b>

#### University of Massachusetts Building Authority

The bond agreements related to the Building Authority bonds generally provide that the net revenues of the Building Authority are pledged as collateral on the bonds and also provide for the establishment of bond reserve funds, bond funds, and maintenance reserve funds.

The University is obligated under its contracts for financial assistance, management and services with the Building Authority to collect rates, rents, fees and other charges with respect to such facilities sufficient to pay principal and interest on the Building Authority's bonds and certain other costs such as insurance on such facilities.

Pursuant to the authority given by the Building Authority's enabling act, the Commonwealth, acting by and through the Trustees of the University, has guaranteed the payment of principal and interest on the Building Authority's bonds. (The guarantee is a general obligation of the Commonwealth to which the full faith and credit of the Commonwealth are pledged. As is generally the case with other general obligations of the Commonwealth, funds with which to honor the guarantee, should it be called upon, will be provided by Commonwealth appropriation). The Building Authority's enabling act provides that the outstanding principal amount of notes and bonds of the Building Authority guaranteed by the Commonwealth cannot exceed \$200 million. The amount of bond obligations guaranteed by the Commonwealth was \$125.6 million and \$129.5 million at June 30, 2014 and June 30, 2013, respectively.

When the Building Authority no longer has any bonds outstanding, its properties revert to the Commonwealth, and all its funds (other than funds pledged to bondholders) are required to be paid into the Treasury of the Commonwealth.

**Variable Rate Bonds** On April 23, 2013, the Authority entered into a standby bond purchase agreement with J.P. Morgan Chase Bank, N.A. ("J.P. Morgan") which requires J.P. Morgan to purchase bonds that are tendered and not remarketed. Under the terms of the J.P. Morgan standby bond purchase agreement, the Authority is required to pay J.P. Morgan in quarterly installments a facility fee in the amount of 25 basis points (or higher, under certain circumstances) of the commitment amount. Fees accrued by the Authority in connection with the J.P. Morgan agreement totaled \$0.5 million and \$0.1 million for the year ended June 30, 2014 and June 30, 2013, respectively. The agreement expires in April 2016 and may be extended if a mutual interest exists between both the Authority and J.P. Morgan. Previously, the 2008-1 bonds were supported with an irrevocable direct pay letter of credit (the "Lloyds LOC") issued by Lloyds TSB Bank PLC. Fees accrued by the Authority in connection with the Lloyds LOC totaled \$0.5 million for the year ended June 30, 2013.

On April 16, 2013, the Authority entered into a standby bond purchase agreement with Barclays Bank PLC ("Barclays") which requires Barclays to purchase bonds that are tendered and not remarketed. Under the terms of the Barclays standby bond purchase agreement, the Authority is required to pay Barclays in quarterly installments a facility fee in the amount of 32.5 basis points (or higher, under certain circumstances) of the commitment amount. The agreement expires in April 2016 and may be extended if a mutual interest exists between both the Authority and Barclays. Fees accrued by the Authority in connection with the Barclays agreement totaled \$0.1 million and \$0.1 million for the year ended June 30, 2014 and June 30, 2013, respectively. Previously, the 2008-A bonds were supported by a standby bond purchase agreement with Bank of America, N.A. ("BofA"). Fees accrued by the Authority in connection with BofA standby bond purchase agreement totaled \$24,800 for the year ended June 30, 2013.

The 2011-1 bonds are supported by a standby bond purchase agreement with Wells Fargo Bank, N.A. ("Wells") which requires Wells to purchase bonds tendered and not remarketed in an amount not to exceed the principal on the bonds plus accrued interest up to 185 days at an annual interest rate not to exceed 12 percent. The standby purchase agreement expired on June 9, 2014 and was extended until June 9, 2017. Under the agreement, the Authority was required to pay Wells in quarterly installments a facility fee in the amount of 40 basis points (or higher, under certain circumstances) of the initial commitment. The initial commitment under the agreement was set at \$143.3 million and was subject to adjustment from time to time in accordance with the provisions of the agreement. Under the first amendment to the standby purchase agreement, the Authority is required to pay Wells in quarterly installments a facility fee in the amount of 25 basis points (or higher, under certain circumstances) of the initial commitment. The initial commitment under the first amendment to the standby purchase agreement was set at \$139.1 million and is subject to adjustment from time to time in accordance with the provisions of the agreement. Fees accrued by the Authority in connection with the Wells agreement totaled \$0.6 million and \$0.7 million for the years ended June 30, 2014 and 2013, respectively.

**Window Bonds** In fiscal year 2011, the Authority issued its 2011-2 bonds in a variable rate Window Bond mode. As with the Authority's other variable rate bonds, the Window Bondholders can tender the bonds at any time. However, unlike the Authority's other variable rate bonds where the bondholders will receive payment on any tendered bonds 7 days from the tender, Window Bondholders are not required to receive funds for the tender until after a 30 day remarketing period and an additional 180 day funding window period. Due to this 210 day funding period, the Authority is not required to obtain any type of liquidity support for the 2011-2 bonds and the bonds are considered supported with self-liquidity. Window Bondholders receive an interest rate on the Window Bonds at a fixed spread over the Securities Industry and Financial Markets Association Municipal Swap Index™ ("SIFMA"). The initial spread to the SIFMA index is 9 basis points (.09%).

**Bond Refundings** In fiscal year 2014, the Authority refunded \$5.4 million of its 2009-1 series bonds with 2013-3 series bonds. The Authority also refunded \$146.2 million of its 2005-2 series bonds with 2014-4 series bonds. Accordingly, the Authority deposited into trust accounts funds sufficient to provide for all future debt service payments on the refunded bonds until the bonds are called. These advanced refunded bonds are considered defeased and, accordingly, the liability for the bonds payable and the assets held to repay the debt are not recorded in the Authority's financial statements.

In connection with the Authority's prior advanced refundings, the Authority recorded a difference between the reacquisition price and the net carrying amount of the refunded debt of approximately \$84.5 million. This balance is being reported as a component of deferred outflows, loss on debt refunding, and will be amortized as an increase in interest expense over the remaining term of the original life of the refunded bonds. These refundings reduced the Authority's debt service payments in future years by approximately \$36.9 million and resulted in an economic gain (the present value of the savings) of approximately \$25.5 million.

**Bond Premium and Issuance Expenses** In connection with the Authority's bond issues, the Authority received premiums at issuance totaling approximately \$109.7 million. The Authority amortizes the premiums received as a reduction in interest expense over the life of the respective bond issue.

In connection with the Authority's bond issues, the Authority incurred certain issuance costs associated with the bond offerings. In fiscal years 2014 and 2013 these costs amounted to \$3.6 million and \$2.2 million, respectively, and were expensed in accordance with the provisions of GASB Statement No 65.

**Interest Rate Swaps** The Authority uses derivative instruments to attempt to manage the impact of interest rate changes on its cash flows and net position by mitigating its exposure to certain market risks associated with operations, and does not use derivative instruments for trading or speculative purposes.

The Authority's contracts are evaluated pursuant to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53") to determine whether they meet the definition of derivative instruments, and if so, whether they effectively hedge the expected cash flows associated with interest rate risk exposures. The Authority applies hedge accounting for derivative instruments that are deemed effective hedges and under GASB No. 53 are referred to as hedging derivative instruments. Under hedge accounting, the fair value of the hedging derivative instruments are reported as a deferred inflow or deferred outflow in the statement of net position until the contract is settled or terminated.

All settlement payments or receipts related to hedging derivative instruments are recorded as interest expense in the period settled.

The Authority's hedging derivative instruments at June 30, 2014 and 2013 were as follows:

	Fair Value June 30, 2013	Net Change in Fair Value	Fair Value June 30, 2014	Type of Hedge	Financial Statement Classification
Series 2008-1 Swap	\$ (28,125)	\$ 192	\$ (27,933)	Cash Flow	Deferred outflow
Series 2008-A Swap	(3,232)	32	(3,200)	Cash Flow	Deferred outflow
Series 2006-1 Swap	(37,969)	259	(37,710)	Cash Flow	Deferred outflow
<b>Total</b>	<b>\$ (69,326)</b>	<b>\$ 483</b>	<b>\$ (68,843)</b>		

The terms of the Authority's financial derivative instruments that were outstanding at June 30, 2014 are summarized in the table below.

	Type	Effective Date	Termination Date	Rate Authority Pays	Authority Receives	Original Notional Value
Series 2008-1 Swap	Synthetic Fixed	May 1, 2008	May 1, 2038	3.388%	70% of 1-Month LIBOR	\$ 232,545
Series 2008-A Swap	Synthetic Fixed	Nov 13, 2008	May 1, 2038	3.378%	70% of 1-Month LIBOR	\$ 26,580
Series 2006-1 Swap	Synthetic Fixed	Apr. 20, 2006	Nov. 1, 2034	3.482%	60% of 3-Month LIBOR + .18%	\$ 243,830

*Fair Values* - The fair values of the swaps are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the agreements, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the agreements. As of June 30, 2014 and 2013, the Authority's swaps had a negative fair value of \$68,800,000 and \$69,300,000, respectively, and as such are presented as a deferred outflow.

*Credit risk* - As of June 30, 2014, the Authority was not exposed to credit risk on the swaps as the fair value was negative. Since changes in interest rates affect the fair values of swap agreements, it is possible that the swap agreements with negative fair values become positive which would expose the Authority to credit risk. To mitigate the potential for credit risk, when a counterparty has a positive fair value and if the counterparty's credit quality falls below A3/A/A, the fair value of the swap will be fully collateralized by the counterparty with U.S. Government Securities or U. S. Government Agency Securities. Collateral posted by the counterparty will be held by a third-party custodian.

The credit ratings for the Authority's counterparties at June 30, 2014 are as follows:

	Credit Ratings		
	Moody's	S & P	Fitch
UBS AG	A2	A	A
Deutsche Bank AG	A2	A	A+
Citi Bank NA	A2	A	A

*Basis risk* - The Authority is exposed to basis risk on its pay-fixed interest rate swaps because the variable-rate payment received by the Authority (a percent of LIBOR) on these hedging derivative instruments is based on indexes other than the actual interest rates the Authority pays on its hedged variable rate debt. Should the relationship between LIBOR and the actual variable rate interest payments on the bonds converge, the expected cost savings may not materialize. The terms of the related hedging fixed rate swap transactions are summarized in the chart above.

*Termination risk* - The Authority's swaps are governed under the International Swap Dealers Association Master Agreement (the "Master Agreement"), which includes standard termination events, such as failure to pay and bankruptcy. Additionally, the Master Agreement was amended so that the swap may be terminated by the Authority if the counterparty's credit quality rating falls below certain levels or the counterparty fails to have a rating. Further, the swap may be terminated by the counterparties if the long-term, unsecured, unenhanced senior debt rating of any bonds issued by the Authority is withdrawn, suspended or falls below certain levels or the Authority fails to have a rating. The Authority or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The Authority may also terminate the swaps at its option. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate and the Authority's interest payment will be based solely upon the rate required by the related bonds as issued. When a termination event occurs, a mark-to-market (or "fair market value") calculation is performed to determine whether the Authority is owed or must pay cash to close out the swap position. A negative fair value means the Authority would incur a loss and need to make a termination payment to settle the swap position. A positive fair value means the Authority would realize a gain and receive a termination payment in settlement of the swap position.

*Contingencies* - All of the Authority's swaps include provisions that require the Authority to post collateral in the event its credit rating falls below certain levels. In the event the Authority is rated A2 by Moody's Investors Service or A by Standard & Poor's, the Authority would need to post collateral equal to amounts above the fair value of its swaps in liability positions above \$10,000,000. In the event the Authority is not rated or rated below A3 by Moody's Investors Service or below A- by Standard & Poor's, the Authority must post collateral in the amount of the fair value of the swaps in liability positions. The collateral posted is to be in the form of cash obligations guaranteed by the U.S. Treasury, or negotiable debt obligations issued by the Federal Home Loan Mortgage Association or the Federal National Mortgage Association. If the Authority does not post collateral, the derivative instrument may be terminated by the counterparty. The University's credit rating is Aa2 from Moody's Investors Service, AA from Fitch Ratings, and AA- from Standard and Poor's at June 30, 2014; therefore, no collateral has been posted.

*Termination of Hedge Accounting* - In June of 2011, the Authority undertook an advance refunding of the 2008-3 and 2008-4 variable rate bonds hedged by the Series 2006-1 Swap. As part of the refunding, the Series 2006-1 swap was re-assigned to a new underlying notional (the 2011-1 and 2011-2 Bonds) with identical terms. This refunding and reassignment effectively terminated the original hedge. At June 30, 2011, the Series 2006-1 Swap was considered a hedging derivative instrument. In accordance with GASB No. 53, at the time of a termination event related to an advance refunding of the hedged debt, the balance of the amounts in deferred outflows is to be included in the net carrying amount of the refunded debt for the purposes of calculating the deferred loss on refunding. The balance of the deferred outflows that was included in the net carrying amount of the refunded debt at the time of the refunding was \$22,200,000. The change in fair value of the Series 2006-1 Swap from the refunding date to June 30, 2014 is reported as a deferred outflow as the swap was determined to be effective at June 30, 2014.

*Swap payments and associated debt.* Using rates as of June 30, 2014, the debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows:

Fiscal Year Ending June 30,	Interest Rate			Total
	Principal	Interest	Swaps, Net	
2015	\$ 10,430	\$ 381	\$ 14,251	\$ 25,062
2016	10,845	374	13,932	25,151
2017	11,625	365	13,536	25,526
2018	11,770	358	13,182	25,310
2019	12,215	349	12,800	25,364
2020-2024	139,770	1,465	53,568	194,803
2025-2029	149,550	767	29,068	179,385
2030-2034	90,205	212	8,344	98,761
2035-2039	9,570	8	361	9,939
<b>Total</b>	<b>\$ 445,980</b>	<b>\$ 4,279</b>	<b>\$ 159,042</b>	<b>\$ 609,301</b>

As actual rates vary, variable-rate bond interest payments and net swap payments will vary.

#### MassDevelopment

Effective October 1, 2010, Massachusetts Health and Educational Facilities Authority ("MHEFA") was merged into the Massachusetts Development Finance Agency ("MassDevelopment"), a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts. As of such date, MHEFA has dissolved and all of its rights, powers and duties, and properties were exercised and performed by MassDevelopment and any and all obligations and liabilities of MHEFA have become obligations and liabilities of MassDevelopment.

#### University of Massachusetts Series A, D and 2011

The University, through MassDevelopment, has issued bonds in order to construct new student centers on the Boston and Lowell campuses; to create a pool of funds to acquire telecommunications, electronics, computer, office, research, equipment and administrative systems; and to fund the related renovation costs and to refund previously issued bonds.

**Variable Rate Debt** In March 2000, the University issued \$40.0 million of MHEFA Variable Rate Demand Revenue Bonds, University of Massachusetts Issue, Series A (the "Series A Bonds") to create a pool of funds from which the University could finance and refinance the acquisition of certain equipment and related renovation costs at the various University campuses on a revolving basis throughout the term of the Series A Bonds. The Series A Bonds were remarketed on April 1, 2013 and now bear interest at the long term rate of 0.70%. The newest long term rate period will end on March 31, 2016 and the Remarketed Series A Bonds will be subject to mandatory tender for purchase on April 1, 2016. The purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the University will be obligated to purchase the bonds tendered, up to an aggregate principal amount of \$20.0 million. The Remarketed Series A Bonds will mature on November 1, 2030 and are subject to mandatory purchase prior to maturity as described above. Interest on the Remarketed Series A Bonds in the newest long-term rate period is payable on October 1 and April 1. The Remarketed Series A Bonds are considered a reissuance for federal tax purposes. The Remarketed Series A Bonds are not supported by any insurance policy, liquidity facility or other credit enhancement. The Remarketed Series A Bonds are a general obligation of the University payable from all funds of the University permitted to be applied thereto. The University's unrestricted net assets, previously referred to as the expendable fund balance, secure the obligations of the University with respect to the Remarketed Series A Bonds. The University is required to certify annually that there are sufficient funds in the unrestricted net assets to cover the debt service on the Remarketed Series A Bonds. At June 30, 2014 and 2013, the outstanding principal balance on the Bonds is \$20.0 million.

**Debt covenants** The University of Massachusetts Series A, D, and 2011 bonds include a covenant for the maintenance of a debt service fund as outlined in the related debt agreement. The University is required to make deposits in this debt service fund on or before the twenty-fifth day of each March and September.

**Refundings** In November 2011, the University issued \$30.0 million of Massachusetts Development Finance Agency Revenue Refunding Bonds (the "Series 2011 Bonds"). The University deposited the proceeds into an irrevocable trust fund to provide for payment of the MHEFA Revenue Bonds, University of Massachusetts Issue, 2002 Series C (the "Series C Bonds"). This payment was made as a lump sum in October 2012. The Series 2011 bonds were issued at a premium of \$1.2 million. These bonds bear interest at various fixed rates ranging from 2.5% to 4.0% and mature on October 1, 2034. At June 30, 2014, the aggregate principal payments outstanding on these bonds were \$28.8 million. As a result of the change in future payments, the University will reduce its aggregate debt service payments by approximately \$4.8 million and achieve an economic gain of \$3.4 million.

In January 2007, the University issued \$10.4 million of MHEFA Revenue Bonds, University of Massachusetts Issue Series D. The proceeds from this issuance were used to advance refund a portion of the MHEFA Revenue Bonds, University of Massachusetts Issue, 2001 Series B (the "Series B Bonds"). These advance refunded bonds were defeased, and accordingly, the liability for the bonds payable and the assets held to repay the debt have not been included in the University's financial statements.

**Worcester City Campus Corporation Series D, E, F and 2011**

The Worcester City Campus Corporation (WCCC) through MassDevelopment has issued bonds to finance the construction or acquisition of the Lazare Research Building, South Road parking garage, Ambulatory Care Center ("ACC"), two buildings housing the operations of MassBiologics, Two Biotech Park, and to refund previously issued bonds.

**Refundings** In November 2011, WCCC issued \$10.5 million of Massachusetts Development Finance Agency Revenue Refunding Bonds (the "WCCC Series 2011 Bonds"). The WCCC Series 2011 Bonds were issued at a premium of \$1.1 million. These bonds bear interest at various fixed rates ranging from 2.00% to 5.00% and mature October 1, 2023. At June 30, 2014 and 2013, the aggregate principal payments outstanding on these bonds were \$9.0 million and \$9.8 million, respectively. The proceeds of the WCCC Series 2011 Bonds were used to refund the remaining outstanding portion of the MHEFA Revenue Bonds, WCCC Issue (University of Massachusetts Project), 2001 Series B (the "WCCC Series B Bonds"), which were used to finance the construction of a parking garage and the acquisition and installation of equipment at the Lazare Research Building.

In January 2007, WCCC issued \$118.8 million of MHEFA Revenue Bonds, WCCC Issue (University of Massachusetts Project), 2007 Series E (the "Series E Bonds"). The Series E Bonds were issued at a premium of \$3.9 million. The Corporation deposited \$32.4 million of the proceeds into an irrevocable trust fund to provide for partial advanced refunding of outstanding MHEFA WCCC Series B Revenue Bonds. In accordance with the applicable guidance, a portion of the WCCC Series B Bonds totaling \$30.8 million and the related irrevocable trust has been derecognized by the Corporation. At June 30, 2014 and June 30, 2013, the aggregate principal payments outstanding on the Series E Bonds were \$105.7 million and \$108.1 million, respectively.

In January 2007, WCCC issued \$101.7 million of MHEFA Revenue Bonds, WCCC Issue (University of Massachusetts Project), 2007 Series F (the "Series F Bonds"). The Series F Bonds were issued at a premium of \$2.8 million. These bonds bear interest at various fixed rates ranging from 4.00% to 5.00% and mature October 1, 2036. At June 30, 2014 and June 30, 2013, the aggregate principal payments outstanding on this portion of the Series F Bonds were \$29.1 million and \$29.8 million, respectively. The remaining portion of the bonds bear interest at various fixed rates ranging from 4.00% to 4.50% and mature October 1, 2031. At June 30, 2014 and 2013, the aggregate principal payments outstanding on this portion of the Series F Bonds were \$55.3 million and \$57.4 million, respectively.

In April 2005, WCCC issued \$99.3 million of MHEFA Revenue Bonds, WCCC Issue (University of Massachusetts Project), 2005 Series D (the "WCCC Series D Bonds"). The Corporation deposited the proceeds into an irrevocable trust fund to provide for payment of the MHEFA Revenue Bonds, WCCC Issue (University of Massachusetts Project), 2000 Series A (the "WCCC Series A Bonds"). In accordance with the applicable guidance, the WCCC Series A Bonds and the related irrevocable trust were

derecognized by the Corporation. These bonds bear interest at various fixed rates ranging from 3.00% to 5.25% per year and mature October 1, 2029. The WCCC Series D Bonds were issued at a premium of \$4.1 million. At June 30, 2014 and 2013, the aggregate principal payment outstanding on the WCCC Series D Bonds was \$78.7 million and \$81.9 million, respectively. The proceeds from the WCCC Series A Bonds were previously used to fund the construction of the Lazare Research Building.

These advanced refunded bonds are considered defeased and, accordingly, the liability for the bonds payable and the assets held to repay the debt have not been included in the University's financial statements.

**Pledged Revenues** WCCC is obligated under the terms of indebtedness to make debt service payments from revenues received from certain facility leases. Total applicable pledged revenues were \$6.6 million for fiscal years 2014 and 2013, respectively.

#### Clean Renewable Energy Bonds

During 2011, the University entered into an Energy Services agreement for Solar Panel construction with the Commonwealth's Division of Capital Asset Management and Century Bank and Trust Company. The financing arrangement includes \$1.6 million in Clean Renewable Energy Bonds as of June 30, 2014 and 2013.

#### 9. LEASES

The University leases certain equipment and facilities under operating leases with terms exceeding one year, which are cancelable at the University's option with 30 days notice. The rent expense related to these operating leases amounted to approximately \$22.1 million and \$16.8 million for the years ended June 30, 2014 and 2013, respectively. The master leases primarily consist of telecommunications, software, and co-generation systems. The University also leases space to third party tenants. During 2014 and 2013, the amount reported as rental income was \$21.0 million and \$17.7 million, respectively.

The following presents a schedule of future minimum payments under capital and non-cancelable operating leases and a schedule of principal and interest payments on capital lease obligations for the next five years and in subsequent five-year periods for the University as of June 30, 2014 (in thousands):

Year	University Capital Leases			Operating Leases	University Capital Lease Obligations	
	Master Leases	Other Leases	Total		Principal	Interest
2015	2,186	86	2,272	14,700		
2016	-	-	-	15,657		
2017	-	-	-	13,725		
2018	-	-	-	12,326		
2019 and thereafter	-	-	-	130,142		
Total Payments	2,186	86	2,272	\$186,550	\$2,232	\$40
Less: Amount representing interest	(38)	(2)	(40)			
Present Value of Minimum Lease Payments	\$2,148	\$84	\$2,232			

#### 10. OTHER LONG-TERM LIABILITIES

During the year ended June 30, 2014 the following changes occurred in long-term liabilities as recorded in the statements of net position (in thousands):

	Beginning Balance	Additions/ Adjustments	Reductions/ Adjustments	Ending Balance
<b>University:</b>				
Capital lease obligations	\$2,238	-	(\$2,238)	-
Compensated absences	30,410	1,369	-	31,779
Workers' compensation	10,429	382	-	10,811
Unearned revenues and credits	20,199	10,542	(9,498)	21,243
Advances and deposits	27,943	694	(543)	28,094
Other Liabilities	41,532	5,312	(3,581)	43,263
<b>University Related Organization:</b>				
Other Liabilities	\$3,332	\$ 151	-	\$3,483

During the year ended June 30, 2013 the following changes occurred in long-term liabilities as recorded in the statement of net position (in thousands):

	<u>Beginning Balance</u>	Additions/ <u>Adjustments</u>	Reductions/ <u>Adjustments</u>	<u>Ending Balance</u>
<b>University:</b>				
Capital lease obligations	\$6,539	\$ -	(\$4,301)	\$2,238
Compensated absences	30,820	-	(410)	30,410
Workers' compensation	9,805	624	-	10,429
Unearned revenues and credits	16,501	10,354	(6,656)	20,199
Advances and deposits	26,698	1,486	(241)	27,943
Other Liabilities	18,993	23,184	(645)	41,532
<b>University Related Organization:</b>				
Other Liabilities	\$3,487	\$ -	(\$155)	\$3,332

### 11. FRINGE BENEFITS

Expenditures for the years ended June 30, 2014 and 2013 include \$244.6 million and \$229.5 million, respectively, for the employer portion of fringe benefit costs (pension expense, health insurance for active employees and retirees, and unemployment compensation) that was paid directly by the Commonwealth of Massachusetts. Of this amount, \$102.8 million for 2014 and \$99.5 million for 2013 was reimbursed to the Commonwealth and \$141.9 million and \$130.0 million, respectively, is included in revenue as state appropriations.

### 12. MEDICAL SCHOOL LEARNING CONTRACTS

The University's Medical School enters into learning contracts with certain medical students. These contracts give students the option of deferring a portion of their tuition until after residency training, and canceling all or a portion of their tuition if they practice primary care medicine for two or four full years (depending on conditions) in the Commonwealth. The University does not record as revenue the portion of tuition deferred under these learning contracts until actual cash repayments are received. The cumulative amount granted under such learning contracts plus accrued interest totaled \$68.6 million and \$66.3 million at June 30, 2014 and 2013, respectively. Cumulative repayments totaled approximately \$51.2 million and \$48.8 million as of June 30, 2014 and 2013, respectively.

### 13. RETIREMENT PLANS

The Commonwealth of Massachusetts is statutorily responsible for the pension benefit of University employees who participate in the Massachusetts State Employees' Retirement System ("MSERS"). MSERS, a single employer defined benefit public employee retirement system, is administered by the Massachusetts State Retirement Board and covers substantially all non-student employees. Massachusetts General Laws establish the benefit and contribution requirements. These requirements provide for a superannuation retirement allowance benefit up to a maximum of 80% of the average of a member's highest consecutive three years of regular compensation, if membership started before April 2, 2012, or of the average of a member's highest consecutive five years of regular compensation, if membership started after April 2, 2012. Benefit payments are based upon a member's age, length of creditable service, and group creditable service and group classification. The authority for amending these provisions rests with the Legislature. Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service (at any age), or upon reaching the age of 55 with 10 years of service, if membership started before April 2, 2012, or upon reaching age 60 with ten years of service, if membership started on or after April 2, 2012. Members contribute 5%, 7%, 8% and 9% of regular compensation for membership start dates prior to January 1, 1975, from January 1, 1975 to December 31, 1983, from January 1, 1984 to June 30, 1996 and on or after July 1, 1996, respectively. Employees whose membership began on or after January 1, 1979 also contribute an additional 2% of regular compensation in excess of \$30,000.

The University makes contributions on behalf of the employees through a fringe benefit charge assessed by the Commonwealth. Such pension expense amounted to approximately \$63.6 million and \$52.2 million for the years ended June 30, 2014 and 2013, respectively. Annual covered payroll approximated 76.4% and 75.4% for the years ended June 30, 2014 and 2013, respectively of annual total payroll for the University. SERS does not issue stand-alone financial statements; however, SERS financial information is contained in the Commonwealth Comprehensive Annual Financial Report and can be obtained by contacting the State Comptroller, One Ashburton Place, 9<sup>th</sup> Floor, Boston, MA 02108.

Non-vested faculty and certain other employees of the University can opt out of MSERS and participate in a defined contribution plan, the Massachusetts Optional Retirement Program ("ORP"), administered by the Commonwealth's Department of Higher Education. At June 30, 2014 and 2013, there were approximately 4,031 and 4,433 University employees, respectively participating in ORP. Employees contribute at the same rate as members in SERS do and the Commonwealth matches 5% of employee contributions. The Commonwealth contributed \$8.9 million and \$8.7 million in 2014 and 2013, respectively. University employees contributed \$28.0 million and \$20.6 million in 2014 and 2013, respectively.

The MSERS and ORP retirement contributions of employees who become members of MSERS or ORP after January 1, 2011 are subject to a state compensation limit. Effective January 1, 2011, the University established a defined contribution plan, the University of Massachusetts 401(a) Retirement Gap Plan ("the Gap Plan"), administered by the University's Treasury Office.

Employees with MSERS or ORP membership dates after January 1, 2011 are eligible employees for the Gap Plan. Eligible employees begin participation in the Gap Plan when their regular compensation exceeds the state compensation limit in effect for the plan year, at which point their contributions to MSERS or ORP are required to stop for the remainder of the plan year. Employee contributions to the Gap Plan are mandatory and at the same rate as MSERS and ORP; the University contributes 5%. At June 30, 2014 plan assets totaled approximately \$506,000.

#### **14. CONCENTRATION OF CREDIT RISK (Other than Cash and Investments)**

The financial instrument that potentially subjects the University to concentrations of credit risk is the receivable from UMass Memorial Medical Center (UMMMC) which is uncollateralized. The receivable from UMass Memorial represents 12.2% and 4.4% of total accounts receivable for the University at June 30, 2014 and 2013, respectively. The University also had uncollateralized receivables from three other organizations comprising approximately 4.8%, 6.5% and 6.0% of the total outstanding receivables at June 30, 2014 and 5.8%, 5.5% and 5.7% of the total outstanding receivables at June 30, 2013.

#### **15. COMMITMENTS AND CONTINGENCIES**

The Building Authority, University, and WCCC have outstanding purchase commitments under construction contracts and real estate agreements in amounts aggregating approximately \$148.2 million and \$171.1 million at June 30, 2014 and 2013, respectively. In connection with the investments in certain limited partnership agreements, the Foundation has \$22.4 million and \$26.5 million in committed calls as of June 30, 2014 and 2013, respectively, which are scheduled to be funded over a number of years. The University has entered an Energy Performance Contract that is being managed by the Commonwealth's Division of Capital Asset Management (DCAM) under its Clean Energy Investment Program. This project includes 32 energy conservation measures. The installation costs will be incurred over 2 phases with Phase 1 being approximately \$18.0 million and Phase 2 being approximately \$13.5 million. The term of these transactions is 20 years. The University has a commitment to the Commonwealth for Clean Energy Investment Program Funds used through June 30, 2014 and 2013 in the amount of \$29.7 million and \$30.2 million, respectively.

The University, as an agency of the Commonwealth, is self-insured for property loss exposure, subject to appropriation from the state legislature. However, properties owned by the University of Massachusetts Building Authority located on a campus of the University, such as the Mullins Center, dining commons, and most dormitories, are insured by the Building Authority. In addition, certain properties owned by other University Related Organizations and leased to the University are insured by the related organization. The University and its employees are protected against tort claims through sovereign immunity under Chapter 258 of the Massachusetts General Laws. The University maintains certain liability insurance policies, including Commercial General Liability, leased Automotive Liability, Directors and Officers and Comprehensive Crime policies. Employees of the University are covered for Worker's Compensation protection under Chapter 152 of the Massachusetts General Laws. The University has recorded a liability for future expected costs of its workers' compensation claims of approximately \$15.1 million as of June 30, 2014 and \$14.6 million as of June 30, 2013. Estimated future payments related to such costs have been discounted at a rate of 4.0%.

The University is a defendant in various lawsuits and is subject to various contractual matters; however, University management is of the opinion that the ultimate outcome of all litigation or potential contractual obligations will not have a material effect on the financial position, financial results or cash flows of the University.

From time to time the University and/or its affiliated organizations are subject to audits of programs that are funded through either federal and/or state agencies. The University is aware that the Office of the Inspector General for the U.S. Department of Health and Human Services performed an audit of Medicaid Supplemental Revenues ("MSR") received by UMMC, the final report for which was issued December 2009. Portions of this report continue to be contested and the final outcome of this audit is currently unknown. Dependent on the final outcome, UMMC may be required to repay any MSR received deemed to be disallowed as a result of the audit. Dependent on that outcome, the University, consistent with the Agreement for Medical Educational Services, made part of the Definitive Agreement between the University and UMMC, and its subsequent amendments and the indemnification provisions in these Agreements, may be required to indemnify UMMC for a portion of any amounts due. Although the final outcome of this audit is currently unknown, and management believes that as of the date of the financial statements it is not probable that a liability exists, management concludes it is reasonably possible that amounts could be repaid and that those amounts may be material to the University's financial position and results of operations.

Five Universities in the Commonwealth of Massachusetts jointly formed the Massachusetts Green High Performance Computing Center, Inc. (MGHPCC) and MGHPCC Holyoke, Inc. in May 2010 and April 2012, respectively, to construct and operate a research computing center located in Holyoke, Massachusetts. MGHPCC and MGHPCC Holyoke, Inc. are tax-exempt organizations under Internal Revenue Code section 501(c) (3). Each respective university agreed to contribute \$10.0 million and as of June 30, 2013, each university had contributed the required amounts. The University's unamortized \$8.0 million investment is included in its Statement of Financial Position within Other Assets.

#### **16. SUBSEQUENT EVENTS**

On July 3, 2014, the Authority issued its \$67.4 million Refunding Revenue Bonds, Senior Series 2014-3 (the "2014-3 bonds"). The 2014-3 bonds were issued to refinance the University's Worcester City Campus Corporation 2005-Series D bonds and to pay costs of issuing the 2014-3 bonds. The 2014-3 bonds are due (serially) through 2030 and the interest rate ranges from 2.0% to 5.0%.

On July 8, 2014, the Authority extended \$25.0 million of Series 2013-A commercial paper and issued an additional \$15.0 million of Series 2013-A commercial paper. The Authority also extended \$25.0 million of Series 2013-B commercial paper and issued an additional \$10.0 million of Series B commercial paper.

On July 17, 2014, the Authority entered into a lease, as lessee, with One Beacon Street Limited Partnership, as lessor, for space at One Beacon Street, Boston, Massachusetts to be used primarily as office space by the Authority, the UMASS Club and the University. The lease begins July 15, 2015 and ends December 31, 2030.

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2014 and through December 18, 2014, the date on which the financial statements were available to be issued.

**University of Massachusetts**  
**2014 Annual Financial Report**  
**Supplemental Financial Information**  
**Table of Contents**

	<u>Page</u>
Report of Independent Certified Public Accountants on Supplemental Information	S
<b>Campuses:</b>	
<i>Central Administration:</i>	
Statements of Net Position as of June 30, 2014 and 2013	S-1
Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2014 and 2013	S-2
<i>Amherst:</i>	
Statements of Net Position as of June 30, 2014 and 2013	S-3
Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2014 and 2013	S-4
<i>Boston:</i>	
Statements of Net Position as of June 30, 2014 and 2013	S-5
Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2014 and 2013	S-6
<i>Dartmouth:</i>	
Statements of Net Position as of June 30, 2014 and 2013	S-7
Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2014 and 2013	S-8
<i>Lowell:</i>	
Statements of Net Position as of June 30, 2014 and 2013	S-9
Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2014 and 2013	S-10
<i>Worcester (including Worcester City Campus Corporation and Subsidiary):</i>	
Statements of Net Position as of June 30, 2014 and 2013	S-11
Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2014 and 2013	S-12
<b>University Related Organizations:</b>	
Combining Statements of Net Position as of June 30, 2014 and 2013	I
Combining Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2014 and 2013	II



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Board of Trustees of the  
University of Massachusetts

### Report on the financial statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the business-type activities and the aggregate discretely presented component units of the University of Massachusetts (the "University"), an enterprise fund of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2014 and 2013, and our report thereon dated December 18, 2014 expressed an unmodified opinion on these basic consolidated financial statements as a whole.

The accompanying supplementary schedules of Supplemental Financial Information for University campuses and University related organizations is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statement and certain additional procedures. These additional procedures included comparing and reconciling information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

*Grant Thornton LLP*

Boston, Massachusetts  
December 18, 2014

University of Massachusetts  
**CENTRAL ADMINISTRATION**  
**Statements of Net Position**  
**As of June 30, 2014 and 2013**  
(in thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$10,717	\$13,554
Cash Held By State Treasurer	3,297	542
Accounts, Grants and Loans Receivable, net	2,487	2,996
Short Term Investments	46,347	41,890
Due From Other Campuses	207	500
Other Assets	3,864	4,268
<b>Total Current Assets</b>	<b>67,019</b>	<b>63,750</b>
<b>Noncurrent Assets</b>		
Cash and Securities Held By Trustees	29,940	44,470
Cash Held By State Treasurer	1,904	
Investments	121,329	121,082
Other Assets	7,120	8,129
Investment In Plant, net	91,930	54,762
<b>Total Noncurrent Assets</b>	<b>252,223</b>	<b>228,443</b>
<b>Total Assets</b>	<b>\$319,242</b>	<b>\$292,193</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on Debt Refinancing	\$482	\$5,134
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$10,011	\$7,125
Accrued Salaries and Wages	1,748	1,566
Accrued Compensated Absences	4,332	3,991
Accrued Interest Payable	597	453
Bonds Payable		16,770
Due To Campuses	46,748	50,290
Due To Related Organizations	400	539
Unearned Revenues and Credits	1,634	1,243
Advances and Deposits	710	942
Other Liabilities	5,871	3,609
<b>Total Current Liabilities</b>	<b>71,851</b>	<b>86,528</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	553	475
Bonds Payable	80,712	56,488
Unearned Revenues and Credits	62	5
Other Liabilities	10,446	5,134
<b>Total Noncurrent Liabilities</b>	<b>91,773</b>	<b>62,102</b>
<b>Total Liabilities</b>	<b>\$163,624</b>	<b>\$148,630</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$15,953	\$20,312
Restricted		
Nonexpendable	1,606	2,206
Expendable	31,302	24,372
Unrestricted	107,239	101,807
<b>Total Net Position</b>	<b>\$156,100</b>	<b>\$148,697</b>

University of Massachusetts  
**CENTRAL ADMINISTRATION**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For The Years Ended June 30, 2014 and 2013**  
(in thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees	\$6,330	\$7,024
Federal Grants and Contracts	4,172	2,450
State Grants and Contracts	4,615	2,983
Local Grants and Contracts	119	173
Private Grants and Contracts	3,174	3,691
Sales and Service, Educational	2,067	2,023
Allocation from Campuses	68,831	60,710
Other Operating Revenues:		
Other	3,874	8,772
<b>Total Operating Revenues</b>	<b>93,182</b>	<b>87,826</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<b>Educational and General</b>		
Instruction	10,414	12,507
Research	5,159	3,084
Public Service	2,823	1,144
Institutional Support	61,850	60,064
Operation and Maintenance of Plant	449	6,288
Scholarships and Fellowships	6	6
Depreciation and Amortization	5,987	5,641
<b>Total Operating Expenses</b>	<b>86,688</b>	<b>88,734</b>
<b>Operating Income/(Loss)</b>	<b>6,494</b>	<b>(908)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
State Appropriations		10,847
Investment Return	8,310	4,760
Endowment Return	233	224
Interest on Indebtedness	(103)	(680)
Other Nonoperating Income	32	345
<b>Net Nonoperating Revenues</b>	<b>8,472</b>	<b>15,496</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>14,966</b>	<b>14,588</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	5,200	
Other Additions/(Deductions)	(12,764)	1,327
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>(7,564)</b>	<b>1,327</b>
<b>Total Increase in Net Position</b>	<b>7,402</b>	<b>15,915</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	148,698	133,049
Cummulative effect of change in accounting principle		(266)
Net Position at Beginning of Year, as adjusted	148,698	132,783
<b>Net Position at End of Year</b>	<b>156,100</b>	<b>148,698</b>

University of Massachusetts  
**AMHERST CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2014 and 2013**  
(in thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$28,998	\$27,226
Cash Held By State Treasurer	10,920	11,299
Accounts, Grants and Loans Receivable, net	45,219	36,083
Pledges Receivable, net	2,090	1,781
Short Term Investments	68,440	57,465
Inventories, net	4,651	5,196
Due From Other Campuses	21,511	23,276
Other Assets	501	605
<b>Total Current Assets</b>	<b>182,330</b>	<b>182,911</b>
<b>Noncurrent Assets</b>		
Cash Held By State Treasurer	1,508	4,738
Cash and Securities Held By Trustees	155,484	155,081
Accounts, Grants and Loans Receivable, net	18,904	18,852
Pledges Receivable, net	3,481	2,318
Investments	276,025	249,222
Other Assets	5	5
Investment in Plant, net	1,605,787	1,472,369
<b>Total Noncurrent Assets</b>	<b>2,061,189</b>	<b>1,902,585</b>
<b>Total Assets</b>	<b>\$2,243,519</b>	<b>\$2,065,496</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Change in Fair Value of Interest Rate Swaps	\$28,199	\$27,820
Loss on Debt Refunding	38,242	36,565
<b>Total Deferred Outflows of Resources</b>	<b>\$ 66,441</b>	<b>\$ 64,385</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$44,759	\$51,032
Accrued Salaries and Wages	44,575	42,386
Accrued Compensated Absences	24,713	24,305
Accrued Workers' Compensation	1,927	2,020
Accrued Interest Payable	5,709	6,501
Bonds Payable	84,950	147,295
Accelerated variable rate debt, current	16,300	-
Capital Lease Obligations	2,148	4,184
Unearned Revenues and Credits	14,035	13,426
Advances and Deposits	1,149	690
Other Liabilities	6,666	8,034
<b>Total Current Liabilities</b>	<b>246,931</b>	<b>299,673</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	12,345	11,876
Accrued Workers' Compensation	4,787	5,017
Bonds Payable	789,293	687,466
Derivative Instrument , Interest Rate Swap	41,552	41,838
Capital Lease Obligations	-	2,148
Unearned Revenues and Credits	11,827	11,307
Advances and Deposits	13,386	13,348
<b>Total Noncurrent Liabilities</b>	<b>873,190</b>	<b>753,000</b>
<b>Total Liabilities</b>	<b>\$1,120,121</b>	<b>\$1,052,673</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$851,475	\$777,589
Restricted		
Nonexpendable	3,973	3,971
Expendable	52,821	48,526
Unrestricted	281,570	246,922
<b>Total Net Position</b>	<b>\$1,189,839</b>	<b>\$1,077,008</b>

University of Massachusetts  
**AMHERST CAMPUS**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**As of June 30, 2014 and 2013**  
(in thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (net of scholarship allowances of \$ 95,477 at June 30, 2014 and \$89,345 at June 30, 2013)	\$337,767	\$323,331
Federal Grants and Contracts	98,157	97,930
State Grants and Contracts	15,753	12,734
Local Grants and Contracts	346	316
Private Grants and Contracts	30,950	30,547
Sales and Service, Educational	8,089	8,615
Auxiliary Enterprises	214,759	195,577
Other Operating Revenues:		
Other	16,137	19,225
<b>Total Operating Revenues</b>	<b>721,958</b>	<b>688,275</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<b>Educational and General</b>		
Instruction	312,844	294,707
Research	108,825	103,727
Public Service	26,140	24,882
Academic Support	58,108	56,305
Student Services	52,163	49,763
Institutional Support	64,305	59,033
Operation and Maintenance of Plant	84,162	77,610
Depreciation and Amortization	82,687	71,594
Scholarships and Fellowships	20,991	22,115
<b>Auxiliary Enterprises</b>	<b>174,666</b>	<b>164,212</b>
<b>Total Operating Expenses</b>	<b>984,891</b>	<b>923,948</b>
<b>Operating Loss</b>	<b>(262,933)</b>	<b>(235,673)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
Federal Appropriations	7,020	6,774
State Appropriations	272,676	241,423
Gifts	16,139	13,950
Investment Return	29,868	19,471
Endowment Return	8,424	6,258
Interest on Indebtedness	(25,609)	(25,427)
Nonoperating Federal Grants	25,338	23,867
Other Nonoperating Income	(2)	(477)
<b>Net Nonoperating Revenues</b>	<b>333,854</b>	<b>285,839</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>70,921</b>	<b>50,166</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	46,191	52,934
Capital Grants and Contracts	8,473	3,226
Disposal of Plant Facilities	(4,053)	(3,978)
Other Additions/(Deductions)	(8,701)	(2,718)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>41,910</b>	<b>49,464</b>
<b>Total Increase in Net Position</b>	<b>112,831</b>	<b>99,630</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	1,077,008	983,791
Cumulative effect of change in accounting principle		(6,413)
Net Position at the Beginning of the Year, as adjusted	1,077,008	977,378
<b>Net Position at End of Year</b>	<b>\$1,189,839</b>	<b>\$1,077,008</b>

University of Massachusetts  
**BOSTON CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2014 and 2013**  
(In thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$5,308	\$7,951
Cash Held By State Treasurer	3,817	3,649
Accounts, Grants and Loans Receivable, net	24,323	22,803
Pledges Receivable, net	684	331
Short Term Investments	24,648	23,983
Inventories, net	811	766
Due From Other Campuses	4,900	5,617
Other Assets	194	298
<b>Total Current Assets</b>	<b>64,685</b>	<b>65,398</b>
<i>Noncurrent Assets</i>		
Cash Held By State Treasurer	1,377	885
Cash and Securities Held By Trustees	349,620	302,781
Accounts, Grants and Loans Receivable, net	8,321	7,696
Pledges Receivable, net	1,514	718
Investments	97,566	94,117
Other Assets		376
Investment In Plant, net	401,843	302,084
<b>Total Noncurrent Assets</b>	<b>860,241</b>	<b>708,657</b>
<b>Total Assets</b>	<b>\$924,926</b>	<b>\$774,055</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Change in Fair Value of Interest Rate Swaps	\$1,218	\$1,102
Loss on Debt Refunding	7,336	7,028
<b>Total Deferred Outflows of Resources</b>	<b>\$ 8,554</b>	<b>\$ 8,130</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	\$12,682	\$14,802
Accrued Salaries and Wages	19,515	17,764
Accrued Compensated Absences	11,484	10,827
Accrued Workers' Compensation	424	328
Accrued Interest Payable	3,889	3,657
Bonds Payable	23,968	37,172
Accelerated variable rate debt, current	306	
Capital Lease Obligations	84	118
Unearned Revenues and Credits	4,875	5,585
Advances and Deposits	2,250	2,001
Other Liabilities	5,243	6,101
<b>Total Current Liabilities</b>	<b>84,720</b>	<b>98,455</b>
<i>Noncurrent Liabilities</i>		
Accrued Compensated Absences	4,230	3,978
Accrued Workers' Compensation	1,054	816
Bonds Payable	476,603	367,350
Capital Lease Obligations		90
Derivative Instrument, Interest Rate Swap	4,412	4,442
Unearned Revenues and Credits	1,478	783
Advances and Deposits	4,420	4,545
Other Liabilities	1,775	1,889
<b>Total Noncurrent Liabilities</b>	<b>493,972</b>	<b>383,893</b>
<b>Total Liabilities</b>	<b>\$578,692</b>	<b>\$482,348</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$237,546	\$187,018
Restricted		
Nonexpendable	6,699	6,673
Expendable	22,222	18,387
Unrestricted	88,321	87,759
<b>Total Net Position</b>	<b>\$354,788</b>	<b>\$289,837</b>

University of Massachusetts  
**BOSTON CAMPUS**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For The Years Ended June 30, 2014 and 2013**  
(In thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (net of scholarship allowances of \$33,020 at June 30, 2014 and \$31,413 at June 30, 2013)	\$160,317	\$153,084
Federal Grants and Contracts	26,730	27,142
State Grants and Contracts	10,151	10,089
Local Grants and Contracts	724	1,127
Private Grants and Contracts	9,830	10,832
Sales and Service, Educational	3,433	3,000
Auxiliary Enterprises	9,981	9,743
Other Operating Revenues:		
Other	998	749
<b>Total Operating Revenues</b>	<b>222,164</b>	<b>215,766</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<b>Educational and General</b>		
Instruction	140,539	130,378
Research	29,176	30,465
Public Service	11,478	11,015
Academic Support	29,014	28,876
Student Services	22,867	20,782
Institutional Support	46,159	40,376
Operation and Maintenance of Plant	25,238	22,692
Depreciation and Amortization	13,284	12,770
Scholarships and Fellowships	11,654	11,832
<b>Auxiliary Enterprises</b>	<b>11,353</b>	<b>10,565</b>
<b>Total Operating Expenses</b>	<b>340,762</b>	<b>319,751</b>
<b>Operating Loss</b>	<b>(118,598)</b>	<b>(103,985)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
State Appropriations	100,553	89,435
Gifts	4,535	3,767
Investment Return	11,306	8,692
Endowment Return	1,997	1,718
Interest on Indebtedness	(6,665)	(9,570)
Nonoperating Federal Grants	21,173	20,817
Other Nonoperating Income/(Expense)	275	(636)
<b>Net Nonoperating Revenues</b>	<b>133,174</b>	<b>114,223</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>14,576</b>	<b>10,238</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	42,978	26,401
Capital Grants and Contracts	1,856	
Disposal of Plant Facilities	(1,157)	(1,039)
Other Additions/(Deductions)	(3,302)	(2,029)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>40,375</b>	<b>23,333</b>
<b>Total Increase in Net Position</b>	<b>54,951</b>	<b>33,571</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	299,837	268,958
Cummulative Effect of Accounting Principle		(2,692)
Net Position at the Beginning of Year, as adjusted	299,837	266,266
<b>Net Position at End of Year</b>	<b>354,788</b>	<b>299,837</b>

University of Massachusetts  
**DARTMOUTH CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2014 and 2013**  
(in thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$1,023	\$2,412
Cash Held By State Treasurer	2,895	1,660
Accounts, Grants, and Loans Receivable, net	12,306	23,753
Short Term Investments	3,172	3,879
Inventories, net		792
Due From Other Campuses	1,141	1,310
Due From Related Organizations	181	230
Other Assets	280	32
<b>Total Current Assets</b>	<b>20,998</b>	<b>34,088</b>
<b>Noncurrent Assets</b>		
Cash Held By State Treasurer	2,118	766
Cash and Securities Held By Trustees	49,581	54,725
Accounts, Grants and Loans Receivable, net	2,836	2,340
Investments	13,200	14,866
Other Assets		7
Investment in Plant, net	335,741	318,533
<b>Total Noncurrent Assets</b>	<b>403,278</b>	<b>391,037</b>
<b>Total Assets</b>	<b>\$424,276</b>	<b>\$425,125</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Change in Fair Value of Interest Rate Swaps	\$5,845	\$5,496
Loss on Debt Refunding	23,148	21,474
<b>Total Deferred Outflows of Resources</b>	<b>\$ 28,993</b>	<b>\$ 26,970</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$5,861	\$6,490
Accrued Salaries and Wages	11,069	10,357
Accrued Compensated Absences	5,918	5,829
Accrued Workers' Compensation	538	344
Accrued Interest Payable	1,308	1,505
Bonds Payable	46,765	89,332
Accelerated variable rate debt, current	102	
Due To Other Campuses	200	500
Unearned Revenues and Credits	1,739	1,147
Advances and Deposits	1,171	1,191
Other Liabilities	1,562	3,860
<b>Total Current Liabilities</b>	<b>76,231</b>	<b>120,355</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	3,829	3,724
Accrued Workers' Compensation	1,331	855
Bonds Payable	177,684	145,287
Derivative Instrument, Interest Rate Swap	15,408	15,522
Unearned Revenues and Credits	54	295
Advances and Deposits	3,032	2,749
Other Liabilities	29,720	30,255
<b>Total Noncurrent Liabilities</b>	<b>231,058</b>	<b>198,887</b>
<b>Total Liabilities</b>	<b>\$307,289</b>	<b>\$319,042</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt Restricted	\$136,286	\$118,144
Expendable	8,999	7,516
Unrestricted	695	7,393
<b>Total Net Position</b>	<b>\$145,980</b>	<b>\$133,053</b>

University of Massachusetts  
**DARTMOUTH CAMPUS**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For The Years Ended June 30, 2014 and 2013**  
(in thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (net of scholarship allowances of \$ 33,161 at June 30, 2014 and \$31,279 June 30, 2013)	\$72,885	\$76,821
Federal Grants and Contracts	8,632	9,421
State Grants and Contracts	5,683	6,268
Local Grants and Contracts	577	315
Private Grants and Contracts	4,000	3,850
Sales and Service, Educational	125	125
Auxiliary Enterprises	48,220	48,405
Other Operating Revenues:		
Other	5,932	5,079
<b>Total Operating Revenues</b>	<b>146,054</b>	<b>150,284</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<b>Educational and General</b>		
Instruction	68,583	68,426
Research	17,013	18,274
Public Service	4,503	5,513
Academic Support	26,073	25,687
Student Services	11,574	10,971
Institutional Support	17,600	14,104
Operation and Maintenance of Plant	25,015	19,604
Depreciation and Amortization	15,064	13,438
Scholarships and Fellowships	6,659	6,011
<b>Auxiliary Enterprises</b>	<b>30,424</b>	<b>30,055</b>
<b>Total Operating Expenses</b>	<b>222,508</b>	<b>212,083</b>
<b>Operating Loss</b>	<b>(76,454)</b>	<b>(61,799)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
State Appropriations	64,633	57,242
Investment Return	2,602	2,190
Endowment Income	1,733	1,509
Interest on Indebtedness	(8,617)	(8,434)
Nonoperating Federal Grants	11,987	10,492
Other Nonoperating Income	587	685
<b>Net Nonoperating Revenues</b>	<b>72,925</b>	<b>63,684</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>(3,529)</b>	<b>1,885</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	14,556	16,037
Capital Grants and Contracts	5,815	13,813
Disposal of Plant Facilities	(1,293)	(1,140)
Other Additions/(Deductions)	(2,622)	(593)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>16,456</b>	<b>28,117</b>
<b>Total Increase in Net Position</b>	<b>12,927</b>	<b>30,002</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	133,053	105,585
Cummulative effect of change in accounting principle		(2,534)
Net Position at Beginning of Year, as adjusted		103,051
<b>Net Position at End of Year</b>	<b>\$145,980</b>	<b>133,053</b>

University of Massachusetts  
**LOWELL CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2014 and 2013**  
(in thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$5,718	\$8,996
Cash Held By State Treasurer	5,345	5,088
Accounts, Grants and Loans Receivable, net	29,338	31,100
Pledges Receivable, net	1,001	659
Short Term Investments	23,842	17,186
Due From Other Campuses	5,235	5,732
Other Assets	616	706
<b>Total Current Assets</b>	<b>71,095</b>	<b>67,467</b>
<b>Noncurrent Assets</b>		
Cash Held By State Treasurer	1,099	2,787
Cash and Securities Held By Trustees	114,045	35,345
Accounts, Grants and Loans Receivable, net	5,009	4,874
Pledges Receivable, net	1,470	871
Investments	78,339	64,665
Other Assets	740	1,777
Investment in Plant, net	574,746	478,769
<b>Total Noncurrent Assets</b>	<b>775,448</b>	<b>589,088</b>
<b>Total Assets</b>	<b>\$846,543</b>	<b>\$856,555</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Change in Fair Value of Interest Rate Swaps	\$5,820	\$5,789
Loss on Debt Refunding	2,590	3,878
<b>Total Deferred Outflows of Resources</b>	<b>\$ 8,410</b>	<b>\$ 9,667</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$16,111	\$17,910
Accrued Salaries and Wages	17,652	16,402
Accrued Compensated Absences	9,253	8,878
Accrued Workers' Compensation	462	404
Accrued Interest Payable	3,260	2,856
Bonds Payable	20,947	20,272
Accelerated variable rate debt, current	33,292	
Unearned Revenues and Credits	6,377	4,388
Advances and Deposits	1,365	1,516
Other Liabilities	12,065	7,919
<b>Total Current Liabilities</b>	<b>120,784</b>	<b>60,343</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences	5,239	5,014
Accrued Workers' Compensation	1,147	1,003
Bonds Payable	411,125	281,451
Derivative Instruments, Interest Rate Swap	7,471	7,523
Unearned Revenues and Credits	1,297	3,238
Advances and Deposits	3,808	3,854
Other Liabilities	250	250
<b>Total Noncurrent Liabilities</b>	<b>430,337</b>	<b>302,333</b>
<b>Total Liabilities</b>	<b>\$551,121</b>	<b>\$382,676</b>
<b>Net Position:</b>		
Invested in Capital Assets Net of Related Debt	\$199,226	\$193,871
Restricted		
Nonexpendable	3,957	4,185
Expendable	20,465	14,946
Unrestricted	80,164	70,544
<b>Total Net Position</b>	<b>\$303,832</b>	<b>\$283,548</b>

University of Massachusetts  
**LOWELL CAMPUS**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For The Years Ended June 30, 2014 and 2013**  
(in thousands of dollars)

	June 30, 2014	June 30, 2013 (adjusted)
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and Fees (net of scholarship allowances of \$ 37,245 at June 30, 2014 and \$34,956 at June 30, 2013)	\$152,563	\$139,748
Federal Grants and Contracts	24,362	23,151
State Grants and Contracts	5,121	5,091
Local Grants and Contracts	457	322
Private Grants and Contracts	10,073	10,160
Sales and Service, Educational	33	129
Auxiliary Enterprises	45,101	36,188
Other Operating Revenues:		
Other	6,726	6,046
<b>Total Operating Revenues</b>	<b>244,436</b>	<b>220,835</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
<b>Educational and General</b>		
Instruction	111,203	105,148
Research	36,624	35,921
Public Service	830	1,321
Academic Support	26,112	22,656
Student Services	27,033	21,280
Institutional Support	43,222	39,316
Operation and Maintenance of Plant	34,453	30,056
Depreciation and Amortization	23,926	19,657
Scholarships and Fellowships	9,932	9,767
<b>Auxiliary Enterprises</b>	<b>26,276</b>	<b>21,176</b>
<b>Total Operating Expenses</b>	<b>339,611</b>	<b>306,298</b>
<b>Operating Loss</b>	<b>(95,175)</b>	<b>(85,463)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
State Appropriations	88,136	79,228
Gifts	3,484	2,170
Investment Return	8,284	6,440
Endowment Return	1,720	1,554
Interest on Indebtedness	(12,311)	(9,625)
Nonoperating Federal Grants	15,781	15,410
Other Nonoperating Income/(Expense)	8	(239)
<b>Net Nonoperating Revenues</b>	<b>105,102</b>	<b>94,938</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>9,927</b>	<b>9,475</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>		
Capital Appropriations	2,788	17,164
Capital Grants and Contracts	5,843	5,613
Capital Contribution		3,000
Disposal of Plant Facilities	1,550	(1,388)
Other Additions/(Deductions)	178	(379)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>10,359</b>	<b>24,010</b>
<b>Total Increase in Net Position</b>	<b>20,286</b>	<b>33,485</b>
<b>NET POSITION</b>		
Net Position at Beginning of Year, as reported	283,546	251,973
Cummulative effect of change in accounting principle		(1,912)
Net Position at Beginning of Year, as adjusted		250,061
<b>Net Position at End of Year</b>	<b>\$303,832</b>	<b>283,546</b>

University of Massachusetts  
**WORCESTER CAMPUS**  
**Statements of Net Position**  
**As of June 30, 2014 and 2013**  
(in thousands of dollars)

	Worcester Campus June 30, 2014	Worcester Campus June 30, 2013 (adjusted)	Worcester City Campus Corporation June 30, 2014	Worcester City Campus Corporation June 30, 2013 (adjusted)	Eliminations June 30, 2014	Eliminations June 30, 2013	Combined Totals Memorandum Only June 30, 2014	Combined Totals Memorandum Only June 30, 2013 (adjusted)
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$5,742	\$8,696	\$6,246	\$27,104			\$11,988	\$35,800
Cash Held By State Treasurer	1,593	1,625					1,593	1,625
Accounts, Grants and Loans Receivable, net	115,344	118,558	2,139	695			117,483	119,253
Pledges Receivable, net	7,545	9,710					7,545	9,710
Short Term Investments	26,508	26,513					26,508	26,513
Inventories, net	10,836	13,015					10,836	13,015
Accounts Receivable UMass Memorial	38,782	12,690	2,045	44			40,807	12,734
Due From Other Campuses	13,060	14,355					13,960	14,355
Due From Related Organizations	3,881	1,907	81,623	48,343	(85,504)	(49,711)		539
Other Assets	2,529	3,456	328	539			2,857	3,995
<b>Total Current Assets</b>	<b>226,700</b>	<b>210,525</b>	<b>92,381</b>	<b>76,725</b>	<b>(85,504)</b>	<b>(49,711)</b>	<b>233,577</b>	<b>237,539</b>
<b>Noncurrent Assets</b>								
Cash Held By State Treasurer	423	163					423	163
Cash and Securities Held By Trustees	5,484	30,365	32	24			5,516	30,389
Accounts, Grants and Loans Receivable, net	5,626	5,626					5,626	5,626
Investments	189,494	173,977					189,494	173,977
Investment in Plant, net	659,834	684,682	394,905	414,318			1,054,739	1,079,000
<b>Total Noncurrent Assets</b>	<b>860,861</b>	<b>874,813</b>	<b>394,937</b>	<b>414,342</b>			<b>1,255,788</b>	<b>1,289,155</b>
<b>Total Assets</b>	<b>\$1,087,561</b>	<b>\$1,085,338</b>	<b>\$487,318</b>	<b>\$491,067</b>	<b>(\$85,504)</b>	<b>(\$49,711)</b>	<b>\$1,489,375</b>	<b>\$1,526,694</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred Outflows of Resources								
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts Payable	\$19,932	\$27,562	\$4,294	\$4,217			\$24,226	\$31,779
Accrued Salaries and Wages	15,905	17,541					15,905	17,541
Accrued Compensated Absences	18,392	19,490					18,392	19,490
Accrued Workers' Compensation	1,003	1,102					1,003	1,102
Accrued Interest Payable	3,651	3,697	3,458	3,647			7,109	7,344
Bonds Payable	8,781	8,195	11,197	9,090			19,978	17,285
Accounts Payable UMass Memorial	3,864	4,364					3,864	4,364
Due to Related Organizations	81,974	48,184	3,484	1,907	(85,504)	(49,711)	(46)	380
Due to Other Campuses	6						6	
Unearned Revenues and Credits	12,283	14,599					12,283	14,599
Advances and Deposits	267	1,806					267	1,806
Other Liabilities	14,114	19,759	3,686	3,448			17,800	23,207
<b>Total Current Liabilities</b>	<b>180,152</b>	<b>166,099</b>	<b>28,119</b>	<b>22,309</b>	<b>(85,504)</b>	<b>(49,711)</b>	<b>120,787</b>	<b>138,697</b>
<b>Noncurrent Liabilities</b>								
Accrued Compensated Absences	5,583	5,343					5,583	5,343
Accrued Workers' Compensation	2,492	2,738					2,492	2,738
Bonds Payable	387,218	390,198	294,514	305,482			681,732	695,680
Unearned Revenues and Credits	6,525	4,571					6,525	4,571
Advances and Deposits	3,448	3,447					3,448	3,447
Other Liabilities	603	3,500	469	504			1,072	4,004
<b>Total Noncurrent Liabilities</b>	<b>405,869</b>	<b>409,797</b>	<b>294,983</b>	<b>305,986</b>			<b>700,852</b>	<b>715,783</b>
<b>Total Liabilities</b>	<b>\$586,021</b>	<b>\$575,896</b>	<b>\$321,102</b>	<b>\$328,295</b>	<b>(\$85,504)</b>	<b>(\$49,711)</b>	<b>\$821,619</b>	<b>\$854,480</b>
<b>Net Position:</b>								
Invested in Capital Assets Net of Related Debt	\$272,937	\$288,219	\$87,344	\$97,020			\$360,281	\$385,239
<b>Restricted</b>								
Nonexpendable	1,152	1,023					1,152	1,023
Expendable	38,674	39,775	27	2,947			38,701	42,722
Unrestricted	188,777	180,425	78,845	62,805			267,622	243,230
<b>Total Net Position</b>	<b>\$501,540</b>	<b>\$509,442</b>	<b>\$166,216</b>	<b>\$162,772</b>			<b>\$667,756</b>	<b>\$672,214</b>

University of Massachusetts  
**WORCESTER CAMPUS**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For The Years Ended June 30, 2014 and June 30, 2013**  
(in thousands of dollars)

	Worcester Campus June 30, 2014	Worcester Campus June 30, 2013	Worcester City City Campus Corporation June 30, 2014	Worcester City City Campus Corporation June 30, 2013	Eliminations June 30, 2014	Eliminations June 30, 2013	Combined Totals Memorandum Only June 30, 2014	Combined Totals Memorandum Only June 30, 2013
<b>REVENUES</b>								
<i>Operating Revenues</i>								
Tuition and Fees (net of scholarship allowances of \$2,283 at June 30, 2014 and \$2,780 at June 30, 2013)	\$16,245	\$14,367					\$16,245	\$14,367
Federal Grants and Contracts	159,994	174,803					159,994	174,803
State Grants and Contracts	35,930	33,140					35,930	33,140
Private Grants and Contracts	55,070	48,391					55,070	48,391
Sales and Service, Educational	8,045	5,345					8,045	5,345
Auxiliary Enterprises	31,424	33,101				(3,470)	31,424	29,631
<i>Other Operating Revenues:</i>								
Sales and Service, Independent Operations	44,296	46,062					44,296	46,062
Sales and Service, Public Service Activities	446,557	446,925	44,908	33,277	(42,987)	(33,083)	446,478	447,119
Other	37,384	42,674	59,110	57,238	(36,743)	(38,944)	59,751	60,968
<b>Total Operating Revenues</b>	<b>834,945</b>	<b>844,608</b>	<b>104,018</b>	<b>90,515</b>	<b>(79,730)</b>	<b>(75,497)</b>	<b>859,233</b>	<b>859,626</b>
<b>EXPENSES</b>								
<i>Operating Expenses</i>								
<i>Educational and General</i>								
Instruction	53,538	53,969			(72)	(74)	53,466	53,895
Research	213,221	215,744			(90)	(88)	213,131	215,656
Public Service	32,211	30,657					32,211	30,657
Academic Support	11,693	12,129			(102)	(102)	11,591	12,027
Student Services	5,760	5,850					5,760	5,850
Institutional Support	55,909	58,087			(294)	(275)	55,615	57,792
Operation and Maintenance of Plant	45,695	50,956	24,382	26,100	(24,422)	(30,191)	45,655	48,885
Depreciation and Amortization	43,157	41,562	20,126	20,579			63,283	62,161
<i>Auxiliary Enterprises</i>								
Other Expenditures	24,161	24,557			(1,800)	(1,800)	22,361	22,757
<i>Independent Operations</i>								
Public Service Activities	\$1,481	\$4,434			(6,600)	(6,600)	44,881	47,826
	367,226	334,845	44,376	28,608	(46,350)	(36,361)	365,252	327,293
<b>Total Operating Expenses</b>	<b>904,032</b>	<b>882,890</b>	<b>88,886</b>	<b>75,488</b>	<b>(79,730)</b>	<b>(75,497)</b>	<b>913,188</b>	<b>882,881</b>
<b>Operating Income/(Loss)</b>	<b>(69,087)</b>	<b>(38,282)</b>	<b>15,132</b>	<b>15,027</b>			<b>(53,955)</b>	<b>(23,255)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>								
State Appropriations	44,620	41,136					44,620	41,136
Gifts	4,855	10,157					4,855	10,157
Investment Return	25,858	13,933	457	551			26,315	14,484
Endowment Return	2,535	2,351					2,535	2,351
Interest on Indebtedness	(21,871)	(23,759)	(14,320)	(13,869)			(36,191)	(37,628)
Other Nonoperating Income	146	1,385		(50)			146	1,326
<b>Net Nonoperating Revenues</b>	<b>56,143</b>	<b>45,203</b>	<b>(13,863)</b>	<b>(13,377)</b>			<b>42,280</b>	<b>31,826</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>(12,944)</b>	<b>6,921</b>	<b>1,269</b>	<b>1,650</b>			<b>(11,675)</b>	<b>8,571</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>								
Capital Appropriations	419	45					419	45
Capital Grants and Contracts		16,695						16,695
Disposal of Plant Facilities	(1,179)	(1,248)	(66)	(9)			(1,245)	(1,257)
Contributions for Capital Expenditures	(4,976)		5,226	1,514			250	1,514
Other Additions/Deductions	10,778	8,548	(2,885)	(1,216)			7,793	7,332
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>5,042</b>	<b>24,040</b>	<b>2,175</b>	<b>289</b>			<b>7,217</b>	<b>24,329</b>
<b>Total Increase in Net Position</b>	<b>(7,902)</b>	<b>30,961</b>	<b>3,444</b>	<b>1,939</b>			<b>(4,458)</b>	<b>32,900</b>
<b>NET POSITION</b>								
Net Position at Beginning of Year, as reported	509,442	482,328	162,772	163,691			672,214	646,019
Cumulative effect of change in accounting principle		(3,847)		(2,858)				(6,705)
Net Position at Beginning of Year, as adjusted		478,481	162,772	160,833				639,314
<b>Net Position at End of Year</b>	<b>\$501,540</b>	<b>\$509,442</b>	<b>\$166,216</b>	<b>\$162,772</b>			<b>\$667,756</b>	<b>\$72,214</b>



**Combining Statements of Revenues, Expenses, and Changes in Net Position for University Related Organizations  
For The Years Ended June 30, 2014 and 2013  
(in thousands of dollars)**

**Supplemental Schedule II**

	Eliminations and Adjustments		The University of Massachusetts Foundation, Inc.		University of Massachusetts Dartmouth Foundation, Inc.	
	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2013
<b>EXPENSES</b>						
<i>Operating Expenses</i>						
<i>Educational and General</i>						
Public Service	\$11,066	(\$658)	\$8,872	\$2,852	\$10,308	\$2,997
Depreciation	200		200		202	
Scholarships and Fellowships	177	(1,326)	642	861	561	691
<b>Total Operating Expenses</b>	<b>11,443</b>	<b>(1,984)</b>	<b>9,714</b>	<b>3,713</b>	<b>11,071</b>	<b>3,688</b>
<i>Operating Income/(Loss)</i>	<b>(11,443)</b>	<b>1,984</b>	<b>(9,714)</b>	<b>(3,713)</b>	<b>(11,071)</b>	<b>(3,688)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Gifts	11,083	(2,019)	6,257	6,825	217	2,935
Investment Income	42,849	(65,246)	103,882	4,213	(35,589)	2,467
Endowment Income	1,070	(16,625)	17,695		(13,936)	15,096
<b>Net Nonoperating Revenues</b>	<b>54,982</b>	<b>(83,890)</b>	<b>127,834</b>	<b>11,038</b>	<b>(49,308)</b>	<b>5,402</b>
<i>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</i>	<b>43,539</b>	<b>(81,906)</b>	<b>118,120</b>	<b>7,325</b>	<b>(47,401)</b>	<b>1,714</b>
<b>OTHER REVENUES, EXPENSES, GAINS, AND LOSSES</b>						
Additions to Permanent Endowments	17,566	(1,746)	19,312		(844)	443
Less: Amounts Earned/Received on Behalf of the University		54,746	(54,746)		(637)	637
Less: Amounts Earned/Received on Behalf of Others	(1,555)		(1,555)		(928)	
Distribution to University		20,268	(20,268)		46,764	(46,764)
Other Additions/Deductions	32	94	(17)	(45)	(1,656)	(8,554)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>16,043</b>	<b>73,362</b>	<b>(57,274)</b>	<b>(45)</b>	<b>43,627</b>	<b>(39,162)</b>
<b>Total Increase/(Decrease) in Net Assets</b>	<b>59,582</b>	<b>(8,544)</b>	<b>60,846</b>	<b>7,280</b>	<b>(3,774)</b>	<b>28,835</b>
<b>NET POSITION</b>						
Net Position at Beginning of Year	386,212	(53,286)	394,285	45,213	(49,512)	365,450
<b>Net Position at End of Year</b>	<b>\$445,794</b>	<b>(\$61,830)</b>	<b>\$455,131</b>	<b>\$52,493</b>	<b>(\$53,286)</b>	<b>\$394,285</b>

## Lawrence Crehan

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University of Massachusetts Medical School – Center for Health Care Financing  
Senior Associate, Title XIX

### Education

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**Boston College, Boston, MA**  
Bachelor of Science, Accounting

### Employment

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**University of Massachusetts Medical School - Shrewsbury, MA**..... 1998 - Present  
Senior Associate, Center for Health Care Financing

- Medicare/Medicaid Reimbursement Consultant providing assistance to the State of Massachusetts and other states in the analysis of potential revenue projects
- Monitor and review federal law, regulations, and policies

**Department of Health and Human Services** ..... 1977 - 1998  
Health Care Financing Administration (HCFA)

- After SSA, BHI reorganized into HCFA, continued as RHIF at BC/BS of MA and at Aetna Insurance
- Supervised the Financial Unit (contractor budgets, cost reports and financial activities), Contract Operations Branch (Quality Control, Medical Review, Professional Standard Review Organizations (PSRO) functions and Medicare coverage and policy issues), and functioned as the (1) Institutional Program Validation Accountant (fraud and abuse), (2) Supervisor in the Medicare Cost Reimbursement and Audit Quality Control Unit, and (3) Supervisor in the Medicaid Institutional and Non-Institutional Unit.
- This unit was responsible for all Medicaid reimbursement in the region, disproportionate share hospital policy, donations, taxes, intergovernmental transfers, and negotiations with states in Region I up to the governor level

**Department of Health Education and Welfare, Social Security Administration (SSA)**..... 1973 - 1977  
Bureau of Health Insurance (BHI)

- Functioned as the resident health insurance representative (RHIR) at Blue Cross and Blue Shield of Massachusetts, Inc.
- Activities covered all aspects of the contractor's operation
- Worked with all staff from claims reviewers to the Board of Directors

**Department of Health, Education and Welfare Audit Agency** ..... 1971-1973

- Supervised and performed financial and program audits of Medicare, Medicaid, public health, vocational education, vocational rehabilitation, state and local municipalities, and university and nonprofit organizations and programs

**Department of Defense-Defense Contract Audit Agency ..... 1966-1971**

- Performed financial and program audits at General Electric concerning the manufacturing of jet engines and spare parts under contracts with the Departments of the Air Force, Army, and Navy
- Represented the Department of Defense during contract negotiations

**United States Army Audit Agency ..... 1965-1966**

- Performed financial, mission, and program audits of Department of Army installations and components

**Expertise**

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|---|---|
| <ul style="list-style-type: none"> <li>• Accounting</li> <li>• Analysis</li> <li>• Auditing</li> <li>• Federal law and regulation interpretation</li> <li>• Medicare Title XVII</li> <li>• Claims processing Part A, Part B, and outpatient</li> <li>• Administrative costs</li> <li>• Beneficiary services</li> <li>• HMOs</li> <li>• Managed care</li> <li>• Medical review process</li> <li>• Medicare coverage</li> <li>• Medicare disproportionate share hospital requirements</li> <li>• Overpayments</li> <li>• Program integrity-fraud and abuse</li> <li>• Prospective payment reimbursement</li> <li>• Provider-based physicians</li> <li>• Provider reimbursement review board issues</li> <li>• Quality control</li> <li>• Reasonable charges</li> <li>• Reconsiderations and appeals—Part A and Part B appeals</li> <li>• Reimbursement and audit</li> <li>• Survey, certification, and enforcement</li> </ul> | <ul style="list-style-type: none"> <li>• Teaching physicians</li> <li>• Utilization review</li> <li>• Other-ambulatory surgical centers, critical access hospitals, federally qualified health centers, hospice care, rural health centers, rural referral centers, and sole community providers</li> <li>• Medicaid             <ul style="list-style-type: none"> <li>○ Disproportionate share hospital payments</li> <li>○ Donations</li> <li>○ Federal claims and time limits</li> <li>○ Grant Appeals Board</li> <li>○ HMOs</li> <li>○ Intergovernmental transfers</li> <li>○ Institutional reimbursement</li> <li>○ Non-institutional reimbursement</li> <li>○ State plans</li> <li>○ Taxes</li> <li>○ Waives</li> <li>○ Quality control</li> <li>○ Research</li> </ul> </li> </ul> |
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## Rebecca Kushner, M.A., M.P.A.

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University of Massachusetts Medical School – Center for Health Law and Economics  
Senior Research Policy Analyst

### Education

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Kennedy School of Government..... June 2004  
Master in Public Administration

Simmons College ..... May 1996  
M.A. and Teaching Certificate in English as a Second Language

University of Maryland ..... June 1992  
B.A. and Teaching Certificate in High School English

### Professional Experience

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**University of Massachusetts Medical School, Charlestown, MA.....2013–Present**  
Senior Research Policy Analyst, Center for Health Law and Economics

- Currently performing research for the New Hampshire Insurance Department’s initiative to improve its HealthCost website for consumers; analyzing claims data to identify appropriate dental procedures and prescription drugs to include in enhanced website.
- Develop extensive code in SAS to provide complex data analyses on insurance price variation, premiums, member out of pocket expenses, payers, products, CPT codes, and other variables using states’ All Payer Claims Databases (APCDs) as well as other regional and national sources, such as CMS’s HCRIS data, AHRQ’s MEPS and HCUP databases, Rural Assistance Center (RAC) information, and Health Affairs journal articles.
- Model costs and provide analyses on health care topics such as the uninsured, Massachusetts Medicaid hospital payment options, and pediatric asthma patients for various New England states.
- Conducted literature review for and drafted data sections of 2013 New Hampshire Insurance Department report, “New Hampshire’s Health Insurance Market and Provider Payment System: An Analysis of Stakeholder Views” and 2014 Vermont Green Mountain Care Board report “Price Variation Analysis”.
- Conducted database analysis of Medicaid claims for long-term services and supports (LTSS), including home and community based services (HCBS), for elders in Vermont and Connecticut for the New England States Consortium Systems Organization (NESCSO).

**Massachusetts Department of Transitional Assistance (DTA), Boston, MA.....2008–2013**  
TAFDC/TANF Welfare Budget Analyst

- Analyzed impact of regulatory changes on both welfare caseload level and annual budget; created ad hoc database queries on populations affected by proposed regulation change and collaborated with program, policy, and field operations staff to ensure accurate modeling of the proposed regulation.
- Created database of client enrollment and expenditure data for CIES vocational training program in order to provide analytical reports on issues such as vendor outcome measurement. Received 2011

Commissioner's Citation Award for High Performance for creation of this database. Developed user guide and trained program staff on use of database.

- Led a work group that created a client survey focused on work-required TAFDC recipients, to identify barriers to employment and economic self-sufficiency, as well as unmet client needs and DTA customer service issues; wrote preliminary report analyzing data results.

**Joseph M. Smith Community Health Center, Inc., Boston, MA ..... 2006–2007**

**Grants Manager**

- Managed grants for organization with \$10M budget and 3 sites, tracking budgets and achievement of goals. Created performance measurement system for outreach and insurance counseling staff that also showed changes in client need for services.
- Wrote \$50,000+ proposals for clinical programs for public and private sector grants, including two federal grants funded at \$1.5M. Used local, state, and national data on health outcomes in grant proposals.
- Created database to track grants, with assistance of pro bono expert I secured, thereby improving ability of Development Department to provide managers with timely information related to grants.

**Various Non-Profit Organizations, Boston, MA ..... 2004–2007**

**Consultant**

- Provided research, writing, and analytical services on education, the environment, health care, and other topics.
- Created and tested websites that non-profits could then update themselves.

**Civic Engagement and Advocacy**

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**Goddard House Family Council ..... 2011–2012**

**Founder and President**

- Founded independent family council at grandmother's nursing home, to create unified voice for families to advocate for residents at facility. Wrote by-laws and held election to ensure orderly proceedings. Worked with Goddard House management on care issues, until facility's closing in summer 2012.
- Oversaw committee work, including: creation of 22-page orientation manual for new families written and edited by multiple Council members; dissemination of cards to residents on their birthdays and family members when a resident died; and solicitation of corporate donation of a van for use on field trips.
- Interfaced with local and national organizations that advocate for improved care for nursing home residents.

**Care Packages for Soldiers ..... 2008–2009**

**Founder**

- Founded program to create care packages for soldiers in Iraq and Afghanistan containing toiletries, food, candy, magazines, and gifts for Iraqi/Afghani children; raised enough funds (over \$1,600) and item donations to assemble over 180 care packages in a year and a half.

## Katharine London, M.S.

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University of Massachusetts Medical School, Center for Health Law and Economics  
Principal Associate

### Education

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**Harvard School of Public Health, Boston, MA..... 1990**

Master of Science degree in Health Policy and Management

- Concurrent coursework at Harvard's Kennedy School of Government and MIT's Sloan School of Management

**Harvard and Radcliffe Colleges, Cambridge, MA..... 1986**

Bachelor of Arts degree in Applied Mathematics with Biology

### Employment

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**University of Massachusetts Medical School, Charlestown, MA.....2009–Present**  
**Center for Health Law and Economics**

Principal

Member of senior leadership team of a university-based center providing consulting services in health economics and public policy analysis to government and not-for-profit clients. Projects include:

**Vermont Agency of Administration, Green Mountain Care ..... July 2012–Dec. 2014**

- Coordinated a team of staff from UMass, Vermont state agencies and other vendors to develop a health care financing plan for the State of Vermont's single payer health reform, including models of health reforms, estimates of baseline costs, costs and savings due to health reforms, and federal revenues to finance health reforms.

**Massachusetts Pediatric Asthma Bundled Payment Pilot ..... Feb. 2011–Present**

- Lead an effort to design, implement, and evaluate a bundled payment system for high-risk pediatric asthma patients enrolled in the Massachusetts Medicaid program, designed to ensure a financial return on investment through the reduction of costs related to hospital and emergency department visits and admissions.

**Vermont Green Mountain Care Board, Price Variation Analysis..... November 2013–August 2014**

- Analyzed the variation in commercial carrier prices paid for professional services in Vermont, in collaboration with staff from the University of Vermont College of Medicine. Provided technical expertise to the GMCB on developing and implementing all payer payment rates for health care services.

**New Hampshire Insurance Department, Analysis of Hospital Price Variations..... July 2011–April 2012**

- Evaluated the variation in prices paid by commercial health insurance carriers to New Hampshire

health care providers. Analyzed the variance attributable to the relative proportion of Medicare, Medicaid, and uninsured patients, to the sickness and complexity of patient populations, and to other factors using New Hampshire’s All Payer Claims Dataset.

**Connecticut Sustinet Health Partnership ..... May 2010–Jan. 2011**

- Provided project management, facilitation, analytic support, and report writing to help this public-private Board of Directors and eight advisory committees (comprised of 160 individuals) develop a public option health plan proposal using the medical home model and alternative payment methods.

**Massachusetts Long-Term Care Financing Advisory Committee..... July 2009–Nov. 2010**

- Provided project management, facilitation, analytic support, and report writing to help this advisory committee develop short-term and long-term recommendations for improving options for financing the costs of long-term services and supports.

**Massachusetts Health Care Quality and Cost Council, Boston, MA..... 2007–2008**

**Executive Director**

- Directed staff, policy development, and operations for this 16 member public-private Council
- Established statewide goals to improve health care quality, to contain health care costs, and to reduce racial and ethnic disparities in health care in Massachusetts. Drafted the Council’s Annual Report listing specific tasks for each health care sector in order to meet the statewide goals.
- Collected data from 22 commercial health insurers and built a dataset containing all health care claims data for all Massachusetts residents covered by a fully insured Massachusetts-based health plan. The dataset incorporated payments made under a wide range of payment methodologies and served as the foundation for the Massachusetts All-Payer Claims Dataset.
- Designed and launched a consumer-friendly health care quality and cost information website, [www.mass.gov/myhealthcareoptions](http://www.mass.gov/myhealthcareoptions), the first in the nation to display hospital-specific quality and cost information simultaneously.
- Guided the Council and its Committees to establish strategic direction; developed and implemented the Council's communications strategy. Served as a liaison between the Council, its 30 member Advisory Committee, and other key constituencies. Directed the Council's administrative functions: managed the Council’s \$1.9 million budget; drafted and promulgated three complex regulations; procured and managed eight vendor contracts.

**Massachusetts Office of the Attorney General, Boston, MA ..... 2003–2007**

**Director of Health Policy**

- Advised the Massachusetts Attorney General and Assistant Attorneys General on health policy matters, payment methods, rates, purchasing strategies, and other health care components of legal cases. Implemented the Attorney General’s health care priorities in coordination with the Office’s Divisions of Public Charities, Insurance, and Consumer Protection and Anti-Trust.
- Identified financially distressed hospitals and health plans and ensured they developed viable turnaround plans. Analyzed the effects of potential mergers and acquisitions on the health care market. Distributed legal settlement funds to health care charities.
- Received the Attorney General’s Award for Excellence, 2006.

**Massachusetts Division of Health Care Finance and Policy, Boston, MA**

Director, Office of Special Policy Initiatives.....2001–2003  
 Policy Development Manager .....1996–2001

- Directed complex, high-profile projects that crossed department and agency lines. Advised the agency Commissioner and the Secretary of Health and Human Services on health policy issues.
- **Massachusetts Health Care Task Force (2000-2002):** Directed staff support and analysis of private and public payment rates and methods, provider cost, utilization and financial status trends in the hospital, nursing home, pharmacy, and other sectors. Task Force members included the Governor, Attorney General, legislative leaders, other high level government officials, CEOs of major hospitals and health plans, and leaders of professional organizations and advocacy groups.
- **Special Commissions on Uncompensated Care (1997 and 2002):** Directed staff support and analysis for two Commissions composed of representatives from government, health care providers, payers, business and consumers and charged with revising the Commonwealth’s policies and procedures for financing uncompensated care.
- Developed policy for the Massachusetts Uncompensated Care Pool, a \$345 million fund that paid for health care services for low income uninsured and under-insured individuals.
- Implemented a \$100 million surcharge on payments to hospitals and an electronic system to collect patient-level Uncompensated Care eligibility and claims data for the 350,000 patients served by the Pool.

**Massachusetts Rate Setting Commission, Boston, MA**

Policy Analyst, Senior Policy Analyst, Assistant Manager .....1990–1996

- Calculated maximum allowable private sector charges under Massachusetts’ All-Payer Rate Setting system.
- Developed pricing methods and calculated payment rates for Massachusetts Medicaid, workers’ compensation, Uncompensated Care Pool, and Medicaid disproportionate share.
- Developed and analyzed policy options, drafted regulations, summarized and critiqued testimony presented at public hearings, and recommended final regulations to Commissioners.
- Evaluated the effects of proposed legislation on hospital costs, utilization, access, rates of payment, financial status, and market structure.

**Selected Publications**

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- State of Vermont Health Care Financing Plan Beginning Calendar Year 2017, prepared for the Vermont Agency of Administration, January 2013. (project lead, lead author, and editor)
- Analysis of Price Variations in New Hampshire Hospitals, prepared for the New Hampshire Insurance Department, April 2012. (project lead, lead author, and editor)
- Report to the Connecticut General Assembly from the SustiNet Health Partnership Board of Directors, January 2011. (co-author and analyst)
- Securing the Future: Report of the Massachusetts Long-Term Care Financing Advisory Committee, November, 2010. (co-author and analyst)
- My Health Care Options website, [www.mass.gov/myhealthcareoptions](http://www.mass.gov/myhealthcareoptions), launched December 2008. (staff

director, co-author, and editor)

- Weissman, J.S., P. Dryfoos, and K. London, "Income Levels of Bad-Debt and Free-Care Patients in Massachusetts Hospitals", Health Affairs, July/August 1999, 18:4 pp. 156-166.

## Michael Grenier, M.P.A.

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University of Massachusetts Medical School, Center for Health Law and Economics  
Senior Associate

### Education

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**University of Massachusetts—Amherst, MA ..... 1995**

Master Degree, Public Administration

**University of Massachusetts—Lowell, MA ..... 1993**

Bachelor of Arts, Political Science

### Employment

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**University of Massachusetts Medical School— Charlestown, MA .....2012 - Present**

Senior Associate, Center for Health Law and Economics

Senior team member of a university-based center providing consulting services in health financing and public policy analysis to government and not-for-profit clients; projects include:

- **Vermont Department of Disabilities, Aging, and Independent Living ... October 2014–Present**

Direct project to create a profile of current and future population demographics and service utilization of Vermont residents who are aged or have a disability. Final report will be used by the state and other interested parties to support planning for long-term services and supports.

- **New Hampshire Insurance Department, HealthCost Analytics .....April 2014 - Present**

Direct project to recommend and calculate commercial provider prices to be included in the New Hampshire HealthCost website, which allows consumers to compare prices from health care providers on various medical procedures.

- **Vermont Green Mountain Care Board ..... November 2013 – June 2014**

Directed analysis to evaluate the variation in commercial carrier prices paid for professional services in Vermont. Provided technical expertise to this public board on developing and implementing a statewide payment reform model.

- **Massachusetts Executive Office of Health and Human Services ..... November 2013 - Present**

Provide analysis and technical advice on the Commonwealth's nursing facility \$220 million provider tax program. Presented recommendations to senior policymakers, including Governor's staff, Secretary of Health and Human Services, and Medicaid Director.

- **Massachusetts Executive Office of Health and Human Services ..... January 2013 - Present**

Oversee cost weight development and provide technical expertise to support the Massachusetts Medicaid program in implementing a Diagnosis-Related Group (DRG) payment model for its \$600 million in payments to acute hospitals. Provide technical assistance for implementation of the Enhanced Ambulatory Patient Grouping (EAPG) outpatient payment model.

- **New Hampshire Office of Health and Human Services..... January 2013 - Present**

Develop financial models on behalf of New Hampshire to compensate New Hampshire hospitals that provide high volumes of uncompensated care. Provide technical assistance to the New Hampshire Medicaid Director and Governor’s staff on federal policy requirements for disproportionate share programs and health care related taxes, which produce revenues and funding for over \$380 million in state programs annually.

- **Massachusetts Center for Health Information and Analysis.....April 2012 - Present**

Developed methods and completed preliminary calculations to ensure that all Massachusetts facilities receiving Safety Net Care Pool payments are within limitations requirements under the federal Section 1115 MassHealth waiver. Provide technical assistance to support state negotiations with federal officials regarding implementation of federal waiver protocols. Completed calculation of the federal Medicaid upper payment limitation for Massachusetts hospitals for fiscal year 2012.

- **New Hampshire Insurance Department, Insurance Market Analysis ...January 2013 – June 2013**

Directed project to review of New Hampshire’s health insurance payment system, including factors that affect premium rates and health care costs. Project included analysis of claims data from New Hampshire Comprehensive Health Care Information System and interviews with market stakeholders.

- **Vermont Agency for Administration ..... July 2012 – January 2013**

Member of team that developed a financing plan for the State of Vermont for health reform in 2017. Created models to estimate administrative costs and savings under health reform and projections of federal revenues in 2017. Provide technical assistance on development of single payer health reform to Vermont cabinet officials and Governor’s staff.

**Commonwealth of Massachusetts— Boston, MA..... 2001–2012**

Pricing Policy Manager, Division of Health Care Finance and Policy

- Managed data analytics, rate development and drafting of regulatory policy for over \$2 billion in payments from the MassHealth program and other public payers for a wide range of health care services, including nursing facilities, hospitals, and other community-based providers, as well as collection of \$220 million in annual nursing facility provider taxes.
- Provided analytical support for various health policy initiatives, including the Special Commission on the Health Care Payment System (2009) and the Special Commission on Provider Price Reform (2011); these Commissions examined alternative payment methods, factors that contribute to rising health care costs, and price variation among Massachusetts hospitals
- Managed staff of ten, including two associate managers, five health policy analysts, and three auditors
- Determined rates, developed payment policies, and oversaw the implementation of Medicare-based payment methods for hospital services paid by the \$240 million Health Safety Net program.
- Directed the development of data collection policies for total medical expense and relative price data submitted by health insurers. Frequently met with insurers and other stakeholders to discuss technical issues relating to data collection and methods.

Senior Health Policy Analyst .....1997–2001

Health Policy Analyst .....1995–1997

- Calculated payment rates for the MassHealth program for nursing facility, home health, temporary

nursing, and dental service programs

- Completed reviews of proposed legislation, including calculations of fiscal impacts, drafting summaries of costs and benefits, and making recommendations to senior staff
- Drafted amendments to state regulations and presented staff testimony at public hearings
- Analyzed hospital, nursing facility, and home health cost data derived from Massachusetts and Medicare cost reports and other sources. Researched health policies of other states, including programs for the uninsured and payment policies for acute hospital services. Presented findings orally and in writing.
- Completed research, analyzed data and drafted text for the report of the *Special Commission on Uncompensated Care*

## Awards

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Received Pride in Performance Awards in 1997, 2005, 2007, and 2008

## Selected Publications

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- *The MassHealth Waiver Extension for State Fiscal Years 2015–2019: Foundation for Coverage, Engine for Innovation* prepared for the Massachusetts Medicaid Policy Institute, February 2015. (contributing author)
- *New Hampshire's Health Insurance Market and Provider Payment System: An Analysis of Stakeholder Views*, prepared for the New Hampshire Insurance Department, June 2013. (project lead, editor)
- *State of Vermont Health Care Financing Plan Beginning Calendar Year 2017*, prepared for the Vermont Agency of Administration, January 2013. (contributing author)
- *Analysis of Price Variations in New Hampshire Hospitals*, prepared for the New Hampshire Insurance Department, April 2012. (contributing author)
- "Emerging Trends in Long Term Care." *Healthpoint*. Massachusetts Division of Health Care Finance and Policy, July 2001. (author)
- *The Impact of Medicare Provisions in the Balanced Budget Act of 1997 on Massachusetts Health Care Providers, Consumers, and Medicaid*, Massachusetts Division of Health Care Finance and Policy, May 1998. (contributing author)

## Jean C. Sullivan, J.D.

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### University of Massachusetts Medical School

Director, Center for Health Law and Economics

Associate Vice Chancellor for Commonwealth Medicine

Instructor, Department of Family Medicine and Community Health

### Education

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**Boston University School of Law, Boston, MA** .....1984  
J.D., Legal Intern at B.U. Legal Aid Program: 9/82-4/84

**Mount Holyoke College, South Hadley, MA** .....1977  
B.A., *magna cum laude*  
Phi Beta Kappa, 1976; GPA: 3.875  
Major: Experimental Psychology

### Bar Admissions

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Commonwealth of Massachusetts ..... Jan. 1985  
United States District Court, District of Massachusetts ..... May 1986

### Professional Experience

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**University of Massachusetts Medical School - Worcester, MA**..... 2002–Present  
**Associate Vice Chancellor for Commonwealth Medicine** .....2005–Present  
**Director, Center for Health Law and Economics**.....2007–Present

Commonwealth Medicine is the enterprise within the Chancellor’s office primarily responsible for realizing the Medical School’s public service mission. This partnership between a public medical school and the State’s health care and human services agencies in service to needy populations is a unique public sector model that leverages the resources of a top-ranked medical academic center for the improvement and enrichment of policymaking and services to vulnerable populations and public beneficiaries. Serve as a member of **Executive Leadership Team** for Commonwealth Medicine.

- Established and now direct the Center for Health Law and Economics
- Responsible for health law and policy advice, analysis and consulting services that Commonwealth Medicine provides to the Commonwealth’s health, human services and elder affairs agencies, the Governor’s office, and executive office of Administration and Finance, as well as legislative committees in areas of health law, policy and financing.
- Provide consulting to other States - all New England States, Oregon, Colorado, Washington, Ohio and Virginia
- Oversee the Office of Compliance and Review and provide in-house advice to the Research Centers, Service Delivery Units and the Center for Health Care Financing within Commonwealth Medicine in the topics of Medicaid programming and federal relations, compliance and health care statutory and regulatory changes.

- Expert in federal and state level **Health Care Reform initiatives**: federal and State Medicaid law and programs, Massachusetts Reform Laws (Chapter 58 of 2006 and Chapter 224 of 2012); Title XIX Demonstration Project waivers and home and community-based services waivers; Patient Protection and Affordable Care Act (ACA), and ADA-related litigation. Have comprehensive expertise in Medicaid special topics, including Disproportionate Share Hospital (DSH) payment systems, “permissible” health care related taxes, Intergovernmental Funds Transfer regulations, state and federal financial participation (FFP) rules; and broad knowledge of federal policies and practices related to these areas.
- Over 30 years of legal, policy and legislative experience relative to **Medicaid and S-CHIP, Medicare-Medicaid dual eligibility issues, Social security Disability benefits, Home and Community Based Services Waivers** and the Massachusetts Title XIX Medicaid Expansion Demonstration Project waiver (1997-present) and related **Health Care Reform** efforts on the state and federal level for behavioral health, LTSS financing, eligibility policy, uncompensated care financing programs and health care access issues.

**Special Assistant to the Deputy Chancellor..... 2002–2005**

Responsible for (a) developing and strengthening the business relationship between Commonwealth Medicine and the new administration in the Executive Office of Health and Human Services (HHS); (b) providing strategic health policy advice directly to the Secretary of HHS and to his executive team on critical health care finance and policy matters, including the conception, design and financial modeling of core elements of the Massachusetts Health Care Reform proposal (See AWARDS, below); (c) providing health care consulting services to state health agencies; (d) providing health law and policy expertise to Commonwealth Medicine internal units, senior managers and executive team; and (e) as part of the executive management team, contributing to the organizational development and strategic planning for the Commonwealth Medicine enterprise.

**Instructor, Department of Family Medicine and Community Health .....2003–Present**

Deliver lectures, seminars, webinars and facilitate discussion groups in areas of health law expertise and provide collaborative support to senior faculty and Vice-Chairs in area of health law and reform. Serve on several academic Advisory Committees.

**Massachusetts Division of Medical Assistance - Boston, MA.....1993–2002**

**Deputy Commissioner ..... 2000–2002**

Executive leader for Massachusetts’ Medicaid agency responsible for nearly 1 million enrollees, a comprehensive Demonstration Project for expanded coverage and access for low income residents, and an \$8 Billion annual budget. Directed the operation of six reporting units responsible for various cross-divisional matters within the agency and intergovernmental relationships including: management of federal relations, national and state legislative affairs; federal and multi-state policy analysis; internal agency policy development, analysis and implementation; all federal demonstration projects (a.k.a. Health Care Reform programs); the child health insurance program (S-CHIP); fair hearings, constituent relations; media management; external communications, and agency publications. Directed the management of complex agency issues and projects, particularly in the areas of provider reimbursement policy and federal revenue issues. Managed other complex projects or special matters as requested by the Commissioner and served as Acting Commissioner whenever needed.

**General Counsel ..... 1993–2000**

Responsible for direction and oversight of all legal services to the state’s Medicaid agency including litigation, contracting, procurements, and state and federal legislation review, drafting and analysis. Directed and provided legal advice and drafting for all policy and program development, internal operations, budgeting, finance, federal oversight and compliance issues, state and federal oversight agency requirements, employment and labor issues,

federal revenue issues, state and federal legislative and regulatory matters. Managed five units with 30 attorneys and 10 paralegal staff. Served as Special Assistant Attorney General for supervision and direction of staff attorneys who represented the agency in the courts of the Commonwealth. Had lead responsibility for the legal analysis and legislative drafting required to create a new agency for Medicaid and MassHealth programs (Division of Medical Assistance), the design and legal defense of the federal waiver request needed to create the MassHealth Demonstration Project, and design and defense of the financing methodologies used to support safety net hospitals and community health centers.

**Acting Commissioner ..... May–Sept. 2000**

*(Served on an interim basis during my tenure as General Counsel)*

Acted as Chief Executive for the MassHealth program providing health care to over 900,000 low-income individuals, families, children, elders and disabled persons (a.k.a. "Medicaid") with an annual appropriation equal to 20% of the State's overall budget. Directed the operations and set policy for this health agency with over 800 employees and six offices across the state. Reported to the Secretary of Health and Human Services on all internal agency activities, external customer and constituent issues, as well as federal - state intergovernmental and legislative affairs affecting the success of the agency's programs.

**Project Co-Director, Regulation Review Team ..... March–July 1996**

Executive Office of Administration and Finance, Boston, MA

*(Temporary assistance to this executive office during my tenure as General Counsel)*

Special assignment to co-lead the Governor's Project Team to establish an effective statewide structure and management approach to the implementation of the Governor's Executive Order #384, an order that required agencies to review, improve, update or eliminate all existing regulations. This Project Team won the Governor's Award for Excellence in Public Service for that fiscal year. (See AWARDS for performance, below)

**Special Assignment to Governor's Reorganization Team ..... Fall 1995**

Executive Office of Administration and Finance, Boston, MA

*(Part-time assignment to this executive office during my tenure as General Counsel)*

Chaired the committee assigned to develop a plan for reorganizing all health agencies within the Executive Office of Health and Human Services into one single agency. The committee worked under Governor Weld's Task Force to consolidate the agencies and offices of the Executive Branch. Also acted as one of the legal advisors to the Task Force. The Committee's proposal was incorporated into the Governor's Reorganization Bill filed in January 1996 as part of Governor's Budget for FY97.

**Massachusetts Department of Public Welfare - Boston, MA ..... 1984–1993**

**Chief Counsel for Medical Services ..... 1991–1993**

Directed and managed all in-house legal support services needed by the Medical Services Division within the Department of Public Welfare.

**Deputy General Counsel for Medical Assistance ..... 1988–1991**

Directed and managed the unit within the General Counsel's office responsible for legal support and litigation services for the medical assistance programs administered by the Department. During my tenure, conceived of and developed a new structure for the state's uncompensated care fund to leverage \$500 million in new federal funds for the state. (See AWARDS for performance, below)

**Associate General Counsel..... 1987–1988**

Reported directly to the General Counsel on special assignments concerning complex legal issues. Led the legal support team for implementation of a new health coverage program called CommonHealth. (See AWARDS for performance, below)

**Assistant General Counsel ..... 1984–1987**

Handled defensive litigation in the Courts of the Commonwealth and provided in-house legal advice, regulatory review, legislative drafting and analysis in the area of medical assistance programming.

**Worcester Area Community Mental Health Center, Worcester, MA.....1978–1981  
Program Director**

Implemented and directed mental health and substance abuse rehabilitation program for women through comprehensive treatment and support services.

**Massachusetts Rehabilitation Commission, Worcester, MA.....1977–1978  
Rehabilitation Counselor**

Worked with caseload of mental health clients who were making the transition from inpatient treatment back to supported employment or sheltered employment situations.

## Awards for Performance

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**Manuel Carballo Governor's Award for Excellence in Public Service**

This award is the top performance recognition award issued by the Commonwealth. Among all employees of the state, it is presented to only 10 individuals or teams each year. I have been a recipient of this Award four times during my public service career.

Awarded in 2004 for career contributions to Health Access Reform efforts

During tenure with both the MassHealth program and at UMass Medical School, was a key leader in the design and implementation of several major health care expansion initiatives. Designed a new financing and eligibility structure for the State's Uncompensated Care Pool, which leveraged over \$80 million in new federal revenue for the State, and directed its implementation during Pool Year 2004.

Awarded in 1997 to the Regulation Review Project Team

As Co-chair of this statewide effort, I directed the overhaul and redrafting of all agency regulations to improve their clarity, value and relevance to the mission of each regulating agency. The project fulfilled the objectives of then Governor Weld's executive order.

Awarded in 1991 to the Medicaid Federal Revenue Maximization Team

Designed and directed the restructuring of the uncompensated care reimbursement system for Massachusetts hospitals in a manner that allowed collection of federal reimbursement of \$513 million for the free care payments to hospitals from 1988 through 1991 and ensured recurring, annual federal revenue for the State's free care system that has increased from \$120 million in 1993 to over \$275 million in following fiscal years.

Awarded in 1988 to the CommonHealth Program Implementation Team

Provided all legal drafting, advice and support to the implementation of the first-in-the-nation health program for (a) disabled children and adults who otherwise could not obtain insurance due to pre-existing condition clauses, and (b) low income pregnant women and working parents who could not qualify for

Medicaid at the time. CommonHealth is the only component of the 1988 universal health care reform effort, known as the Health Security Act, which survived repeal by the State Legislature.

#### **Commonwealth Citation for Outstanding Performance**

Awarded in 2000 to the *Revenue Management Team*

Directed all legal support services to this Team in a year that exceeded all prior years in increasing the amount of federal reimbursements the State received for health services to low income populations.

## **Presentations, Reports and Lectures**

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Over 28 years of experience as a lecturer and speaker before health care professionals, health-care professional associations and conferences, bar associations, legal education programs, and graduate school classes in public health and administration. *Examples* of presentations and speaking experience include:

Webinar, "*Federal Funding under Title XIX Medicaid: The Basics for Medicaid-State University Partnerships*," Academy Health, State University Partnerships Learning Network, January 29, 2015.

Panelists, "Putting Health Care Reform in Context: A Civil Discussion," American Democracy Project at Rhode Island College, Providence, RI, November 19, 2014.

Lecture, "*Federal and State Health Care Reform: Overview and Reflections*," Seminar, Graduate School of Nursing, University of Massachusetts, Worcester, MA, April 22, 2014.

Panelist, "*The ACA's Medicaid Expansion: Economic Impacts and Research Opportunities*," American Journal of Law Medicine's Symposium on the Economic Impacts of the ACA; Boston University School of Law, January 24, 2014.

Expert testimony, New Hampshire Legislative Study Commission on the Medicaid Enhancement Tax, Concord, NH, September 30, 2013.

Panelist, "*The Changed Health Care Landscape States Now Face*," National Lieutenant Governors Association – Federal-State Relations Meeting; Plenary session; March 22, 2012.

Webinar, "*Federal Health Care Reform, So Far*," Annual Conference of the National Association of Reimbursement Officers (NARO); Invited Speaker, February 9, 2011.

Presentation, Massachusetts Long Term Care Financing Advisory Committee, "The Role of the Public Sector in Financing Long-term Supports," Meeting on May 15, 2009.

Presentation, Annual Conference of National Association of Human Services Finance Officers, plenary session: "*Universal Health Coverage: National Trends and Massachusetts Reform*," August 4, 2008.

#### University of Massachusetts Medical School

- Graduate School of Nursing- *Annual* Health care reform seminar (2008-present)
- Optional Enrichment Courses- Health policy topics for graduate students (2003-2009)
- Center for Medicaid Evaluation and Research -Lecturer (April 2000, 2003-2007)
- Center for Health Care Financing (Seminars - October and December 1997)

Faculty Development Workshop, "*Massachusetts Recipe for Health Reform Soup*"; University of Massachusetts School of Medicine, May 23, 2007

Annual meeting of the Society of Teachers of Family Medicine (STFM), Workshop Facilitator, "*Employer Mandates: A Discussion of Issues*," April 25, 2007

Annual MassHealth Symposium 2004, Massachusetts Executive Office of Health & Human Services, Workshop:  
“Uncompensated Care Pool and MassHealth: Making the Connections”  
Annual MassHealth Symposium 2003, Exec Office of Health & Human Services Workshop: “Uncompensated Care  
System: 1981 to Present – An Overview of Public Policy and Financing “  
Harvard School of Public Health, Department of Population and International Health Seminar in Decentralization in  
Health Policy and Management (Stowe, VT – May 2001)  
National Third-party Payer Liability Conference - Boston, MA  
Opening Session speaker (August 2001)  
Brandeis University, The Heller School  
Massachusetts Health Policy Forum - Speaker (2000 and 2001)

## Selected Publications

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Robert W. Seifert, Michael Grenier and Jean C. Sullivan. *The MassHealth Waiver Extension for State Fiscal Years 2015-2019: Foundation for Coverage, Engine for Innovation*. Blue Cross Blue Shield of Massachusetts Foundation. February 2015.

Sullivan, J., Gershon, R. *State Fiscal Considerations and Research Opportunities Emerging from the Affordable Care Act’s Medicaid Expansion*. *American Journal of Law & Medicine*, 40 (2014): 237-252.

Spaulding, A., Kim, A., Harzke, A., Sullivan, J., Linas, B., Brewer, A., Dickert, J., McGovern, B., Strick, L., Trestman, R., Ferguson, W. *Impact of New Therapeutics for Hepatitis C Virus Infection in Incarcerated Populations*. *Top Antivir Med*. 2013; 21(1): 27-35

Stephanie Anthony, Robert W. Seifert, and Jean C. Sullivan, *The MassHealth Waiver: 2009-2011...and Beyond*. (Boston, MA: Massachusetts Medicaid Policy Institute and Massachusetts Health Policy Forum, February 2009).

Adams, A.E., Campanelli, S., Lewis, W., Sullivan, J., Clark, R., & Gettens, J. *Analyzing the impact of a proposed change in the New Hampshire disability duration requirement*. (Technical Report. Shrewsbury MA: University of Massachusetts Medical School, Commonwealth Medicine. 2009)

Campanelli, S., Adams, A.E., Edwards, K., Lewis, W., & Sullivan, J. *The appeals process for the Aid to the Permanently and Totally Disabled (APTD) program in New Hampshire: Recommendations for Improvement*. (Technical Report. Shrewsbury, MA: University of Massachusetts Medical School, Commonwealth Medicine. 2009)

Miller, Quigley, Seifert, and Sullivan, “*The Outlook for Medicaid in Massachusetts*,” Massachusetts Medicaid Policy Institute, Report, March 2007

**CONTRACTOR NAME**

Key Personnel

Name	Job Title	Salary (annualized hourly rate)	% Paid from this Contract	Amount Paid from this Contract
Jean Sullivan	Associate Vice Chancellor for Commonwealth Medicine & Director, Center for Health Law and Economics	\$247/hour	n/a	n/a
Katharine London	Principal, Center for Health Law and Economics	\$189/hour	n/a	n/a
Michael Grenier	Senior Associate, Center for Health Law and Economics	\$173/hour	n/a	n/a
Rebecca Kushner	Senior Policy Analyst, Center for Health Law and Economics	\$102/hour	n/a	n/a
Larry Crehan	Senior Associate, Center for Health Care Financing	\$131/hour	n/a	n/a



**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF MEDICAID BUSINESS AND POLICY**

129 PLEASANT STREET, CONCORD, NH 03301-3857  
603-271-9422 1-800-852-3345 Ext. 9422  
Fax: 603-271-4727 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

Nicholas A. Toumpas  
Commissioner

Kathleen A. Dunn  
Associate Commissioner

October 5, 2012

His Excellency, Governor John H. Lynch  
and the Honorable Executive Council  
State House  
Concord, New Hampshire 03301

Approved by GTC  
Date 11/14/12  
Page \_\_\_\_\_  
Item # 45  
Contract # \_\_\_\_\_

**REQUESTED ACTION**

Authorize the Department of Health and Human Services, Office of Medicaid Business and Policy to enter into an agreement with the University of Massachusetts Medical School, Center for Health Law and Economics, 55 Lake Avenue, Worcester, MA 01655, Vendor Code 177576, to provide policy and technical services for New Hampshire Disproportionate Share Hospital program in an amount not to exceed \$602,883.00 effective November 1, 2012, or date of Governor and Executive Council approval, whichever is later, through October 31, 2015. Funds are available in the following account in State Fiscal Year 2013 and anticipated to be available in State Fiscal Years 2014, 2015 and 2016 with authority to adjust amounts if needed and justified between State Fiscal Years:

05-95-9560010-6126 HEALTH AND SOCIAL SERVICES, DEPARTMENT OF HEALTH AND HUMAN SVCS, HHS: COMMISSIONER, OFF MEDICAID & BUSINESS POLICY, MEDICAID ADMINISTRATION

<u>State Fiscal Year</u>	<u>Class/Object</u>	<u>Class Title</u>	<u>Budget Amount</u>
SFY 2013	102-500731	Contracts for Program Services	\$130,680.00
		Sub Total	\$130,680.00

05-00095-047-470010-7943 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: OFC OF MEDICAID & BUS PLCY, OFF. OF MEDICAID & BUS. POLICY, UNCOMPENSATED CARE FUND

<u>State Fiscal Year</u>	<u>Class/Object</u>	<u>Class Title</u>	<u>Budget Amount</u>
SFY 2014	102-500731	Contracts for Program Services	\$200,920.00
SFY 2015	102-500731	Contracts for Program Services	\$205,943.00
SFY 2016	102-500731	Contracts for Program Services	\$65,340.00
		Sub Total	\$472,203.00
		Total	\$602,883.00

**EXPLANATION**

The purpose of this agreement is to provide the Department of Health and Human Services with expert advice from the University of Massachusetts Medical School in order to meet New Hampshire and federal requirements for the Disproportionate Share Hospital program. In 2009, the New Hampshire Legislature enacted Chapter 144.212 (HB 2), which required the Department of Health and Human Services to redesign the Disproportionate Share Hospital Program within the parameters of State and federal law. Since that time, New Hampshire's Disproportionate Share Hospital program has undergone significant scrutiny, analysis, and

modification in order to comply with State and federal law. University of Massachusetts Medical School personnel have the requisite experience and expertise to navigate through the Disproportionate Share Hospital program's complex legal requirements and policy considerations and to advise the Department of Health and Human Services accordingly.

University of Massachusetts Medical School is currently providing these services through the Department of Health and Human Services contract with the University of New Hampshire. The contract agreement will terminate on October 31, 2012. However, the Department's need for expert advice regarding the Disproportionate Share Hospital program, analysis of Disproportional Share Hospital regulations, the Centers for Medicare and Medicaid Services communications and directives and the calculation of hospital uncompensated care payments, continues. The availability of specialized and expert services will enable the Department to continue the long-term policy and technical work necessary for State and federal legal compliance.

Procurement of expert consultant services provided pursuant to this agreement will enable the Department of Health and Human Services to effectively address many of the more complicated, technical aspects of the Disproportionate Share Hospital program. The University of Massachusetts Medical School will, among other things, assist the Department of Health and Human Services do the following:

- develop fiscal models for Disproportionate Share Hospital distribution methods;
- develop methodologies for calculation of State uncompensated care, individual hospital uncompensated care, individual hospital upper payment limits (UPL), deemed Disproportionate Share Hospital program hospitals, and Proportion 1/Proportion 2 healthcare tax waiver tests;
- collect Disproportionate Hospital Share data from hospitals;
- perform calculations of uncompensated care, hospital specific Disproportionate Share Hospital limits, and Disproportionate Share Hospital payments, estimate the Medicaid Enhancement Tax, and present findings to internal and external stakeholders;
- assist the Department of Health and Human Services draft changes to the Medicaid State Plan and New Hampshire administrative rules; and
- assist the Department of Health and Human Services to fully comply with federal mandates for individual hospital Disproportionate Share Hospital audits.

These consultant services from the University of Massachusetts Medical School are necessary to the efficient and cost effective management of the Disproportionate Share Hospital program.

**Performance Measures and Deliverables**

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
3.1.1.	Serve as subject matter expert on federal DSH policy, advising DHHS on compliance methods and policy options.	√	√		Each fiscal quarter assess need for SPAs, public notice and external communications and complete a quarterly action plan for timely SPAs
3.1.2.	Assist with implementing legislative DSH directives.	√	√		Analyze directives and develop, assess and describe pros and cons or all feasible options; develop implementation plan, and lead implementation

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
3.1.3	Conduct a planning conference call with DHHS to finalize a project plan and ensure a bilateral understanding and agreement of the scope of work and timeline.	√		Within 7-10 days of execution of Contract	
3.1.4	Assist in the review and editing of various communications related to DSH administration, including but not limited to, correspondences between DHHS, CMS and hospital providers; conference calls, public notices, Medicaid State Plan Amendments (SPA), and other policy statements.	√	√		Stay abreast of and maintain comprehensive understanding of all new federal law amendments, regulations and CMS policies so that conduct of review and editing is well-informed
3.1.5	Participate in minimum of six meetings as subject matter expert at the request of DHHS. Meeting venues may include Office of the Governor, CMS (Centers for Medicare and Medicaid Services) (Central and Regional Offices), Department of Justice, other NH State agencies, and Legislative Chairs and Committees.	√		(likely need to do more than 6 meetings each year of the contract)	Needed whenever new or modified policy, procedure, rate or program must garner support, approval or stakeholder input from entities in addition to DHHS
3.1.6	Provide subject matter expertise to DHHS and those hospitals requiring technical assistance in completing the annual DSH Data Form via conference calls to be scheduled by DHHS with each hospital.	√	Sept – December of each Contract year	√	Although DSH Data forms are circulated and completed and finalized in the fall each year, the Contractor may also need to provide such subject matter expertise to DHHS and to hospitals requiring technical assistance at other times during the year, whenever questions arise; e.g., when final DSH and MET revenue amounts are determined later in the state budget year.
3.1.7	Assist DHHS in developing fiscal models for DSH distribution methods.	√		√	Likely an exercise needed at least twice in each annual cycle; first, a model to implement the current year legislative directive, and again when briefing legislative committees about options, and impacts for the upcoming (next) annual cycle.

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
3.1.8	Review and develop methodology to be employed for the calculations of state uncompensated care, individual DSH hospitals uncompensated care, individual hospital upper payment limits, deemed DSH hospitals, and P1/P2 waiver tests.	√		√	As requested, but will need to be done at least annually in the fall of each contract year and then repeated to reach final calculation of DSH payments once extent of state funding for the payments is finalized.
3.1.9	Assist in the collection of DSH data from hospitals. Complete the calculations of uncompensated care, hospital specific DSH limits, DSH payments and estimated MET revenue, and present findings to DHHS and subsequently to hospitals, specific legislative committees, and other stakeholders, as requested by DHHS.	√		√	Similar to comment for task 3.1.8, above.
3.1.10	Draft changes to the Medicaid State Plan as applicable and assist in consultations with CMS as necessary on approval of the SPA.	√	√	√	The assistance in resolving all outstanding SPAs and related RAI responses is ongoing, and in each fiscal quarter, the Contractor would review all contract-related program topics and issues to identify any need for a new SPA; and, when requested, assist in drafting the SPA.
3.1.11	Draft changes to the State Administrative rules as applicable and assist in rule hearings as necessary on approval of rule changes.	√		√	This task would be done in consultation with DHHS' Legal office where it relates to NH State law.
3.1.12	Assist DHHS in fulfilling federal mandate for individual hospital DSH audits to include review of preliminary report from independent contractor, participation in conference calls with auditors, development of communication strategies, and drafting of NH Medicaid's response to the auditor's findings.		Annually in each year of the contract; related research and prep for each annual audit would be ongoing	√	

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
3.1.13	Participate in weekly two-hour conference calls, as needed, with DHHS upon approval of agreement.		√	√*	*Contractor will participate in additional conference calls during same week, as requested if needed to meet any interim project deadline.
3.1.14	Other tasks, up to the maximum compensation and resources available under this Agreement, related to (a) the modification and administration of the NH uncompensated care program and (b) the implementation of the access to care provisions as requested by DHHS officials, including assistance with analysis and implementation of the new federal CMS access to care regulations, particularly as they apply to the drafting of responses to the pending Medicaid State Plan RAIs from CMS. **The Contractor shall develop new Medicaid Data Reports that would collect and compile for DHHS not only DSH related information, but also all other institutional provider information needed to meet federal and state Medicaid agency responsibilities, manage claims payments, and understand provider cost and fiscal status.	√	√	√**	**The development of new Medicaid Data Reports is to be completed, if DHHS requests it by March 2013, with target date for implementation in FY14.

Competitive Bidding

These services were procured through a competitively bid process. A Request For Proposals was posted on the Department of Health and Human Services website from August 31, 2012 to September 14, 2012. Potential qualified bidders known to the Department were notified of the posting. Three proposals were submitted in response to the Request For Proposals.

An evaluation team of three Department employees with varying backgrounds in finance, policy, and statistical analytics evaluated and scored the proposals in accord with the criteria published in the Request For Proposals. The University of Massachusetts Medical School achieved the highest evaluation score with a total of 97 out of 100 possible points. The University of Massachusetts Medical School also submitted the lowest cost proposal. Through the current contract with the University of New Hampshire, this vendor has proven itself to be a reliable, accessible, and highly skilled consultant on issues related to the design and redesign of the Disproportionate Share Hospital program and compliance with State and federal law. The vendor has the ability

His Excellency, Governor John ... Lynch  
and the Honorable Executive Council  
October 5, 2012  
Page 6 of 6

and organizational capacity to meet all of the requisites outlined in the Request For Proposals and to support Department management of the Disproportionate Share Hospital program.

Should the Governor and Executive Council not approve this request, the Department of Health and Human Services would not have the necessary expertise to comply with State and federal law regulating the Disproportionate Share Hospital program. The Department would have difficulty completing Disproportionate Share Hospital program tasks in a timely and accurate manner; thereby exposing the Department and State to an increased risk of federal funds being withheld, of continued and costly litigation from hospitals, and liability for incorrect or noncompliant Disproportionate Share Hospital program calculations.

The terms of the agreement provide for a two-year period extension at the discretion of the Department upon a determination of satisfactory execution of services by the vendor, the availability of funds, and approval of Governor and Executive Council.

Area Served: statewide.

Source of Funds: 50 % General funds and 50 % Federal funds.

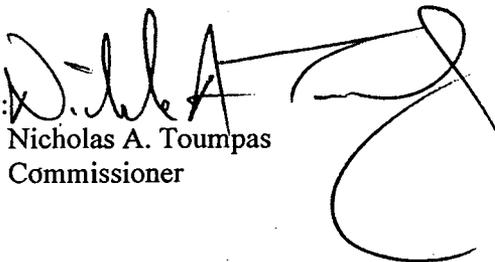
In the event Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Kathleen A. Dunn, MPH  
Associate Commissioner and Medicaid Director

Approved by:



Nicholas A. Toumpas  
Commissioner

Disproportionate Share Hospital Consultant Request For Proposals

Potential Bidders Notified of the Request for Proposals.

Name	Address
ECG Management Consultants	100 Cambridge St, Boston, MA02114
Navigant Healthcare	101 Federal St Boston, MA 02110
Center for Health Law and Economics	UMASS Medical School 55 Lake Ave North Worcester, MA 01655
Myers and Stauffer LC	400 Redland Court, Suite 205 Owings Mills, MD 21117
NH Institute for Health Policy and Practice University System of New Hampshire	UNH 4 Library Way, Suite 202 Hewitt Hall 202 Durham, NH 03842

Bidders submitting proposals pursuant to the Department of Human Services' Request for Proposals

Myers and Stauffer, LC Certified Public Accountants	400 Redland Court, Suite 205 Owings Mills, MD 21117
Public Consulting Group, Health	148 State Street, Tenth Floor Boston, MA 02109
University of Massachusetts Medical School Center for Health Law and Economics	UMass Medical School 55 Lake Avenue North Worcester, MA 01655

Department and Health and Human Services' evaluation team.

1. Andrea Stewart, Bureau of Healthcare Analytics and Data Systems
2. Athena Gagnon, Financial Manager, Office of Medicaid Business and Policy
3. Valerie King, OMBP-Rules Unit

**Proposed Deliverables**

**Bid Evaluation Summary**

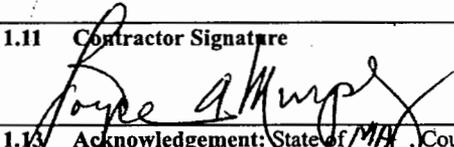
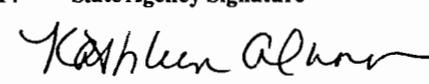
Final Evaluation 13-OMB-P-DSH-01		Possible 100	Final Scores	97.34	82.87	73.57
			UMASS	MYERS	PCG	
<b>Organization Qualifications 10%</b>			Possible Score	Actual Score	Actual Score	Actual Score
Ability to Deliver Services efficiently, accurately, and timely Standards of performance, integrity, customer service and fiscal accountability The extent to which the organizations structure and financial stability reflect the ability to commit to and support the requirements of this proposal			10	9.00	7.67	7.00
<b>Total</b>			10	9.00	7.67	7.00
<b>Technical Approach 30%</b>			Possible Score	Actual Score	Actual Score	Actual Score
Project Management and Implementation Work Plan Demonstration of an ability to meet or exceed the requirements defined in the Scope of Work and the quality of service that is likely to result from implementation of a Bidders proposed methods.			15	14.67	11.67	7.67
<b>Total</b>			30	28.67	23.00	17.33
<b>Price 30%</b>			Possible Score			
Budget Form Comparison (Attachement 11)			30	30.00	28.53	2.00
<b>Total</b>			30	30.00	28.53	2.00
<b>Past Performance &amp; Experience 30%</b>			Possible Score	Actual Score	Actual Score	Actual Score
Operating experience with Medicaid program policies and federal financial participation Past Performance Experience with financing structure and free care Experience with developing fiscal models for DSH; distribution methods Experience working with Centers for Medicare and Medicaid (CMS) Experience with State Plan Amendments Demonstration of New Hampshire's unique needs as they relate to DSH program and challenges New Hampshire is facing as outlined in the program overview The ability of the vendor to financially manage this program Performance Bond			30	29.67	23.67	20.33
<b>Total</b>			30	29.67	23.67	20.33
<b>Possible 100 Final Scores</b>				<b>97.34</b>	<b>82.87</b>	<b>73.57</b>

Subject: University of Massachusetts Medical School DSH Consultant  
AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name Department of Health and Human Services		1.2 State Agency Address 129 Pleasant St Concord, NH 03301	
1.3 Contractor Name University of Massachusetts Medical School		1.4 Contractor Address 333 South Street Shrewsbury, MA 01545	
1.5 Contractor Phone Number (508) 856-6222	1.6 Account Number	1.7 Completion Date October 31, 2015	1.8 Price Limitation \$602,883.00
1.9 Contracting Officer for State Agency Kathleen A. Dunn, Director		1.10 State Agency Telephone Number (603) 271-9421	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Joyce A. Murphy, Executive Vice Chancellor	
1.13 Acknowledgement: State of <u>MA</u> , County of <u>WORCESTER</u> On <u>10/12/12</u> before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace [Seal] 			
1.13.2 Name and Title of Notary or Justice of the Peace <u>JUDITH A. NELSON, NOTARY PUBLIC</u>			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory <u>Associate Commissioner</u>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By: <u>Jeanne P. Horrick, Attorney</u> On: <u>16 Oct. 2012</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

**2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED.** The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

**4. CONDITIONAL NATURE OF AGREEMENT.**

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

**5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.**

**5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.**

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

**6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.**

**6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.**

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of

ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

**7. PERSONNEL.**

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

**8. EVENT OF DEFAULT/REMEDIES.**

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

**9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.**

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

**10. TERMINATION.** In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

**11. CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

**12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.**

The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

**13. INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

**14. INSURANCE.**

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

**15. WORKERS' COMPENSATION.**

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("Workers' Compensation").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

**16. WAIVER OF BREACH.** No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

**17. NOTICE.** Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

**18. AMENDMENT.** This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

**19. CONSTRUCTION OF AGREEMENT AND TERMS.**

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

**20. THIRD PARTIES.** The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

**21. HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

**22. SPECIAL PROVISIONS.** Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

**23. SEVERABILITY.** In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

**24. ENTIRE AGREEMENT.** This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

*Remainder of page intentionally left blank*

**State of New Hampshire  
Standard Exhibit A  
Disproportionate Share Hospital (DSH) Program Consultant Service**

**Section A. Introduction**

The State of New Hampshire, Department of Health and Human Services (DHHS) is charged with providing a comprehensive and coordinated system of health and human services, to promote and protect the health, safety and wellbeing of New Hampshire's approximate 165,000 Medicaid recipients. In the area of health care, the New Hampshire Department of Health and Human Services (DHHS) is the single state agency responsible for the administration of the Medicaid Program, which includes payments made under the Disproportionate Share Hospital (DSH) program. In 2009, DHHS was mandated through HB2 to redesign the DSH program. Since that time, the DSH program has undergone significant scrutiny, analysis and modifications to meet State and Federal goals for DSH. Changes have and will continue to require additional policy and technical work, analysis of federal and state DSH regulations, state plan amendment drafting and implementation, management and payment of hospital DSH claims, assistance in stakeholder and hospital communications related to DSH implementation, and other related DSH policy analysis. The tasks require a significant level of expertise in calculating State and individual uncompensated care payments.

This contract is a fully loaded guaranteed flat fee based price for a three (3) year period with provisions for one (1) extension by amendment and is subject to the DHHS and the State's contract review process and approval by the Governor and Executive Council.

This Agreement consists of standard contract form (P-37), all exhibits A-J, all appendices or Attachments, including the Certificate of Vote entitled "Extract from the Records of University of Massachusetts" (consisting of three (3) pages), Resumes (consisting of eighteen (18) pages), Alternative Documentation Provided in lieu of Certificate of Good Standing from the State of New Hampshire Secretary of State's Office (consisting of two (2) pages), and Insurance Certificate (consisting of one (1) page).

**Section B. Services to be provided by University of Massachusetts Medical School per the Scope of Work (SOW) For DSH Consultant Services**

UMass (University of Massachusetts) shall:

- B.1. Perform the full scope of activities, deliverables, tasks, services, advice, assistance, and analysis as required and described in Part 3, Scope of Work of the RFP;
- B.2. Serve as subject matter expert on federal DSH policy, advising DHHS on compliance methods and policy options. Each fiscal quarter UMass will assess the need for State Plan Amendments (SPAs), public notice and external communications and complete a quarterly action plan for timely SPAs;
- B.3. Conduct a planning conference call with DHHS to finalize a project plan and ensure a bilateral understanding and agreement of the scope of work and timeline. This will take place within 7-10 days of execution of the Contract;
- B.4. Assist with implementing legislative DSH directives. UMass will analyze directives and develop, assess and describe pros and cons or all feasible options; develop implementation plan, and lead implementation;
- B.5. Assist in the review and editing of various communications related to DSH administration, including but not limited to, correspondence between DHHS, CMS and hospital providers; conference calls, public notices, Medicaid State Plan Amendments (SPA), and other policy statements. This will include staying abreast of and maintaining comprehensive understanding of all new federal law amendments, regulations and CMS policies so that conduct of review and editing is well informed;

- B.6. Participate in a minimum of six on-site meetings as subject matter expert at the request of DHHS. Meeting venues may include Office of the Governor, CMS (Central and Regional Offices), Department of Justice, other NH State agencies, and Legislative Chairs and Committees. Meetings will be scheduled whenever new or modified policy, procedure, rate or program must garner support, approval or stakeholder input from entities in addition to DHHS;
- B.7. Participate in weekly two-hour conference calls, as needed, with DHHS upon approval of agreement. UMass will participate in additional conference calls during same week, as requested if needed to meet any interim project deadline;
- B.8. Provide subject matter expertise to DHHS and those hospitals requiring technical assistance in completing the annual DSH Data Form via conference calls to be scheduled by DHHS with each hospital;
- B.9. Assist DHHS in developing fiscal models for DSH distribution methods. Likely an exercise needed at least twice in each annual cycle; first, a model to implement the current year legislative directive, and again when briefing legislative committees about options, and impacts for the upcoming (next) annual cycle;
- B.10. Review and develop methodology to be employed for the calculations of state uncompensated care, individual DSH hospitals uncompensated care, individual hospital upper payment limits (UPL), deemed DSH hospitals, and P1/P2 waiver tests. This will be completed upon request but will need to be done at least annually in the fall of each contract year and then repeated to reach final calculation of DSH payments once extent of state funding for the payments is finalized;
- B.11. Assist in the collection of DSH data from hospitals. Complete the calculations of uncompensated care, hospital specific DSH limits, DSH payments and estimated Medicaid Enhancement Tax (MET) revenue, and present findings to DHHS and subsequently to hospitals, specific legislative committees, and other stakeholders, as requested by DHHS;
- B.12. Draft changes to the Medicaid State Plan as applicable and assist in consultations with CMS as necessary on approval of the SPA. The assistance in resolving all outstanding SPAs and related Requests for Additional Information (RAI) responses is ongoing, and in each fiscal quarter, UMass would review all contract-related program topics and issues to identify any need for a new SPA; and, when requested, assist in drafting the SPA;
- B.13. Draft changes to the State Administrative rules as applicable and assist in rule hearings as necessary on approval of rule changes. This task would be done in consultation with DHHS' Legal office where it relates to NH State Law;
- B.14. Assist DHHS in fulfilling federal mandate for individual hospital DSH audits to include review of preliminary report from independent contractor, participation in conference calls with auditors, development of communication strategies, and drafting of NH Medicaid's response to the auditor's findings;
- B.15. Other tasks, up to the maximum compensation and resources available under this Agreement, related to (a) the modification and administration of the NH uncompensated care program and (b) the implementation of the access to care provisions as requested by DHHS officials, including assistance with analysis and implementation of the new federal CMS access to care regulations, particularly as they apply to the drafting of responses to the pending Medicaid State Plan RAIs from CMS;
- B.16. Develop new Medicaid Data Reports that would collect and compile for DHHS not only DSH related information, but also all other institutional provider information needed to meet federal and state Medicaid agency responsibilities, manage claims payments, and understand provider cost and fiscal status. This is to be completed, if DHHS requests it by March 2013, with target date for implementation in FY14.

**Deliverables**

**3.1. DSH Program Consultant Services**

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
3.1.1.	Serve as subject matter expert on federal DSH policy, advising DHHS on compliance methods and policy options.	√	√		Each fiscal quarter assess need for SPAs, public notice and external communications and complete a quarterly action plan for timely SPAs
3.1.2.	Assist with implementing legislative DSH directives.	√	√		Analyze directives and develop, assess and describe pros and cons or all feasible options; develop implementation plan, and lead implementation
3.1.3	Conduct a planning conference call with DHHS to finalize a project plan and ensure a bilateral understanding and agreement of the scope of work and timeline.	√		Within 7-10 days of execution of Contract	
3.1.4	Assist in the review and editing of various communications related to DSH administration, including but not limited to, correspondences between DHHS, CMS and hospital providers; conference calls, public notices, Medicaid State Plan Amendments (SPA), and other policy statements.	√	√		Stay abreast of and maintain comprehensive understanding of all new federal law amendments, regulations and CMS policies so that conduct of review and editing is well-informed

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
3.1.5	Participate in minimum of six meetings as subject matter expert at the request of DHHS. Meeting venues may include Office of the Governor, CMS (Centers for Medicare and Medicaid Services) (Central and Regional Offices), Department of Justice, other NH State agencies, and Legislative Chairs and Committees.	√		(likely need to do more than 6 meetings each year of the contract)	Needed whenever new or modified policy, procedure, rate or program must garner support, approval or stakeholder input from entities in addition to DHHS
3.1.6	Provide subject matter expertise to DHHS and those hospitals requiring technical assistance in completing the annual DSH Data Form via conference calls to be scheduled by DHHS with each hospital.	√	Sept – December of each Contract year	√	Although DSH Data forms are circulated and completed and finalized in the fall each year, the Contractor may also need to provide such subject matter expertise to DHHS and to hospitals requiring technical assistance at other times during the year, whenever questions arise; e.g., when final DSH and MET revenue amounts are determined later in the state budget year.
3.1.7	Assist DHHS in developing fiscal models for DSH distribution methods.	√		√	Likely an exercise needed at least twice in each annual

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
					cycle; first, a model to implement the current year legislative directive, and again when briefing legislative committees about options, and impacts for the upcoming (next) annual cycle.
3.1.8	Review and develop methodology to be employed for the calculations of state uncompensated care, individual DSH hospitals uncompensated care, individual hospital upper payment limits, deemed DSH hospitals, and P1/P2 waiver tests.	√		√	As requested, but will need to be done at least annually in the fall of each contract year and then repeated to reach final calculation of DSH payments once extent of state funding for the payments is finalized.
3.1.9	Assist in the collection of DSH data from hospitals. Complete the calculations of uncompensated care, hospital specific DSH limits, DSH payments and estimated MET revenue, and present findings to DHHS and subsequently to hospitals, specific legislative committees, and other stakeholders, as requested by DHHS.	√		√	Similar to comment for task 3.1.8, above.
3.1.10	Draft changes to the Medicaid State Plan as applicable and assist in consultations with CMS as necessary on approval of the SPA.	√	√	√	The assistance in resolving all outstanding SPAs and related RAI

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
					responses is ongoing, and in each fiscal quarter, the Contractor would review all contract-related program topics and issues to identify any need for a new SPA; and, when requested, assist in drafting the SPA.
3.1.11	Draft changes to the State Administrative rules as applicable and assist in rule hearings as necessary on approval of rule changes.	√		√	This task would be done in consultation with DHHS' Legal office where it relates to NH State law.
3.1.12	Assist DHHS in fulfilling federal mandate for individual hospital DSH audits to include review of preliminary report from independent contractor, participation in conference calls with auditors, development of communication strategies, and drafting of NH Medicaid's response to the auditor's findings.		Annually in each year of the contract; related research and prep for each annual audit would be ongoing	√	
3.1.13	Participate in weekly two-hour conference calls, as needed, with DHHS upon approval of agreement.		√	√*	*Contractor will participate in additional conference calls during same week, as requested if needed to meet

RFP Task #	Task	Preparation	Ongoing Support	As-needed or upon request	Other Actions needed for successful completion of deliverable
					any interim project deadline.
3.1.14	Other tasks, up to the maximum compensation and resources available under this Agreement, related to (a) the modification and administration of the NH uncompensated care program and (b) the implementation of the access to care provisions as requested by DHHS officials, including assistance with analysis and implementation of the new federal CMS access to care regulations, particularly as they apply to the drafting of responses to the pending Medicaid State Plan RAIs from CMS. **The Contractor shall develop new Medicaid Data Reports that would collect and compile for DHHS not only DSH related information, but also all other institutional provider information needed to meet federal and state Medicaid agency responsibilities, manage claims payments, and understand provider cost and fiscal status.	√	√	√**	**The development of new Medicaid Data Reports is to be completed, if DHHS requests it by March 2013, with target date for implementation in FY14.

**Section C. Performance Bond**

- C.1 The Contractor will furnish a performance bond in the amount for the amount of the resulting Contract. The performance bond furnished by the Contractor will incorporate, by reference, the terms of the Contract as fully as though they were set forth verbatim in such bonds. In the event the Contract is amended, the penal sum of the performance bond will be deemed increased by like amount;
- C.2 the bond covering the initial Contract period will be submitted to the DHHS within thirty (30) calendar days of execution of the Contract. Any required amendment to the bond will be submitted to the DHHS within thirty (30) calendar days of said amendment.

## Section D. Project Management and Implementation Work Plan

### Major Milestones

- D.1 Kick off meeting and FY13 Workplan Agreement – November 2012 and repeated once per Contract year;
- D.2 Resolution of current State Plan Amendments and CMS Access Questions – November 2012 – February 2013;
- D.3 Advice on need for new SPAs, public notice – Ongoing- November 2012-June 2015;
- D.4 Draft new SPAs and notices, as needed – November 2012 – June 2015;
- D.5 Develop fiscal models for annual DSH payments in conformity with state and federal rules and state budget directives – November 2012, August 2013-November 2013, August 2014-November 2014;
- D.5 Develop, update and issue annual DSH data form – November 2012, July 2013 – September 2013, July 2014 – September 2014;
- D.6. Review Data Feedback and calculate preliminary revenue sources (MET et al.) for DSH payment – November 2012, August 2013 – November 2013, August 2014-November 2014;
- D.7 Review DSH Data Feedback and calculate preliminary DSH payments –November 2012- December 2012, September 2013 – November 2013, September 2014 – November 2014;
- D.8 Calculate interim final DSH payments (subject to final state budget directives and federally required independent DSH audits - 2-3 years later - by independent DSH audit contractor, under 42 CFR 455.300-304) – May 2013 – June 2013, May 2014 – June 2014, May 2015 – June 2015;
- D.9 Review and develop methods for calculations of state uncompensated care costs, DSH limits, Hospital UPLs, Deemed DSH identification, and P1/P2 provider tax test whenever some hospitals may be exempted from tax –November 2012-December 2012, August 2013 –November 2013, August 2014-November 2014;
- D.10 Assist with the development of responses to CMS inquires, and draft and/or edit and as requested review all draft responses– Ongoing – November 2012 – June 2015;
- D.11 Develop agenda and materials for CMS conference calls to resolve CMS questions; participate in calls; amend SPA provisions, provide other advice as needed to secure CMS approvals – November 2012, April 2013 – June 2013, April 2014 – June 2014, April 2015 – June 2015;
- D.12 Brief hospitals, solicit input and modify proposal, as appropriate and requested, in response to hospitals feedback; assist DHHS with providing hospital technical assistance on reimbursement matters, DSH payments, hospital cost reports and related financial information – November 2012 – January 2013, August 2013-November 2013, August 2014 – November 2014;
- D.13 Develop format and all presentation materials for an annual provider/stakeholder forum with DHHS officials to review past year's program, policy and process, develop understanding of upcoming year's program requirements, policies, parameters and procedures; solicit feedback on provider and stakeholder concerns – June-August each year, or other annual period as DHHS prefers;

- D.14 Provide advice, analysis, document drafting, meeting participation, presentations for state Legislative Committees, Legislative leadership, as requested and no less than annually – Ongoing – November 2012-June 2015;
- D.15 Provide advice, analysis, document drafting, meeting participation and presentations, as requested, for Executive Branch communication needs, including Governor's office or staff, DRA officials, Department of Justice attorneys, and DHHS leadership – Ongoing – November 2012-June 2015;
- D.16 Provide advice, analysis, document drafting, meeting participation and/or preparation, and presentations, as requested, for conference calls, negotiations or meetings with CMS staff and officials, the Secretary of the United States Department of Health and Human Services or other federal oversight agency (e.g. OIG) – Ongoing – November 2012-June 2015;
- D.17 Provide advice and assistance to DHHS on relationship management and negotiation strategies – Ongoing – November 2012-June 2015;
- D.18 Develop modeling for alternative DSH and Provider Tax programs that are aligned with and leverage State options and mandates under the federal health law, PPACA, in advance of the effective dates of various options and mandates – Ongoing – November 2012 – June 2015;
- D.19 Assist in development of periodic reports, as requested;
- D.20 Assist, advise and participate in CMS conference calls and meetings, as requested;
- D.21 Analyze and explain any final or new federal regulations or guidance relative to Access compliance – Ongoing – November 2012 – June 2015;
- D.22 Assist with Provider - CHHS communications relative to access policies, plans, issues and reporting, as requested;
- D.23 Assist DHHS staff, provide advice and assist in the preparation or review of materials relating to the incorporation of Access monitoring and measurement procedures into the terms, contract provisions and contractor management and oversight of the recently procured Care Management Plans – December 2012 – March 2013, January 2014 – March 2014, January 2015 – March 2015. Ongoing November 2012-June 2015;

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**Exhibit B  
 Methods and Conditions Precedent to Payment  
 Disproportionate Share Hospital (DSH) Program Consultant Service**

Payment shall be made to the Contractor on a monthly basis, up to a total maximum of \$602,883 as specified in block 1.8, Price Limitation, of the General Provisions on Form Number P-37. Reimbursement in year one shall start in November 2012, or the date of approval of contract by Governor and Executive Council, whichever is later.

Invoices shall be submitted monthly, on Contractor letterhead, to:

Valerie Brown  
 Office of Medicaid Business and Policy  
 129 Pleasant Street – Brown Building  
 Concord, NH 03301-3857

The monthly invoice shall identify deliverables and support on an item basis and charges aggregated to a total amount for the month.

The Contractor agrees to request and receive prior written approval from the State to engage any subcontractors under this Agreement, and further agrees to pay the expenses of any subcontractors awarded under this Agreement in accordance with Exhibit A, Scope of Work.

The Contractor agrees to request and receive prior written approval from the State for any modifications to the total project budget for any state fiscal year (SFY), which change any expenditure levels from the levels projected in the budget of this Agreement.

The Contractor agrees to use and apply all payments made by the State for direct and indirect costs, and expenses associated with the execution of this Agreement. The Contractor's expenses for administration of any subcontractors shall not exceed the amounts identified in the project budget. Allowable costs and expenses shall be determined by the State in accordance with the project budget and applicable state and federal laws and regulations.

The Contractor agrees to not use or apply such payments for capital additions or improvements, dues to societies and organizations, entertainment costs, or any other costs not prior approved in writing by the State.

Payments will be made upon receipt of Contractor invoices that identify the contract components delivered and are consistent with the negotiated payment schedule. The total contract payment from DHHS will not exceed the agreed upon contract price. Estimated deliverable dates are included for reference. Monthly invoices should include only those deliverables that occurred during the month being billed for.

**Pricing Worksheet**

LINE	Scope of Work Specific Services	Part 3 RFP Section	***Estimated Hours Per State Fiscal Year	Total Cost SFY13	Total Cost SFY14	Total Cost SFY15	Total Cost SFY 16
1	Serve as subject matter	3.1.1	400 hrs	42,600	\$65,498	\$67,135	\$21,300

DHHS, Office of Medicaid Business and Policy

Standard Exhibit A – Scope of Work

Contractor Initials: *JAM*  
 Date: *10/12/10*

LINE	Scope of Work Specific Services	Part 3 RFP Section	***Estimated Hours Per State Fiscal Year	Total Cost SFY13	Total Cost SFY14	Total Cost SFY15	Total Cost SFY 16
	expert on federal DSH policy, advising DHHS on compliance methods and policy options;						
2	Assist with implementing legislative DSH directives;	3.1.2	40 hrs	\$4,750	\$7,303	\$7,486	\$2,375
3	Conduct a planning conference call with DHHS to finalize a project plan and ensure a bilateral understanding and agreement of the scope of work and timeline;	3.1.3	3 hrs	\$390	\$600	\$615	\$195
4	Assist in the review and editing of various communications related to DSH administration, including but not limited to, correspondences between NH DHHS, CMS and hospital providers; conference calls, public notices, Medicaid State Plan Amendments (SPA), and other policy statements;	3.1.4	50 hrs	\$5,467	\$8,405	\$8,615	\$2,733
5	Participate in minimum of six meetings as subject matter expert at the request of DHHS. Meeting venues may include Office of the Governor, CMS (Central and Regional Offices), Department of Justice, other NH State agencies, and Legislative Chairs and Committees;	3.1.5	60 hrs	\$6,460	\$9,932	\$10,181	\$3,230
6	Provide subject matter expertise to DHHS and those hospitals requiring technical assistance in completing the annual DSH Data Form via conference calls to be scheduled by DHHS with each hospital;	3.1.6	20 hrs	\$2,274	\$3,495	\$3,583	\$1,136
7	Assist DHHS in developing fiscal models for DSH distribution methods;	3.1.7	20 hrs	\$1,750	\$2,691	\$2,758	\$875
8	Review and develop methodology to be employed for the calculations of state	3.1.8	40 hrs	\$3,674	\$5,648	\$5,789	\$1,836

DHHS, Office of Medicaid Business and Policy

Standard Exhibit A – Scope of Work

Contractor Initials: *JAM*

Date: *10/12/12*

LINE	Scope of Work Specific Services	Part 3 RFP Section	***Estimated Hours Per State Fiscal Year	Total Cost SFY13	Total Cost SFY14	Total Cost SFY15	Total Cost SFY 16
	uncompensated care, individual DSH hospitals uncompensated care, individual hospital upper payment limits, deemed DSH hospitals, and P1/P2 waiver tests;						
9	Assist in the collection of DSH data from hospitals. Complete the calculations of uncompensated care, hospital specific DSH limits, DSH payments and estimated MET revenue, and present findings to DHHS and subsequently to hospitals, specific legislative committees, and other stakeholders, as requested by DHHS;	3.1.9	40 hrs	\$3,346	\$5,146	\$5,274	\$1,674
10	Draft changes to the Medicaid State Plan as applicable and assist in consultations with CMS as necessary on approval of the SPA;	3.1.10	12 hrs	\$1,548	\$2,380	\$2,440	\$774
11	Draft changes to the State Administrative rules as applicable and assist in rule hearings as necessary on approval of rule changes;	3.1.11	30 hrs	\$3,456	\$5,312	\$5,445	\$1,727
12	Assist DHHS in fulfilling federal mandate for individual hospital DSH audits to include review of preliminary report from independent contractor, participation in conference calls with auditors, development of communication strategies, and drafting of NH Medicaid's response to the auditor's findings;	3.1.12	20 hrs	\$2,206	\$3,393	\$3,478	\$1,104
13	Participate in weekly two-hour conference calls, as needed, with DHHS upon approval of agreement;	3.1.13	120 hrs	\$16,350	\$25,138	\$25,767	\$8,175
14	Other tasks, up to the maximum compensation and resources available under this Agreement, <i>related to</i> (a) the modification and administration of the	3.1.14	375 hrs	\$36,409	\$55,979	\$57,377	\$18,206

LINE	Scope of Work Specific Services	Part 3 RFP Section	***Estimated Hours Per State Fiscal Year	Total Cost SFY13	Total Cost SFY14	Total Cost SFY15	Total Cost SFY 16
	NH uncompensated care program and (b) the implementation of the access to care provisions as requested by DHHS officials, including assistance with analysis and implementation of the new federal CMS access to care regulations, particularly as they apply to the drafting of responses to the pending Medicaid State Plan RAIs from CMS. The Contractor shall develop new Medicaid Data Reports that would collect and compile for DHHS not only DSH related information, but also all other institutional provider information needed to meet federal and state Medicaid agency responsibilities, manage claims payments, and understand provider cost and fiscal status.						
<b>Total</b>			<b>***1200 hrs</b>	<b>\$130,680</b>	<b>\$200,920</b>	<b>\$205,943</b>	<b>\$65,340</b>

\*\*\*Note: The costs for SFY 13, SFY 14, SFY 15 and SFY16 shall equal the total maximum amount for which the State shall be invoiced for all services provided as outlined in the RFP. The hours listed above are approximate; however, the total project budget for each fiscal year may not be exceed the price limitation specified in block 8. of the P-37. The State shall not pay any expenses or additional fees presented by the Contractor over and above fees quoted in this financial section.

**Staff Hourly Rates**

SFY 2013 Staff Position	Rate Per Hour
Jean Sullivan	\$235
Thomas Friedman	\$115
Larry Crehan	\$125
Katharine London or other Principal Associate	\$180
Michael Grenier or other Senior Associate	\$165
Senior Research Policy Analysts	\$98
Research Policy Analysts	\$80
SFY 2014 Staff Position	Rate Per Hour
Jean Sullivan	\$241
Thomas Friedman	\$118
Larry Crehan	\$128
Katharine London or other Principal Associate	\$185

DHHS, Office of Medicaid Business and Policy

Standard Exhibit A – Scope of Work

Contractor Initials: *JAM*

Date: 10/12/10

Michael Grenier or other Senior Associate	\$169
Senior Research Policy Analysts	\$100
Research Policy Analysts	\$82
<b>SFY 2015 Staff Position</b>	<b>Rate Per Hour</b>
Jean Sullivan	\$247
Thomas Friedman	\$121
Larry Crehan	\$131
Katharine London or other Principal Associate	\$189
Michael Grenier or other Senior Associate	\$173
Senior Research Policy Analysts	\$102
Research Policy Analysts	\$84
<b>SFY 2016 Staff Position</b>	<b>Rate Per Hour</b>
Jean Sullivan	\$247
Thomas Friedman	\$121
Larry Crehan	\$131
Katharine London or other Principal Associate	\$189
Michael Grenier or other Senior Associate	\$173
Senior Research Policy Analysts	\$102
Research Policy Analysts	\$84

*Remainder of page intentionally left blank*

NH Department of Health and Human Services  
STANDARD EXHIBIT C

**SPECIAL PROVISIONS**

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**1. Contractors Obligations:** The Contractor covenants and agrees that all funds received by the Contractor under the Contract shall be used only as payment to the Contractor for services provided to eligible individuals and, in the furtherance of the aforesaid covenants, the Contractor hereby covenants and agrees as follows:

**2. Compliance with Federal and State Laws:** If the Contractor is permitted to determine the eligibility of individuals such eligibility determination shall be made in accordance with applicable federal and state laws, regulations, orders, guidelines, policies and procedures.

**3. Time and Manner of Determination:** Eligibility determinations shall be made on forms provided by the Department for that purpose and shall be made and remade at such times as are prescribed by the Department.

**4. Documentation:** In addition to the determination forms required by the Department, the Contractor shall maintain a data file on each recipient of services hereunder, which file shall include all information necessary to support an eligibility determination and such other information as the Department requests. The Contractor shall furnish the Department with all forms and documentation regarding eligibility determinations that the Department may request or require.

**5. Fair Hearings:** The Contractor understands that all applicants for services hereunder, as well as individuals declared ineligible have a right to a fair hearing regarding that determination. The Contractor hereby covenants and agrees that all applicants for services shall be permitted to fill out an application form and that each applicant or re-applicant shall be informed of his/her right to a fair hearing in accordance with Department regulations.

**6. Gratuities or Kickbacks:** The Contractor agrees that it is a breach of this Contract to accept or make a payment, gratuity or offer of employment on behalf of the Contractor, any Sub-Contractor or the State in order to influence the performance of the Scope of Work detailed in Exhibit A of this Contract. The State may terminate this Contract and any sub-contract or sub-agreement if it is determined that payments, gratuities or offers of employment of any kind were offered or received by any officials, officers, employees or agents of the Contractor or Sub-Contractor.

**7. Retroactive Payments:** Notwithstanding anything to the contrary contained in the Contract or in any other document, contract or understanding, it is expressly understood and agreed by the parties hereto, that if the Contractor is required under this Contract to provide medical services to individuals, no payments will be made hereunder to reimburse the Contractor for such costs incurred for any purpose or for any services provided to any individual prior to the Effective Date of the Contract and no payments shall be made for expenses incurred by the Contractor for any services provided prior to the date *on which the individual applies for services or (except as otherwise provided by the federal regulations) prior to a determination that the individual is eligible for such services.*

**8. Conditions of Purchase:** Notwithstanding anything to the contrary contained in the Contract, nothing herein contained shall be deemed to obligate or require the Department to purchase services hereunder at a rate which reimburses the Contractor in excess of the Contractors costs, at a rate which exceeds the amounts reasonable and necessary to assure the quality of such service, or at a rate which exceeds the rate charged by the Contractor to ineligible individuals or other third party fundors for such service. If at any time during the term of this Contract or after receipt of the Final Expenditure Report hereunder, the Department shall determine that the Contractor has used payments hereunder to reimburse items of expense other than such costs, or has received payment in excess of such costs or in excess of such rates charged by the Contractor to ineligible individuals or other third party fundors, the Department may elect to:

8.1 Renegotiate the rates for payment hereunder, in which event new rates shall be established;

**8.2** Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of costs;

**8.3** Demand repayment of the excess payment by the Contractor in which event failure to make such repayment shall constitute an Event of Default hereunder. When the Contractor is permitted to determine the eligibility of individuals for services, the Contractor agrees to reimburse the Department for all funds paid by the Department to the Contractor for services provided to any individual who is found by the Department to be ineligible for such services at any time during the period of retention of records established herein.

**RECORDS: MAINTENANCE, RETENTION, AUDIT, DISCLOSURE AND CONFIDENTIALITY:**

**9. Maintenance of Records:** In addition to the eligibility records specified above, the Contractor covenants and agrees to maintain the following records during the Contract Period:

**9.1 Fiscal Records:** books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.

**9.2 Statistical Records:** Statistical, enrollment, attendance or visit records for each recipient of services during the Contract Period, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.

**9.3 Medical Records:** Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.

**10. Audit:** Contractor shall submit an annual audit to the Department within 60 days after the close of the agency fiscal year. It is recommended that the report be prepared in accordance with the provision of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations" and the provisions of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the US General Accounting Office (GAO standards) as they pertain to financial compliance audits.

**10.1 Audit and Review:** During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.

**10.2 Audit Liabilities:** In addition to and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Contractor that the Contractor shall be held liable for any state or federal audit exceptions and shall return to the Department, all payments made under the Contract to which exception has been taken or which have been disallowed because of such an exception.

**11. Confidentiality of Records:** All information, reports, and records maintained hereunder or collected in connection with the performance of the services and the Contract shall be confidential and shall not be disclosed by the Contractor, provided however, that pursuant to state laws and the regulations of the Department regarding the use and disclosure of such information, disclosure may be made to public officials requiring such information in connection with their official duties and for purposes directly connected to the administration of the services and the Contract; and provided further, that the use or disclosure by any party of any information concerning a recipient for any purpose not directly connected with the administration of the Department or the Contractor's responsibilities with respect to purchased services hereunder is prohibited except on written consent of the recipient, his attorney or guardian.

Notwithstanding anything to the contrary contained herein the covenants and conditions contained in the Paragraph shall survive the termination of the Contract for any reason whatsoever.

**12. Reports: Fiscal and Statistical:** The Contractor agrees to submit the following reports at the following times if requested by the Department.

**12.1 Interim Financial Reports:** Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.

**12.2 Final Report:** A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.

**13. Completion of Services: Disallowance of Costs:** Upon the purchase by the Department of the maximum number of units provided for in the Contract and upon payment of the price limitation hereunder, the Contract and all the obligations of the parties hereunder (except such obligations as, by the terms of the Contract are to be performed after the end of the term of this Contract and/or survive the termination of the Contract) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Contractor as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Contractor.

**14. Credits:** All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:

**14.1** The preparation of this (report, document etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, Office of Medicaid Business and Policy, with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.

**15. Operation of Facilities: Compliance with Laws and Regulations:** In the operation of any facilities for providing services, the Contractor shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the contractor with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Contractor will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Contractor hereby covenants and agrees that, during the term of this Contract the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

#### **SPECIAL PROVISIONS - DEFINITIONS**

As used in the Contract, the following terms shall have the following meanings:

**COSTS:** Shall mean those direct and indirect items of expense determined by the Department to be allowable and reimbursable in accordance with cost and accounting principles established in accordance with state and federal laws, regulations, rules and orders.

**DEPARTMENT:** NH Department of Health and Human Services.

**FINANCIAL MANAGEMENT GUIDELINES:** Shall mean that section of the Contractor Manual which is entitled "Financial Management Guidelines" and which contains the regulations governing the financial activities of contractor agencies which have contracted with the State of NH to receive funds.

**PROPOSAL:** If applicable, shall mean the document submitted by the Contractor on a form or forms required by the Department and containing a description of the Services to be provided to eligible individuals by the Contractor in accordance with the terms and conditions of the Contract and setting forth the total cost and sources of revenue for each service to be provided under the Contract.

**UNIT:** For each service that the Contractor is to provide to eligible individuals hereunder, shall mean that period of time or that specified activity determined by the Department and specified in Exhibit B of the Contract.

**FEDERAL/STATE LAW:** Wherever federal or state laws, regulations, rules, orders, and policies, etc. are referred to in the Contract, the said reference shall be deemed to mean all such laws, regulations, etc. as they may be amended or revised from the time to time.

**CONTRACTOR MANUAL:** Shall mean that document prepared by the NH Department of Administrative Services containing a compilation of all regulations promulgated pursuant to the New Hampshire Administrative Procedures Act. NH RSA Ch 541-A, for the purpose of implementing State of NH and federal regulations promulgated thereunder.

**SUPPLANTING OTHER FEDERAL FUNDS:** The Contractor guarantees that funds provided under this Contract will not supplant any existing federal funds available for these services.

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NH Department of Health and Human Services

STANDARD EXHIBIT C-1

ADDITIONAL SPECIAL PROVISIONS

**Exceptions to Terms and Conditions of P-37, Standard Exhibit C and Standard Exhibit I**

**1) Indemnification:**

Form P-37 Addendum:

Subparagraph 13 of the General Provisions of this Agreement is hereby amended to read:

“Contractor shall comply with any and all requirements of this Agreement; in the event that the Contractor fails to comply with any such requirements, including, but not limited, to disclosure of any PHI in violation of this Agreement, the Covered Entity may pursue all available remedies, at law and in equity, including without limitation any damages or losses it suffers from Contractor’s breach of this Agreement. The respective rights and obligations of Contractor under this Agreement shall survive termination for this Agreement.”

Standard Exhibit C

"The parties acknowledge that the Contractor will not be providing services to Medicaid eligible individuals or to applicants for Medicaid pursuant to this Agreement. Therefore, the parties agree that the provisions in Standard Exhibit C, Special Provisions, related to such services, including but not limited to subparagraphs 1, 4, 5, 7, 8, 9.2, and 9.3, are not applicable to this Agreement."

Standard Exhibit I Addendum:

The section entitled “Survival” in Subparagraph 6 of the Standard Exhibit I executed in connection with this Agreement is hereby amended to read:

“Survival”. Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k., the defense and indemnification provisions of section 3 d. and standard contract provision #13, as amended, shall survive the termination of the Agreement.”

**2) Subparagraph 14. INSURANCE**

Subparagraph 14.1.2 shall be struck from Form P-37.

Subparagraph 14.3 of Form P-37 is hereby amended to read:

“The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later

than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to provide notice in accordance with the policy provisions. The Contractor shall endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.”

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**NH Department of Health and Human Services  
STANDARD EXHIBIT D  
CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

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The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

**ALTERNATIVE I - FOR GRANTEEES OTHER THAN INDIVIDUALS**

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS  
US DEPARTMENT OF EDUCATION - CONTRACTORS  
US DEPARTMENT OF AGRICULTURE - CONTRACTORS**

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Contractors using this form should send it to:

Commissioner  
NH Department of Health and Human Services  
129 Pleasant Street,  
Concord, NH 03301-6505

- (A) The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
  - (b) Establishing an ongoing drug-free awareness program to inform employees about
    - (1) The dangers of drug abuse in the workplace;
    - (2) The grantee's policy of maintaining a drug-free workplace;
    - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
    - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
  - (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
  - (1) Abide by the terms of the statement; and
  - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted
  - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

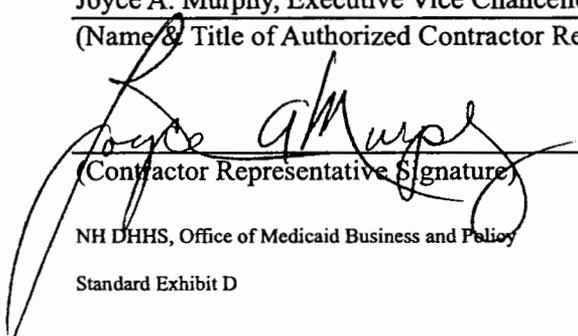
Place of Performance (street address, city, county, state, zip code) (list each location)

529 Main Street, Charlestown, MA 02129

Check  if there are workplaces on file that are not identified here.

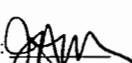
University of Massachusetts Medical School      From: November 1, 2012      To: October 31, 2015  
(Contractor Name)      (Period Covered by this Certification)

Joyce A. Murphy, Executive Vice Chancellor, Commonwealth Medicine, UMMS  
(Name & Title of Authorized Contractor Representative)

  
(Contractor Representative Signature)

10/12/12  
(Date)

NH DHHS, Office of Medicaid Business and Policy

Contractor Initials: 

Standard Exhibit D

Date: 10/12/12

NH Department of Health and Human Services

**STANDARD EXHIBIT E**  
**CERTIFICATION REGARDING LOBBYING**

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The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS**  
**US DEPARTMENT OF EDUCATION - CONTRACTORS**  
**US DEPARTMENT OF AGRICULTURE - CONTRACTORS**

Programs (indicate applicable program covered):

- \*Temporary Assistance to Needy Families under Title IV-A
- \*Child Support Enforcement Program under Title IV-D
- \*Social Services Block Grant Program under Title XX
- \*Medicaid Program under Title XIX
- \*Community Services Block Grant under Title VI
- \*Child Care Development Block Grant under Title IV

Contract Period: November 1, 2012 through October 31, 2015

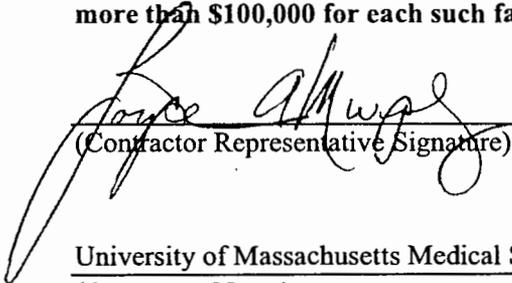
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The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, (Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-1.)
- (3) The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

**This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails**

to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

  
\_\_\_\_\_  
(Contractor Representative Signature)

Joyce A. Murphy, Executive Vice Chancellor,  
Commonwealth Medicine, UMMS  
\_\_\_\_\_  
(Authorized Contractor Representative Name & Title)

University of Massachusetts Medical School  
\_\_\_\_\_  
(Contractor Name)

10/12/12  
\_\_\_\_\_  
(Date)

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NH Department of Health and Human Services

STANDARD EXHIBIT F

CERTIFICATION REGARDING DEBARMENT, SUSPENSION  
AND OTHER RESPONSIBILITY MATTERS

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

**INSTRUCTIONS FOR CERTIFICATION**

1. By signing and submitting this proposal (contract), the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Department of Health and Human Services' (DHHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when DHHS determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the DHHS agency to whom this proposal (contract) is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.
6. The prospective primary participant agrees by submitting this proposal (contract) that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DHHS.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and

Voluntary Exclusion - Lower Tier Covered Transactions,” provided by DHHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, DHHS may terminate this transaction for cause or default.

#### **PRIMARY COVERED TRANSACTIONS**

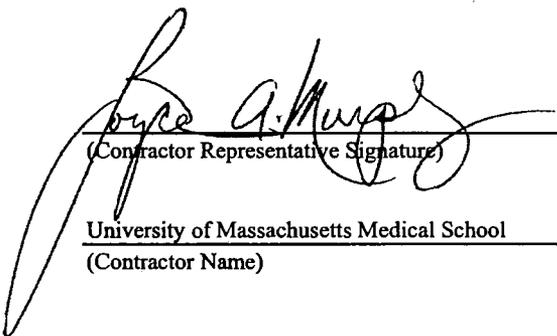
- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
  - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - (b) have not within a three-year period preceding this proposal (contract) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
  - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (contract).

**LOWER TIER COVERED TRANSACTIONS**

By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- (b) where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).

The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.



(Contractor Representative Signature)

Joyce A. Murphy, Executive Vice Chancellor,  
Commonwealth Medicine, UMMS

(Authorized Contractor Representative Name & Title)

University of Massachusetts Medical School

(Contractor Name)

(Date)

10/12/12

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NH Department of Health and Human Services

STANDARD EXHIBIT G

**CERTIFICATION REGARDING  
THE AMERICANS WITH DISABILITIES ACT COMPLIANCE**

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this proposal (contract) the Contractor agrees to make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.



(Contractor Representative Signature)

Joyce A. Murphy, Executive Vice Chancellor,  
Commonwealth Medicine, UMMS

(Authorized Contractor Representative Name & Title)

University of Massachusetts Medical School

(Contractor Name)

(Date)

10/12/12

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NH Department of Health and Human Services

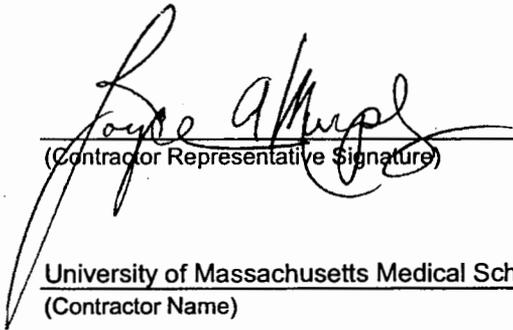
STANDARD EXHIBIT H

CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

The Contractor identified in Section 1.3 of the General Provisions agrees, by signature of the Contractor's representative as identified in Section 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this contract, the Contractor agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.

 _____ (Contractor Representative Signature)	Joyce A. Murphy, Executive Vice Chancellor, Commonwealth Medicine, UMMS _____ (Authorized Contractor Representative Name & Title)
University of Massachusetts Medical School _____ (Contractor Name)	10/12/12 _____ (Date)

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NH Department of Health and Human Services

STANDARD EXHIBIT I

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT  
BUSINESS ASSOCIATE AGREEMENT

The Contractor identified in Section 1.3 of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 and those parts of the HITECH Act applicable to business associates. As defined herein, "Business Associate" shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

- a. "Breach" shall have the same meaning as the term "Breach" in Title XXX, Subtitle D. Sec. 13400.
- b. "Business Associate" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- c. "Covered Entity" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- d. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- e. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- f. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- g. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, Title XIII, Subtitle D, Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
- h. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- j. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.

- k. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- l. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.
- m. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. "Unsecured Protected Health Information" means protected health information that is not secured by a technology standard that renders protected health information unusable, unreasonable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.
- p. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

**(2) Use and Disclosure of Protected Health Information.**

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
  - I. For the proper management and administration of the Business Associate;
  - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
  - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402 of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.

- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) **Obligations and Activities of Business Associate.**

- a. Business Associate shall report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402.
- b. The Business Associate shall comply with all sections of the Privacy and Security Rule as set forth in, the HITECH Act, Subtitle D, Part 1, Sec. 13401 and Sec.13404.
- c. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- d. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section (3)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
- g. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.

- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
- j. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- k. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

**(4) Obligations of Covered Entity**

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

**(5) Termination for Cause**

In addition to standard provision #10 of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines

that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(6) **Miscellaneous**

- a. **Definitions and Regulatory References.** All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, and the HITECH Act as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. **Amendment.** Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.
- c. **Data Ownership.** The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. **Interpretation.** The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule and the HITECH Act.
- e. **Segregation.** If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. **Survival.** Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and standard contract provision #13, shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

<u>Department of Health + Human Services</u> The State Agency Name	<u>University of Massachusetts Medical School</u> Name of the Contractor
<u>Kathleen A. Dunn</u> Signature of Authorized Representative	<u>Joyce A. Murphy</u> Signature of Authorized Representative
<u>Kathleen A. Dunn</u> Name of Authorized Representative	<u>Joyce A. Murphy</u> Name of Authorized Representative
<u>Associate Commissioner</u> Title of Authorized Representative	<u>Executive Vice Chancellor, Commonwealth Medicine, UMMS</u> Title of Authorized Representative
<u>10-12-12</u> Date	<u>10/12/12</u> Date

*Remainder of page intentionally left blank*

STANDARD EXHIBIT J

FORM A

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: 603847393
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

NO  YES

If the answer to #2 above is NO, stop here

If the answer to #2 above is YES, please answer the following:

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

NO  YES

If the answer to #3 above is YES, stop here

If the answer to #3 above is NO, please answer the following:

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

Name: _____	Amount: _____

STANDARD EXHIBIT J

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND  
TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

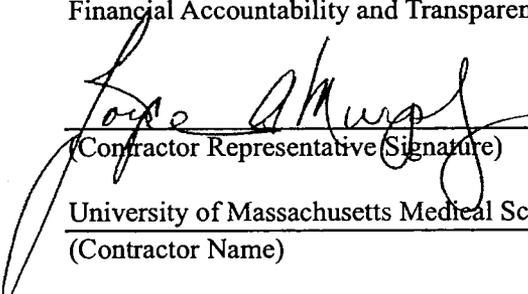
In accordance with 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

- 1) Name of entity
- 2) Amount of award
- 3) Funding agency
- 4) NAICS code for contracts / CFDA program number for grants
- 5) Program source
- 6) Award title descriptive of the purpose of the funding action
- 7) Location of the entity
- 8) Principle place of performance
- 9) Unique identifier of the entity (DUNS #)
- 10) Total compensation and names of the top five executives if:
  - a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
  - b. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Contractor agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

  
\_\_\_\_\_  
(Contractor Representative Signature)

Joyce A. Murphy, Executive Vice Chancellor,  
Commonwealth Medicine, UMMS  
\_\_\_\_\_  
(Authorized Contractor Representative Name & Title)

University of Massachusetts Medical School  
\_\_\_\_\_  
(Contractor Name)

10/12/12  
\_\_\_\_\_  
(Date)



Commonwealth Medicine  
University of Massachusetts Medical School  
333 South Street  
Shrewsbury, MA 01545-2732 USA  
508.856.6222 (office) 508.856.6100 (fax)

## Commonwealth Medicine

### **Mission, Vision, Values**

---

#### **Mission**

To create solutions that improve health and well-being, focused on those served by public programs.

#### **Vision**

To distinguish UMass Medical School as a national leader in transforming publicly-funded health care.

#### **Values**

We achieve our mission with integrity, collaboration, innovation, excellence, and evidence-based solutions.



## University of Massachusetts Medical School

### Our Mission, Values and Vision

The mission of the University of Massachusetts Medical School is to advance the health and well-being of the people of the commonwealth and the world through pioneering advances in education, research and health care delivery.

### Values and Vision

**As a combined enterprise with our clinical partner, UMass Memorial Health Care, we value:**

- improving health and enhancing access to care for people within our community, the commonwealth, and the world;
- excellence in achieving the highest quality standards in patient care and satisfaction, education and research;
- common good as an institutional focus, exercised both internally and externally;
- collegiality as we work through a shared vision for the common good;
- integrity in decision-making and actions held to the highest ethical standards;
- diversity promoted within our institution to foster an atmosphere of compassion, courtesy, and mutual respect, stimulating inventiveness and broadening our talents and perspectives;
- academic opportunity and scholarship through high-quality, affordable educational programs for the training of physicians, nurses, advanced practitioners, researchers, and educators; and
- scientific advancement made possible by embracing creative thinking and innovation to yield an understanding of the causes, prevention, and treatment of human disease for the pursuit of knowledge and the benefit of people everywhere.



**To become one of the nation's most distinguished academic health sciences centers, we seek to:**

- achieve excellence in the practice of safe, high-quality care;
- design and implement innovative educational methods to train educators, clinicians, and scientists to meet the future health care workforce needs in Massachusetts and the United States;
- develop educators, clinicians and scientists who are equipped to become the next generation of outstanding leaders in health care;
- develop and capitalize on the strengths of all staff who provide the operational support for an academic health sciences center;
- nurture ongoing progress in the basic sciences to fuel breakthrough discoveries that will transform the practice of medicine;
- translate scientific discoveries to improve patient outcomes and address the root causes of poor health; and
- partner to create and optimize health care initiatives that improve the health of the communities we serve.



Commonwealth Medicine  
University of Massachusetts Medical School  
333 South Street  
Shrewsbury, MA 01545-2732 USA  
508.856.6222 (office) 508.856.6100 (fax)

### **Alternative Documentation Provided in lieu of Certificate of Good Standing**

A Certificate of Good Standing from the State of New Hampshire is not applicable to the University of Massachusetts. The University of Massachusetts is a public university created by the legislature of the Commonwealth of Massachusetts under statute M.G.L. ch. 75.

### **TAX STATUS OF THE UNIVERSITY OF MASSACHUSETTS**

**TAX-EXEMPT STATUS:** The University of Massachusetts is tax-exempt under section 115 of the Internal Revenue Code and/or under the doctrine of intergovernmental tax immunity. Section 115 provides tax-exemption for "income derived from the exercise of any essential governmental function." In Revenue Ruling 75-436, the Internal Revenue Service recognized that citizen education was an essential governmental function.

**CONTRIBUTIONS TO THE UNIVERSITY:** For income tax purposes, section 170 provides that donations made for exclusively public purposes, to or for the use of a state or political subdivision, are deductible against the taxable income of individuals, corporations, and other taxpayers, subject to various limitations. For estate tax purposes, section 2055(a) provides that bequests, legacies, devises, or transfers made by an estate for exclusively public purposes, to or for the use of any state or political subdivision, are deductible from the value of the gross estate subject to various limitations. For gift tax purposes, section 2522(a) provides that transfers made for exclusively public purposes, to or for the use of any state or political subdivision, are deductible in computing taxable gifts subject to various limitations. The Internal Revenue Service has ruled (Private Letter Rulings 8336068, 8935012, and 9017014) that contributions to state universities qualify as being made for "exclusively public purposes" and "to or for the use of" a state. Although private letter rulings cannot be relied upon as legal precedent, they give a good indication of how the IRS would rule on a similar fact pattern. If donors prefer to contribute to a tax-exempt organization with an IRS determination letter and with section 501(c)(3) tax-exempt status, they should contribute to the University of Massachusetts Foundation, Inc.

#### **Federal Tax Identification Numbers:**

**UNIVERSITY OF MASSACHUSETTS: 043167352**

**COMMONWEALTH OF MASSACHUSETTS: 04-6002284**

(The Commonwealth of Massachusetts F.E.I.N. is used for payroll tax purposes.)



CERTIFICATION  
PROGRAM

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
PHILADELPHIA, PA 19255

Date: June 25, 2012



000182

Taxpayer: UNIVERSITY OF MASSACHUSETTS  
TIN: 04-3167352  
Tax Year: 2012

I certify that the above-named entity is a State, or political  
~~subdivision of a State, or an agency, instrumentality, or public~~  
educational organization of a State or political subdivision, which is  
exempt from U.S. tax under the Internal Revenue Code, and is a resident  
of the United States of America for purposes of U.S. taxation.

P. J. Bazick  
Field Director, Accounts Management

**EXTRACT FROM THE RECORDS OF  
UNIVERSITY OF MASSACHUSETTS**

**Granting Authority to Execute Contracts and All Other Instruments**

**I, Barbara DeVico, Secretary of the Board of Trustees of the University of Massachusetts,** do hereby certify that the following is a true and complete copy of a vote duly adopted by the Board of Trustees of the University of Massachusetts at a meeting duly called and held on the fifth day of February, nineteen hundred and ninety-seven at the University of Massachusetts, Chancellor's Conference Room, Boston, Massachusetts:

“Further, to affirm that, except as to matters governed by the University of Massachusetts Intellectual Property Policy (Doc. T96-040), the Treasurer of the University of Massachusetts or his designee shall be the sole contracting officer of the University with the Authority to execute all contract, grants, restricted gifts (excluding endowments), and amendments thereto for sponsored programs in instruction, research, or public service, unless and until otherwise voted by the Board of Trustees.”

I further certify that the Vice President for Administration & Finance and Treasurer of the University, Christine M. Wilda, has retained the right to remain the sole contracting officer of the University of Massachusetts, but in her absence, she has designated Philip J. Marquis, Assistant Vice President for Central Administrative Services and Associate Treasurer.

I further certify that effective September 27, 2012, the following is a list of designated individuals authorized in accordance with the afore referenced votes to review and execute all grants and contracts for sponsored programs in instruction, research and public service that are applicable to and received on behalf of the University of Massachusetts for their respective campuses.

**Amherst Campus**

**Kumble R. Subbaswamy**, Chancellor, Amherst Campus, Amherst, Massachusetts,  
**John Dubach**, Deputy Chancellor, Amherst Campus, Amherst, Massachusetts,  
**Michael Malone**, Vice Chancellor, Amherst Campus, Amherst, Massachusetts,  
**Carol P. Sprague**, Director of the Office of Grants and Contracts Administration, Amherst Campus, Amherst, Massachusetts,  
**Jennifer A. Donais**, Director of Research Compliance, Amherst Campus, Amherst, Massachusetts,  
**Theresa W. Girardi**, Assistant Director, Amherst Campus, Amherst, Massachusetts,  
**Nancy E. Stewart**, Assistant Director, Amherst Campus, Amherst, Massachusetts,  
**Laura J. Howard**, Associate Director, Division of Continuing Education, Amherst Campus, Amherst, Massachusetts

**Boston Campus**

**J. Keith Motley**, Chancellor, Boston Campus, Boston, Massachusetts,  
**Ellen M. O'Connor**, Vice Chancellor for Administration & Finance, Boston Campus, Boston, Massachusetts,  
**Winston Langley**, Provost & Vice Chancellor for Academic Affairs, Boston Campus, Boston, Massachusetts,

**Zong-Guo Xia**, Vice Provost for Research and Strategic Initiatives, Boston Campus, Boston, Massachusetts,

**Matthew L. Meyer**, Associate Vice Provost for Research and Director of the Office of Research & Sponsored Programs, Boston Campus, Boston, Massachusetts,

**Paul M. Mullane**, Deputy Director of the Office of Research and Sponsored Programs, Boston Campus, Boston, Massachusetts

### **Dartmouth Campus**

**Divina Grossman**, Chancellor, Dartmouth Campus, Dartmouth, Massachusetts,

**John Farrington**, Provost & Vice Chancellor for Academic & Student Affairs, Dartmouth Campus, Dartmouth, Massachusetts,

**Deborah McLaughlin**, Vice Chancellor for Administrative and Fiscal Services, Dartmouth Campus, Dartmouth, Massachusetts,

**Joanne Zanella-Litke**, Director, Office of Research Administration, Dartmouth Campus, Dartmouth, Massachusetts,

**Michelle M. Plaud**, Manager of Pre and Post Award Administration, Dartmouth Campus, Dartmouth, Massachusetts,

### **Lowell Campus**

**Martin T. Meehan**, Chancellor, Lowell Campus, Lowell, Massachusetts,

**Joanne Yestramski**, Vice Chancellor for Administration, Finance, Facilities & Technology, Lowell Campus, Lowell, Massachusetts,

**Jacqueline F. Moloney**, Executive Vice Chancellor, Lowell Campus, Lowell, Massachusetts,

**Ahmed Abdelal**, Provost, Lowell Campus, Lowell, Massachusetts,

**Steven O'Riordan**, Associate Vice Chancellor for Financial Services, Lowell Campus, Lowell, Massachusetts,

**Linda Concino**, Proposal Development Manager, Lowell Campus, Lowell, Massachusetts,

**Julie Chen**, Interim Vice Provost for Research, Lowell Campus, Lowell, Massachusetts,

### **President's Office**

**Tom Chmura**, Vice President for Economic Development, President's Office, Boston, Massachusetts,

**Lynn Griesemer**, Associate Vice President for Economic Development and Executive Director for the Donahue Institute, President's Office, Boston, Massachusetts,

**John Klenakis**, Deputy Director for the Donahue Institute, President's Office, Boston, Massachusetts,

### **Worcester**

**Michael F. Collins, MD**, Chancellor, University of Massachusetts Medical School, Worcester, Massachusetts,

**Robert Jenal**, Vice Chancellor for Administration & Finance, University of Massachusetts Medical School, Worcester, Massachusetts,

**Joyce A. Murphy**, Executive Vice Chancellor for Commonwealth Medicine, University of Massachusetts Medical School, Worcester, Massachusetts,

**Nancy E. Vasil**, Associate Vice Chancellor for Administration & Finance, University of Massachusetts Medical School, Worcester, Massachusetts,

**John L. Sullivan**, Director, Office of Research, University of Massachusetts Medical School, Worcester, Massachusetts,

**Sheila Noone**, Director of Clinical Research, University of Massachusetts medical School, Worcester, Massachusetts,

**Bethanne Giehl**, Assistant Director of Research Funding, University of Massachusetts Medical School, Worcester, Massachusetts,

**Gina Shaughnessy**, Assistant Director of Contracts, University of Massachusetts Medical School, Worcester, Massachusetts,

**Bhavna Bhatia**, Grants Administrator III, University of Massachusetts Medical School, Worcester, Massachusetts,

**Diego R. Vazquez**, Assistant Vice Provost for Research Funding Services, University of Massachusetts Medical School, Worcester, Massachusetts

I further certify that Christine M. Wilda, Philip J. Marquis, Kumble R. Subbaswamy, John Dubach, Michael Malone, Carol P. Sprague, Jennifer A. Donais, Theresa W. Girardi, Nancy E. Stewart, Laura J. Howard, J. Keith Motley, Ellen M. O'Connor, Winston Langley, Zong-Guo Xia, Matthew L. Meyer, Paul M. Mullane, Divina Grossman, John Farrington, Deborah McLaughlin, Joanne Zanella-Litke, Michelle M. Plaud, Martin T. Meehan, Joanne Yestramski, Jacqueline F. Moloney, Ahmed Abdelal, Steven O'Riordan, Linda Concino, Julie Chen, Tom Chmura, Lynn Griesemer, John Klenakis, Michael F. Collins, MD, Robert Jenal, Joyce A. Murphy, Nancy E. Vasil, John L. Sullivan, Sheila Noone, Bethanne Giehl, Gina Shaughnessy, Bhavna Bhatia and Diego R. Vazquez are members of the University Administration with its principal office located at 333 South Street, Shrewsbury, County of Worcester, in the Commonwealth of Massachusetts

Date: October 12, 2012

  
Barbara DeVico, Secretary to the  
Board of Trustees



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
10/10/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).**

<b>PRODUCER</b> MARSH USA, INC. 99 HIGH STREET BOSTON, MA 02110 Attn: Boston.Certrequest@marsh.com Fax 212-948-4377  S04033-Bost-GL-12-13	<b>CONTACT NAME:</b> _____ <b>PHONE (A/C, No, Ext):</b> _____ <b>FAX (A/C, No):</b> _____ <b>E-MAIL ADDRESS:</b> _____																					
	<table border="1"> <thead> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Lexington Insurance Company</td> <td></td> <td>19437</td> </tr> <tr> <td>INSURER B :</td> <td></td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A : Lexington Insurance Company		19437	INSURER B :			INSURER C :			INSURER D :			INSURER E :			INSURER F :	
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<b>INSURED</b> UNIVERSITY OF MASSACHUSETTS OFFICE OF THE TREASURER 333 SOUTH STREET, SUITE 450 SHREWSBURY, MA 01545																						

**COVERAGES**                      **CERTIFICATE NUMBER:** NYC-006495583-01                      **REVISION NUMBER:** 1

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURER	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC		004055483	05/01/2012	05/01/2013	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (EA occurrence) \$ 1,000,000 MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COM/POP AGG \$ 4,000,000 SIR \$ 100,000
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (EA accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				WC STATUTORY LIMITS    OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)**  
 Re: Commonwealth Medicine Contract with New Hampshire for Disproportionate Share Hospital Program Consultant Services, RFP # 13-OMBP-DSH-01  
  
 NH Department of Health & Human Services is named as an additional insured as respects to operations by or on behalf of the University of Massachusetts or operation of facilities of the U Mass or use of facility by U Mass as their interest may appear.

<b>CERTIFICATE HOLDER</b>  NH Department of Health & Human Services 129 Pleasant Street Concord, NH 03301	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE of Marsh USA Inc. Donna K. Doucet <i>Donna K. Doucet</i>
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## Jean C. Sullivan, J.D.

*Director, Center for Health Law and Economics*  
*Associate Vice Chancellor for Commonwealth Medicine*  
*Instructor, Department of Family Medicine and Community Health*

### Professional Experience

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<b>University of Massachusetts Medical School</b>	<b>Worcester, MA</b>
<i>Director, Center for Health Law and Economics</i>	<i>2007–present</i>
<i>Associate Vice Chancellor for Commonwealth Medicine</i>	<i>2005–present</i>
<i>Instructor, Department of Family Medicine and Community Health</i>	<i>2003–present</i>
<i>Special Assistant to the Deputy Chancellor</i>	<i>2002–2005</i>

Founder and Director of the Center for Health Law and Economics and member of the Executive Leadership Team for Commonwealth Medicine (CWM), the enterprise within the Chancellor's office primarily responsible for realizing the Medical School's public service mission. CWM serves state health and human services agencies in health policy research, development, analysis, design, and finance.

- Responsible for health law and policy advice, analysis, and consulting services that CWM provides to health, human services, and elder affairs agencies, Governor's office, and Executive Office of Administration and Finance in Massachusetts.
- Oversee CWM Office of Compliance and Review and provide in-house advice to CWM Research Centers, Service Delivery Units, and Center for Health Care Financing.
- Expert in federal- and state-level health care reform initiatives; federal and state Medicaid law and programs, Title XIX Demonstration Project waivers and home- and community-based services waivers; and disability law as it relates to long-term care and supports programs. Expertise in law related to ADA, ERISA, and Title XIX Medicaid special topics, including Intergovernmental Funds Transfer regulations, state and federal financial participation (FFP) rules; and broad knowledge of federal policies and practices related to these areas.
- Over 28 years of legal, policy, and legislative experience relative to Medicaid and S-CHIP, Medicare–Medicaid dual eligibility issues, Social Security Disability benefits, Home- and Community-Based Services Waivers, and ADA laws, health care reform efforts for the uninsured, uncompensated care financing programs and health care access issues.
- Responsible for strengthening CWM's relationship with the Massachusetts Executive Office of Health and Human Services (HHS); providing strategic and subject matter expertise on health policy to the Secretary of HHS, including the design and financial modeling for the Massachusetts Health Care Reform proposal; and leading key components of the re-organization of CWM.

<b>Massachusetts Division of Medical Assistance</b>	<b>Boston</b>
<i>Acting Commissioner</i>	<i>May–Sept. 2000</i>
<i>Deputy Commissioner</i>	<i>2000–2002</i>
<i>General Counsel</i>	<i>1993–2000</i>

Executive leader for Massachusetts' Medicaid agency responsible for nearly 1 million enrollees, a comprehensive Demonstration Project for expanding coverage and access for low-income residents, an \$8 billion annual budget, over 800 employees, and six offices across the state.

**As Deputy Commissioner:**

- Directed the operation of six reporting units including: management of federal relations, national and state legislative affairs; agency policy development, analysis, and implementation; all federal demonstration projects; the child health insurance program (S-CHIP); fair hearings, constituent relations; media management; external communications and agency publications.
- Directed the management of complex agency issues and projects, particularly in the areas of provider reimbursement policy and federal revenue issues.

**As General Counsel:**

- Directed all legal services to the state's Medicaid agency including litigation, contracting, procurements, and state and federal legislation drafting and analysis.
- Directed and provided legal advice and drafting for all policy and program development, internal operations, state finance issues, state and federal oversight and compliance issues, employment and labor issues, federal revenue issues, state and federal legislative and regulatory matters. Managed five units with 30 attorneys and 10 paralegal staff.
- Directed legal team for design and legal defense of federal waiver requests and the financing methodologies for support of safety net providers. Served as Special Assistant Attorney General for supervision of lawsuits brought against the agency.

**Massachusetts Department of Public Welfare**  
**Chief Counsel for Medical Services**  
**Deputy General Counsel for Medical Assistance**  
**Associate General Counsel**  
**Assistant General Counsel**

**Boston**  
**1991–1993**  
**1988–1991**  
**1987–1988**  
**1984–1987**

- Directed and managed in-house legal support services needed by the Medical Services Division within the Department of Public Welfare.
- Directed legal support and litigation services for the medical assistance programs administered by the Department. Conceived of and developed a new structure for the state's uncompensated care fund to leverage \$500 million in new federal funds for the state.
- Led the legal support team for implementation of CommonHealth, a new health coverage program for disabled individuals.

**Education**

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**Boston University School of Law, Boston**  
J.D., Legal Intern at B.U. Legal Aid Program: 9/82–4/84

**May 1984**

**Mount Holyoke College, South Hadley, Mass.**  
B.A., magna cum laude. Phi Beta Kappa, 1976; GPA: 3.875  
Major: Experimental Psychology

**June 1977**

**Bar Admissions**  
Commonwealth of Massachusetts  
United States District Court, District of Massachusetts

**January 1985**  
**May 1986**

## Awards

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**Manuel Carballo Governor's Award for Excellence in Public Service** 1988, 1991, 1997, 2004

This award is the top performance recognition award issued by the Commonwealth.

Among all employees of the state, it is presented to only 10 individuals or teams each year.

Each of these four awards was won for *achievements in health reform design and implementation*.

**Commonwealth Citation for Outstanding Performance** 2000

Federal Financing restructuring in Massachusetts Medicaid to support uninsured access.

## Selected Presentations, Reports, and Lectures (complete list available on request)

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- Stephanie Anthony, Robert W. Seifert, and Jean C. Sullivan. The MassHealth Waiver: 2009–2011...and Beyond. (Boston, MA: Massachusetts Medicaid Policy Institute and Massachusetts Health Policy Forum, February 2009)
- Adams, A.E., Campanelli, S., Lewis, W., Sullivan, J., Clark, R., & Gettens, J. Analyzing the impact of a proposed change in the New Hampshire disability duration requirement. (Technical Report. Shrewsbury, MA: University of Massachusetts Medical School, Commonwealth Medicine. 2009)
- Campanelli, S., Adams, A.E., Edwards, K., Lewis, W., & Sullivan, J. The appeals process for the Aid to the Permanently and Totally Disabled (APTD) program in New Hampshire: Recommendations for Improvement. (Technical Report. Shrewsbury, MA: University of Massachusetts Medical School, Commonwealth Medicine. 2009)
- Miller, Quigley, Seifert, and Sullivan, "The Outlook for Medicaid in Massachusetts," Massachusetts Medicaid Policy Institute, Report, March 2007
- Presenter, Plenary Session at the Annual Conference of National Association of Human Services Finance Officers, "Universal Health Coverage: National Trends and Massachusetts Reform," August 4, 2008
- Presenter, (via Webinar). "National Health Reform: So Far," National Association of Reimbursement Officers (NARO), Annual conference, February 2011

## **Katharine London, M.S.**

*Principal Associate, Center for Health Law and Economics  
University of Massachusetts Medical School*

### **Professional Experience**

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**University of Massachusetts Medical School**  
**Center for Health Law and Economics**  
*Principal Associate*

**2009-Present**  
**Charlestown, MA**

Member of senior leadership team of a university-based center providing consulting services in health economics and public policy analysis to government and not-for-profit clients. Projects include:

***Vermont Agency of Administration***

***July 2012 – Jan. 2013***

Develop a health care financing model for a universal and uniform health insurance coverage program for all Vermont residents.

***Massachusetts Division of Health Care Finance and Policy***

***May 2012-June 2014***

Advise the Commissioner and senior staff on policy issues related to development of the state's All Payer Claims Dataset and release of data to the public.

***New Hampshire Insurance Department, Analysis of Hospital Price Variations***

***July 2011- April 2012***

Evaluated the variation in prices paid by commercial health insurance carriers to New Hampshire health care providers. Analyzed the variance attributable to the relative proportion of Medicare, Medicaid, and uninsured patients, to the sickness and complexity of patient populations, and to other factors using New Hampshire's All Payer Claims Dataset.

***Massachusetts Pediatric Asthma Bundled Payment Demonstration Program***

***Feb. 2011 - Present***

Lead an effort to design, implement, and evaluate a bundled payment system for high-risk pediatric asthma patients enrolled in the Massachusetts Medicaid program, designed to ensure a financial return on investment through the reduction of costs related to hospital and emergency department visits and admissions.

***Connecticut Sustinet Health Partnership***

***May 2010 – Jan. 2011***

Provided project management, facilitation, analytic support, and report writing to help this public-private Board of Directors and 8 advisory committees (comprised of 160 individuals) develop a public option health plan proposal using the medical home model and alternative payment methods.

***Massachusetts Long-Term Care Financing Advisory Committee***

***July 2009 – Nov. 2010***

Provided project management, facilitation, analytic support, and report writing to help this advisory committee develop short-term and long-term recommendations for improving options for financing the costs of long-term services and supports.

***Reforming Reform***

***Sept. 2009 – June 2010***

Analyzed the effects in Massachusetts of the Patient Protection and Affordable Care Act's provisions regarding disproportionate share hospital financing and the excise tax on high cost health insurance plans.

**Massachusetts Health Care Quality and Cost Council**  
**Executive Director**

**2007- 2008**  
**Boston, MA**

- Directed staff, policy development, and operations for this 16 member public-private Council.
- Established statewide goals to improve health care quality, to contain health care costs, and to reduce racial and ethnic disparities in health care in Massachusetts
- Drafted the Council's Annual Report listing specific tasks for each health care sector in order to meet the statewide goals
- Collected data from 22 commercial health insurers and built a dataset containing all health care claims data for all Massachusetts residents covered by a fully insured Massachusetts-based health plan
- The dataset incorporated payments made under a wide range of payment methodologies and served as the foundation for the Massachusetts All-Payer Claims Dataset
- Designed and launched a consumer-friendly health care quality and cost information website, [www.mass.gov/myhealthcareoptions](http://www.mass.gov/myhealthcareoptions), the first in the nation to display hospital-specific quality and cost information simultaneously
- Guided the Council and its Committees to establish strategic direction; developed and implemented the Council's communications strategy
- Served as a liaison between the Council, its 30 member Advisory Committee, and other key constituencies
- Directed the Council's administrative functions: managed the Council's \$1.9 million budget; drafted and promulgated 3 complex regulations; procured and managed 8 vendor contracts

**Massachusetts Office of the Attorney General**  
**Director of Health Policy**

**2003 - 2007**  
**Boston, MA**

- Advised the Massachusetts Attorney General and Assistant Attorneys General on health policy matters, payment methods, rates, purchasing strategies, and other health care components of legal cases
- Implemented the Attorney General's health care priorities in coordination with the Office's Divisions of Public Charities, Insurance, and Consumer Protection and Anti-Trust
- Identified financially distressed hospitals and health plans and ensured they developed viable turnaround plans
- Analyzed the effects of potential mergers and acquisitions on the health care market
- Distributed legal settlement funds to health care charities
- Received the Attorney General's Award for Excellence, 2006

**Massachusetts Division of Health Care Finance and Policy**  
**Director, Office of Special Policy Initiatives**  
**Policy Development Manager**

**Boston, MA**  
**2001-2003**  
**1996- 2001**

- Advised the agency Commissioner and the Secretary of Health and Human Services on health policy issues. Directed complex, high-profile projects that crossed department and agency lines
- Massachusetts Health Care Task Force (2000-2002): Directed staff support and analysis of private and public payment rates and methods, provider cost, utilization and financial status trends in the hospital, nursing home, pharmacy, and other sectors
  - Task Force members included the Governor, Attorney General, legislative leaders, other high level government officials, CEOs of major hospitals and health plans, and leaders of professional organizations and advocacy groups
- Special Commissions on Uncompensated Care (1997 and 2002): Directed staff support and analysis for two

Commissions composed of representatives from government, health care providers, payers, business and consumers and charged with revising the Commonwealth's policies and procedures for financing uncompensated care

- Developed policy for the Massachusetts Uncompensated Care Pool, a \$345 million fund that paid for health care services for low income uninsured and under-insured individuals
- Implemented a \$100 million surcharge on payments to hospitals and an electronic system to collect patient-level Uncompensated Care eligibility and claims data for the 350,000 patients served by the Pool

**Massachusetts Rate Setting Commission**

**Boston, MA**

**Assistant Manager**

**1993-1996**

**Senior Policy Analyst**

**1992-1993**

**Policy Analyst**

**1990-1991**

- Calculated maximum allowable private sector charges under Massachusetts' All-Payer Rate Setting system.
- Developed pricing methods and calculated payment rates for Massachusetts Medicaid, workers' compensation, Uncompensated Care Pool, and Medicaid disproportionate share.
- Developed and analyzed policy options, drafted regulations, summarized and critiqued testimony presented at public hearings, and recommended final regulations to Commissioners.
- Evaluated the effects of proposed legislation on hospital costs, utilization, access, rates of payment, financial status, and market structure.

**Education**

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**Harvard School of Public Health**

**Boston, MA**

Master of Science degree in Health Policy and Management (1990)

Concurrent coursework at Harvard's Kennedy School of Government and MIT's Sloan School of Management

**Harvard and Radcliffe Colleges**

**Cambridge, MA**

Bachelor of Arts degree in Applied Mathematics with Biology (1986)

**Selected Publications**

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- Analysis of Price Variations in New Hampshire Hospitals, prepared for the New Hampshire Insurance Department, April 2012.
- Evaluating the State Basic Health Plan in Connecticut, Research Brief prepared for the Legal Assistance Resource Center of Connecticut, January 2012.
- Report to the Connecticut General Assembly from the Sustinet Health Partnership Board of Directors, January 2011. (co-author and analyst)
- Securing the Future: Report of the Massachusetts Long-Term Care Financing Advisory Committee, November, 2010. (co-author and analyst)
- My Health Care Options website, [www.mass.gov/myhealthcareoptions](http://www.mass.gov/myhealthcareoptions), launched December 2008. (staff director, co-author, and editor)
- Massachusetts Health Care Quality and Cost Council's [first] Annual Report, April 2008. (staff director, primary author, lead analyst, and editor)
- Attorney General Tom Reilly's 10 Practical Tips for Non-Profit Hospital Boards, October, 2004. (co-author)

- Report of the Special Commission on Uncompensated Care, December 27, 2002. (staff director, co-author, lead analyst, and editor)
- Cai, J., A. Lischko, and K. London, "Do Medicaid Patients Use More Inpatient Resources?" presented to the Academy Health Annual Research Meeting, June 25, 2002.
- Massachusetts Health Care Task Force. (analytic staff director)  
Final Report, 2002  
11 Interim Reports, June 2000 – November 2001
- Uncompensated Care Pool, FY 1999 [first] Annual Report, Massachusetts Division of Health Care Finance and Policy, March, 2000. (project manager, lead analyst, and editor)
- Weissman, J.S., P. Dryfoos, and K. London, "Income Levels of Bad-Debt and Free-Care Patients in Massachusetts Hospitals", Health Affairs, July/August 1999, 18:4 pp. 156-166.
- The Impact of Medicare Provisions in the Balanced Budget Act of 1997 on Massachusetts Health Care Providers, Consumers and Medicaid: A Report to the Senate Committee on Ways and Means, House Committee on Ways and Means and Joint Committee on Health Care, Massachusetts Division of Health Care Finance and Policy, May 1998. (project manager and lead analyst)

## **Thomas N. Friedman III, M.P.A.**

*Associate, Center for Health Law and Economics  
University of Massachusetts Medical School*

### **Professional Experience**

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**University of Massachusetts Medical School  
Center for Health Law and Economics**

**Jan. 2012-Present  
Charlestown, MA**

***Associate***

Associate of a university-based center providing consulting services in health economics, data analytics, public policy analysis and strategic consulting to government and not-for-profit clients. Additional responsibilities include managing/hiring of junior staff. Selected new projects:

***Vermont Agency of Administration***

Develop a health care financing model for a universal and uniform health insurance coverage program for all Vermont residents.

***Massachusetts Executive Office of Health and Human Services Consultant for Development of Demonstration Program of Health Homes***

***Dec. 2011-Present***

Assist in the development of targeted Health Homes populations and lead the data analysis on eligible populations based on interpreting Federal guidance and integrating the initiative with other Massachusetts new MassHealth programs targeted at Dual Eligibles, ACOs, and different bundled payment programs.

***Connecticut Executive Office of Health and Human Services Consultant for Development of Demonstration Program of Integrated Care for Dual Eligibles***

***Nov. 2011-Present***

Provide strategic guidance to the State and hired consultants/actuaries on meaningful forms of analyses to assist in the successful submission of a demonstration program of Integrated Care for Dual Eligibles and how to effectively integrate the program with other CMS and CMMI initiatives.

**University of Massachusetts Medical School  
Center for Health Law and Economics**

**Jan. 2010-Jan. 2012  
Charlestown, MA**

***Senior Research Policy Analyst***

Senior Analyst of a university-based center providing consulting services in health economics, data analytics, and public policy analysis to government and not-for-profit clients. Selected projects:

***Massachusetts Executive Office of Health and Human Services Consultant for Development of Demonstration Program of Integrated Care for Dual Eligibles***

***Nov. 2010- Present***

Lead Data Workgroup on the target Dual Eligible population and produce demographic analysis of the population that describes member acuity, setting, and utilization patterns. In addition, provide technical assistance in the development in rating categories for the purposes of cost projections.

***State of New Hampshire Office of Health and Human Services Consultant on Disproportionate Share Hospital and Uncompensated Care funding***

***April 2010-Present***

Develop financial models on behalf of New Hampshire to compensate New Hampshire hospitals that provide high volumes of uncompensated care. Provide written and verbal guidance and clarifications to New Hampshire hospitals on state and federal policy requirements for DSH programs.

**Massachusetts Long-Term Care Financing Advisory Committee**

**Jan. 2010- Nov. 2010**

Provide financial and demographic projections of the future long-term care needs of Massachusetts residents based on the current population and state/national projections. Financial projections included the impact of implementing various new programs or benefits.

**Towers Perrin (now Towers Watson)**

**Associate – Health and Welfare,**

**Feb. 2007-Dec. 2009**

**Boston, MA**

- Coordinated and developed health care strategy for large national employers through quantitative analysis
- Created and implemented health and welfare budgets over \$100M and covering 15,000 members
- Developed health insurance premiums and contributions
- Performed analysis and offer guidance on state and national health policy
- Forecasted and developed ROI for health plans, wellness plans, and disease management initiatives
- Analyzed medical claims experience and develop strategic policies surrounding health plans
- Conducted feasibility studies for implementing Consumer Driven Health Plans and other innovative health care programs
- Collaborated with national teams to develop a national hospital benchmarking study

**New Castle County Government**

**Financial Task Force Committee Staffer**

**Sept.-Dec. 2006**

**New Castle County, DE**

- Analyzed current health care spend and employee cost against comparator counties, municipalities, and surrounding regions
- Examined impact of falling real estate prices on New Castle County tax base
- Developed a detailed list of recommendations to reduce employee and health care costs and raise county revenues

**Delaware General Assembly**

**Legislative Fellow**

**Jan.- June 2006**

**Dover, DE**

- Coordinated agendas for House Administration, Technology/Telecommunication, Veterans' Affairs, and Land Use/Transportation Committees
- Debriefed representatives on policy and fiscal impacts as it relates to their district
- Drafted policy memos and briefings for legislators

## **Education**

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**University of Delaware, Newark, DE**

Masters of Public Administration

Specialization: Health Policy and Financial Management

**December 2006**

**University of Arizona, Tucson, AZ**

Bachelor of Arts of Psychology

Minor: Business Administration

Graduated cum laude

**May 2003**

## **Skills**

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Microsoft Office and SAS

## Michael Grenier, M.P.A.

*Senior Associate, Center for Health Law and Economics  
University of Massachusetts Medical School*

### Professional Experience

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**University of Massachusetts Medical School**  
**Center for Health Law and Economics**  
*Senior Associate*

**February 2012- Present**  
**Charlestown, MA**

- Conducted analysis and drafted a report for the New Hampshire Insurance Department on price variations in New Hampshire Hospitals
- Completed calculation of the federal Medicaid upper payment limitation for Massachusetts hospitals for fiscal year 2012
- Developing a methodology and completing calculations to ensure that all facilities receiving Safety Net Care Pool payments are within limitation requirements required under the federal Section 1115 MassHealth waiver

**Commonwealth of Massachusetts**  
**Division of Health Care Finance and Policy**  
*Pricing Policy Manager*

**2001- 2012**  
**Boston, MA**

- Manage data analysis and rate development for the MassHealth program and other public payers for a wide range of health care services, including nursing facilities, hospitals, and other community-based providers
- Manage staff of ten, including two associate managers, five health policy analysts, and three auditors
- Determine rates and develop payment policies for the Health Safety Net program for hospital and community health center services
- Supervise the development of data collection policies for total medical expense and relative price data submitted by health insurers
- Provide analytical support for various health policy initiatives, including the Special Commission on the Health Care Payment System (2009) and the Special Commission on Provider Price Reform (2011)
- Lead projects and supervise staff in the analyses of large claims databases to assess, report, and present on health care costs and utilization
- Represent agency at meetings and make presentations to health care industry representatives and provider associations
- Supervise policy analysts in the drafting of regulatory policies and collaborate with legal staff to ensure accuracy
- Direct and manage multiple projects, plan timelines, and delegate tasks
- Coordinate projects with internal agency staff and with staff from other state agencies
- Managed the collection of \$220 million in annual nursing facility provider taxes
- Draft contractor task orders that outline performance objectives and monitor performance of contractors

**Senior Health Policy Analyst**

**1997 - 2001**

- Calculated payment rates for the MassHealth program for nursing facility, home health, temporary nursing, and dental service programs
- Completed reviews of proposed legislation, including calculations of fiscal impacts, drafting summaries of costs and benefits, and making recommendations to senior staff
- Drafted amendments to state regulations and presented staff testimony at public hearings
- Analyzed hospital, nursing facility, and home health cost data derived from Massachusetts and Medicare cost reports
- Completed analyses, conducted research, and drafted sections of the Division's report on the Balanced Budget Act of 1997
- Authored article for Division's *Healthpoint* series, titled "Emerging Trends in Long-Term Care"
- Analyzed financial, cost, and other statistical data and presented findings in written and oral presentations

**Health Policy Analyst**

**1995-1997**

- Analyzed cost, statistical, and other financial data to support the development of MassHealth rates for acute, chronic, and rehabilitation hospitals
- Researched health policies of other states, including programs for the uninsured and payment policies for acute hospital services
- Reviewed and summarized proposed legislation to assess impact on agency and providers
- Completed research, analyzed data and drafted text for the Report of the *Special Commission on Uncompensated Care*

**Lowell General Hospital**

**Lowell, MA**

**Accounts Receivable Specialist**

**1990-1993**

- Maintained Medicare interim reimbursement databases
- Reconciled Medicare payments to ensure accurate payment
- Completed third party billing for commercial, Blue Cross and government payers
- Responded to patient inquiries and resolved problem accounts

**Education**

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**University of Massachusetts**  
Master Degree in Public Administration (1995)

**Amherst, MA**

**University of Massachusetts**  
Bachelor of Arts degree in Political Science (1993)

**Lowell, MA**

## **Software Skills**

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Microsoft© Excel, Word, Access, Powerpoint, Project

SAS

## **Other**

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Received Pride in Performance Awards in 1997, 2005, 2007 and 2008

## **Javeeria Ghani, M.P.H.**

*Policy Analyst, Center for Health Law and Economics  
University of Massachusetts Medical School*

### **Professional Experience**

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**University of Massachusetts Medical School**  
**Center for Health Law and Economics**  
*Policy Analyst*

**April 2012 - Present**  
**Charlestown, MA**

Member of a university-based center providing consulting services in health economics and public policy analysis to government and not-for-profit clients. Key responsibilities include:

- Manipulate large quantitative and qualitative raw data files into usable datasets for analysis
- Conduct analysis on large datasets from Medicare, Medicaid, and All Payer Claims databases to address research and policy questions
- Serve as lead analyst on new qualitative dataset for the Massachusetts Executive Office of Elder Affairs
- Identify and extract key data components that are critical for policy analysis using Excel, SAS, and SQL
- Perform statistical analysis on medical claims data using SAS
- Develop presentations and summary documents for various stakeholders
- Present materials to senior staff members

**National Institute for Occupational Safety and Health (NIOSH): CDC**  
*Guest Researcher in Biostatistics and Epidemiology Branch*

**Oct. 2010 – Feb. 2012**  
**Morgantown, WV**

- Developed research project entitled “Association between Shift-work and Blood Pressure: Focused on Police Officer and Emergency Responders”
- Analyzed impacts of key research indicators for scientific and technical communication in public health
- Performed statistical analysis of experimental data with help of SAS
- Created summary data tables and interpreting the meaning of data analysis results
- Collaborated/interacted with other investigators on site from diverse fields

**West Virginia University – Health Sciences Library**  
*Library LTA II/Circulation Stacks Management/Reserves/E-reserves*

**Feb. 2008 – March 2012**

- Supervised a work team of 15-20 students
- Maintained collection statistics; managing course reserve/e-reserve operations, aiding faculty in creating “web ready” documents for electronic reserve

## **Education**

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**West Virginia University – Department of Community Medicine** **Morgantown, WV**  
Masters of Public Health – Concentration in Epidemiology and Biostatistics (2011)

**West Virginia University** **Morgantown, WV**  
Bachelor of Arts and Science degree – Health Communication and International History (2007)

## **Skills**

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Microsoft Office, SAS, and SPSS

## Larry Crehan

*Senior Associate, Title XIX*

*Center for Health Care Financing*

*University of Massachusetts Medical School*

### Expertise

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- Accounting
- Analysis
- Auditing
- Federal Law & Regulation Interpretation
- Medicare Title XVII
- Claims Processing Part A, Part B and Outpatient
- Administrative Costs
- Beneficiary Services
- HMO's
- Managed Care
- Medical Review Process
- Medicare Coverage
- Medicare Disproportionate Share Hospital Requirements
- Overpayments
- Program Integrity-Fraud & Abuse
- Prospective Payment Reimbursement
- Provider-Based Physicians
- Provider Reimbursement Review Board Issues
- Quality Control
- Reasonable Charges
- Reconsiderations & Appeals—Part A and Part B Appeals
- Reimbursement & Audit
- Survey, Certification and Enforcement
- Teaching Physicians
- Utilization Review
- Other-Ambulatory Surgical Centers, Critical Access Hospitals, Federally Qualified Health Centers, Hospice Care, Rural Health Centers, Rural Referral Centers and Sole Community Providers
  
- Medicaid
  - Disproportionate Share Hospital Payments
  - Donations

- Federal Claims & Time Limits
- Grant Appeals Board
- HMO's
- Intergovernmental Transfers
- Institutional Reimbursement
- Non-Institutional Reimbursement
- State Plans
- Taxes
- Waives
- Quality Control
- Research

## **Professional Experience**

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### **University of Massachusetts Medical School Center for Health Care Financing**

**1998-Present**

Medicare/Medicaid Reimbursement Consultant providing assistance to the State of Massachusetts and other states in the analysis of potential revenue projects. Monitor and review federal law, regulations and policies.

### **Department of Health and Human Services Health Care Financing Administration (HCFA)**

**1977-1998**

After SSA, BHI reorganized into HCFA, I continued as RHIF at BC/BS of MA and at Aetna Insurance. After transferring into the Regional Office, I supervised the Financial Unit (Contractor budgets, cost reports and financial activities), Contract Operations Branch (Quality Control, Medical Review, Professional Standard Review Organizations[PSRO] functions and Medicare coverage and policy issues), and functions as the (1) Institutional Program Validation Accountant (fraud and abuse), (2) Supervisor in the Medicare Cost Reimbursement and Audit Quality Control Unit and (3) Supervisor in the Medicaid Institutional and Non-Institutional Unit. This unit was responsible for all Medicaid reimbursement in the region, Disproportionate Share Hospital policy, Donations, Taxes, Intergovernmental Transfers and negotiations with States in Region I up to the governor level.

### **Department of Health Education and Welfare, Social Security Administration (SSA) Bureau of Health Insurance (BHI)**

**1973-1977**

Functioned as the Resident Health Insurance Representative (RHIR) at Blue Cross and Blue Shield of Massachusetts, Inc. Activities covered all aspects of the contractor's operation. I worked with all staff from claims reviewers to the Board of Directors.

### **Department of Health, Education and Welfare Audit Agency**

**1971-1973**

Supervised and performed Financial & Program Audits of Medicare, Medicaid, Public Health, Vocational Education, Vocational Rehabilitation, State & Local Municipalities and University & Non-Profit organizations and programs

**Department of Defense-Defense Contract Audit Agency**

**1966-1971**

- Performed Financial and Program Audits at General Electric concerning the manufacturing of jet engines and spare parts under contracts with the Departments of the Air Force, Army and Navy
- Represented the Department of Defense during contract negotiations

**United States Army Audit Agency**

**1965-1966**

Performed Financial, Mission and Program Audits of Department of Army Installations and Components

**Education**

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**Boston College**

B.S. Accounting