

Washington Vaccine Association - Board of Directors Meeting

September 22, 2011, 2:00 - 3:15 PM

Location: Law Office of Ellis, Li & McKinstry

Attendance. Participating in the meeting were the following individuals, "(T)" indicates by telephone:

Directors:

Brian Ancell

Phil Haas

Dr. Beth Harvey (T)

Dennis Kirkpatrick (T)

Allene Mares

Dr. Mary Kay O'Neill

Dr. Roger Muller (T)

Fred Potter

Margaret Lane

Herman Norman, representing D.

Kirkpatrick

Anne Redman, outside general counsel

Jan Hicks-Thomson, DOH

Janna Bardi, DOH

Others:

I. **Summary of Actions Taken and / or Recommended**

A. Actions Taken (votes adopted)

1. Voted to approve the July 21, 2011 minutes and revised May 19, 2011 minutes.
2. Voted to approve the changes to the budget, as submitted.
3. Voted to accept the auditor's report (as updated by the Audit Committee) and authorize publication of Fiscal Year end 6-30-2011 audit reports.

II. **Minutes**

At 2:00, a quorum having been established, Brian Ancell, Chairman of the Vaccine Association, called the meeting of the Board of Director to order.

Upon motions duly made and seconded, it was unanimously

VOTED:

To approve the WVA Board minutes from the July 21, 2011 meeting, as submitted, and to approve the revised minutes from the May 19, 2011 meeting.

Brian Ancell moved to the annual budget review. The board has agreed to revisit the assessment at the November board meeting and has agreed to examine the estimate at that time. The WVA is running ahead and adding to the surplus. The budget is simpler as most operational expenses are moved to CML. The bonus has to be voted on by the board and will be determined based upon CML's actual performance over the year. Item 14a – special projects – has to be approved by the board. The vote is only on the yellow box of the budget.

Upon motions duly made and seconded, it was unanimously

VOTED:

To approve the updated WVA annual budget, as submitted.

Audit Report

Phil Haas presented the audit report. There are no internal control issues; the division of labor is good. There are two changes recommended. The question is what to call the remaining assets (those not part of the assessment or administrative costs) and to show them. They deleted one footnote that refers to a decision that the board has not made to adopt reserve fund disclosure – the remaining assets would be distributed. (There was another clarification of "payable to Washington Department of Health.") Discretion is given to the audit committee to finalize the language with the auditor. WVA has received a clean opinion (based on the board moving and

accepting the changes). Fred Potter suggested replacing dashes with \$0 to make sure that no one thinks there are excess assets. (This is an attempt to improve clarity – admittedly this is not required.) The audit committee did not take a position on the future assets of WVA. Regarding IRS, the board is seeking not to file 990s, provided its 1023 results follow those of New Hampshire where the IRS determined that no annual 990 filing is required.

Upon motions duly made and seconded, it was unanimously

VOTED:

To accept the auditor's report (as updated by the Audit Committee) and authorize publication of Fiscal Year end 6-30-2011 audit reports.

Investment Advisor

CML requested that the board designate a committee so this work can move forward between board meetings. Based on the performance agreements, CML was to have to the board an investment proposal by the September board meeting. CML is working on that and recommends a task force in order to review the proposal and act upon it. CML has a good list of candidates for investment advisor (numerous suggestions have come from the board) and expects to bring a recommendation to the board in November. Cash is at \$23.7 million, and the best estimate of accumulation rate is \$2 million per month. The board must move this discussion forward as WVA is still building cash, especially as this was to be a burn down period. The goal of cash is 2-3 times the cost of vaccines for the high months, which is estimated at around \$10 million. Additionally, funds are need for the annual flu cycle, which runs about \$3 million. This also means that in November, the WVA will have to reduce the fee schedule substantially in order to burn down toward an appropriate reserve amount. It also was suggested that the final investment policy await input from the selected investment advisor.

The board confirmed its general sense that WVA should burn down the excess over the next 2-3 years. There is also some question of the program being stable for 2-3 years. The Inspector General has been reviewing VFC and has several adjustments in key programs. There is a debate brewing about whether 317 vaccines are state discretionary. The sense of the board was to take the slower approach of 2-3 years burn down rate. There are also a couple of horizon vaccines that impact the needed cash. Other than TriCare, the WVA is not covering any other large costs. Brian Ancell articulated the sense of the board to form a task force with Fred Potter, Dennis Kirkpatrick, Phil Haas, Mary Kay O'Neill, Brian Ancell and the advisor that would meet about 3 times to present to the board in November. The sense of the board is a slower burn down rate. The goal of the task force is not to focus on the burn down rate. The money is only to be used for vaccines, and any investment income would just reduce the need for assessments.

Executive Director Report

Fred Potter said that the new contact for the board is Emily McKenna, the new executive assistant. Peter Smith will be supplementing Norm Roberge's financial analysis work. The annual report will follow soon. CML is waiting to plug in numbers and hoping to publish earlier. CML hopes to circulate the annual report to the Secretary to the board members for their review.

Calendar

Brian Ancell stated that the goal is to get down to four in-person meetings and two phone call meetings in between those dates. Margaret Lane prepared the calendar and presented it to the board. The sense of the board was this is the direction in which WVA should be moving.

New Board member

Allene Mares updated the board on the progress for the new board member to replace Dorothy Teeter; the goal is to add a businessperson to serve on the board. The hope is that having only 4 meetings will facilitate finding a new board member. . Brian Ancell suggested looking at a medium-size organization for candidates. The Gates Foundation and non-profit organizations were other suggestions.

Vaccine Committee Update

Mary Kay O'Neill gave an update on the Vaccine Committee, which has decided to meet three times a year. The committee has updated some titles and voting responsibilities. Overall, things are going well and the Committee is discussing how to handle flu vaccines, timing, and the practicality of allowing flu shots to be available in July. Regarding physician preferences of vaccine, vaccine selection will be available two times a year in 2012. The DOH is awaiting a statement of work from an IT vendor for automating vaccine selection; the goal is to have the programming completed by April. Ed Marcuse states that his term as Chair is up in January.

DOH update

WVA was awarded the first place Astro-Vision award for innovative health-care solutions and this will be made public in October. The sense of the board was to include this in the annual report. Janna shared with the board about a bumpy situation with the legislative change for parent's exempting their child from immunizations needed for school from just needing the parent's signature to requiring that the parents also discuss with their health care professionals the risks of not immunizing their child and having the health care professional sign that they had this conversation (effective July, 2011). Some parents said that the doctors would not sign even after the discussion. Beth Harvey illustrated the point from her description of a conversation she had with one family. This might lead to referring the family to out-of-plan services, and DOH wants to prevent that. DOH wanted to make sure WVA knew and to check to see if WVA wants to do something different. Beth shared some of her conversation with the family. There have been about 30 calls.

Janna drew the board's attention to expected upcoming 317 funding (\$1.2 million) limitations that impact the state's discretion over how to use the funds. The state decided to use the money to expand S-CHIP instead of creating a new system. The CDC stated that 317 funding cannot be used for state expansion programs. The question then is how the children can be vaccinated. The DOH proposed that they manage the funds in the vaccine account so they can cover the SCHIP children and then use the 317 DA-funds to purchase flu vaccine. The main question is then what happens when there are more federal restrictions, but that is unlikely as all states would be opposed to that. This would not necessitate any additional assessments. This would just be a fund swap. Brian Ancell thanked DOH for the information and confirmed that, based upon what was reported at this meeting; it did not appear that WVA has any involvement in the matter.

Executive Session

The board was set up to be staggered. The three people that have one-year terms are Brian Ancell, Dennis Kirkpatrick, and Roger Muller. The four largest PPO and largest HMO plans have a seat on the board. There have not been any changes. Premera said that Brian would continue. Dennis is appointed as a Taft Hartley, or TPA representative, and the legislation says that there is a TPA organization that nominates and the Secretary confirms. Dennis has not made his final decision. The Association of Washington Healthcare Plan's nominee is selected to represent health carriers not otherwise represented on the board. Mary Kay O'Neill holds this position and will continue for another year. In November, there will be a recommendation of the variety of positions that are up this year. If anyone does not continue, WVA will go to the Association. The bylaws do not require a change in officers' positions. Brian plans to continue as Chair. If Dennis continues, he will hopefully be Treasurer. Brian Ancell hopes Laura McMillan will continue as Vice-Chair. If Dr. Marcuse does not want to continue as chair of the Vaccine Committee, someone else will be nominated. Phil Haas will continue as Audit Chair. Margaret will confirm whether or not the operations committee will be re-appointed and whether or not it is actually a committee or just a work group. The annual meeting should review a committee assignment list.

There being no further business, the meeting was adjourned at 3:15 pm.