

Washington Vaccine Association – Board of Directors Meeting
September 7, 2012, 10:00 AM – 12:00 PM
Location: Senate Hearing Room 1, Cherberg Building, Olympia, WA

I. **Attendance.** Participating in the meeting were the following individuals:

Directors:

Brian Ancell
Jason Farber (T until 11:00 a.m.)
Dr. Beth Harvey
Dennis Kirkpatrick
Dr. Ed Marcuse
Allene Mares
Laura McMillan
Dr. Roger Muller
Dr. Mary Kay O'Neill
Norman Seabrooks

KidsVax.org™:

Fred Potter
Margaret Lane
Claire Roberge (T)
Norm Roberge (T)
Peter Smith (T)
Emily McKenna (T)

Others:

Janna Bardi (DOH)
Jan Hicks-Thomson (DOH)
Secretary Mary Selecky (DOH)
Polly Sidwell (Morgan Stanley Smith Barney)

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

A. Actions Taken (votes adopted)

1. Voted to approve the June 14, 2012 minutes, as amended.
2. Voted to accept the resignation of Dr. Joseph Gifford and to express WVA's appreciation to Dr. Gifford for his service as a founding director.
3. Voted to approve the recommendation that KidsVax.org™ establish an "imprest account" with a \$5,000 balance for the purpose of issuing small dollar refunds (under \$2,500), with controller Claire Roberge and her backup Terry Mills as signing authorities.
4. Voted to accept the Audit Committee's recommendation that the Board publish the auditors' report and financial statements.
5. Voted subject to review by DOH and the Chairman's approval, to approve the publication of the WVA Annual Report in the form as presented to the Board and to designate such report to serve in lieu of an Annual Meeting.
6. Voted to increase vaccine assessment levels 29% and have such increase effective as of the quarter starting 4/1/2013.
7. Voted to authorize a one-time expenditure of \$30,000 to the state of Idaho, as requested by Secretary Selecky, for the estimated costs of vaccines administered to insured Washington children for the period October 1, 2012 – December 31, 2012.

B. Pending Matters (follow up needed)

1. Mr. Potter requested Mrs. McKenna to remove the WVA Annual Report publication from the website effective immediately and will await word before it is re-posted and filed with the Department.
2. Mr. Potter will have the draft of the proposed changes to the Plan of Operation to the Board in early October.
3. Mr. Potter indicated that he would ask Mr. Smith to prepare an analysis to assist the Board in assessing cash flow risk should there be a significant uptick in immunizations over a short period of time.
4. The Board requested that KidsVax.org™ prepare a package for Dr. Muller to take with him to his meeting with the Executive Director of Military for United.

III. Minutes

Welcome and Introduction

At 10:00 a.m., a quorum having been established, Brian Ancell, Chairman of the Vaccine Association, called the meeting of the Board of Directors to order. He thanked Mr. Potter and Ms. Lane for their work in preparing for the Founders Recognition event.

Secretary Selecky's Address to the Board

Chairman Ancell turned the meeting over to the Secretary of Health, Mary Selecky. Ms. Selecky thanked the WVA Board for their leadership in working with the Governor and legislature in aid of continuing to provide immunization services to children. Ms. Selecky announced that for the first time in this century, Washington's immunization rate for toddlers up to age three is at 75%. A brief update was given regarding the pertussis epidemic. There are 3,911 confirmed cases. The numbers are 10 times more than a year ago. It is known that most of the children who have gotten pertussis are already immunized and have received boosters. There are only two counties where there have been no confirmed cases. There will be several new issues to address over this next year. With implementation of the Affordable Care Act looming, our partners at the federal government are looking carefully at how we do everything. Another issue is the relationships of the different vaccine programs state-to-state. Secretary Selecky once again thanked the Board for its leadership, dedication, and collaboration in this work.

Consent Calendar Items

A motion was made to approve the minutes from the June 14, 2012, WVA Board meeting with the request to amend the minutes to reflect the percentage bonus in the final approved performance goals as set by the Board.

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the minutes of the June 14, 2012 WVA Board meeting with the changes suggested at the meeting.

A motion was made to accept the resignation of Dr. Joseph Gifford from the WVA Board. Dr. Gifford has left Regence and his position on the Board was by virtue of his position at Regence.

Upon motion duly made and seconded, it was unanimously

VOTED: To accept the resignation of Dr. Joseph Gifford who asked to be relieved of board responsibilities effective August 31, 2012 due to his change in employment and to express WVA's appreciation to Dr. Gifford for his service as a founding director.

Chairman Ancell reported that a request has been made to Regence for a replacement for Dr. Gifford. It was suggested that some thought be given to what the orientation process would be for a prospective replacement. There is a lot of history and common values that really need to be communicated to prospective Board members.

Executive Director Updates

The Executive Director's report was submitted in advance of the meeting.

Mr. Potter reported that at the Board's direction, the Board will now receive enhanced quarterly projections, which include investment reports, the assessment process, and what the liquidity plan is. Now that the WVA has matured, these quarterly projections are reviewed with the treasurer. KidsVax.org's™ Peter Smith, a financial analyst, oversees WVA liquidity management and also serves as an internal control person. He is doing the liquidity analysis and helping to navigate the relationship with Morgan Stanley in terms of planning for cash. Mr. Potter reported that the first actual drawdown of the absolute level of investments was taken today. KidsVax.org™ is able to move funds under its control mechanism among WVA accounts, but cannot move anything other than to the State. Everything else is handled by checks signed by the directors.

Mr. Potter reported that he and Ms. Lane have been working on several operational issues. They met with KeyBank at length and are working on the imprest account. Mr. Roberge, with the assistance of a summer intern, reviewed and organized paperwork from 100% of the non-standard transactions for the first six months of this calendar year. Mr. Potter thanked Mr. Roberge for his work in this regard. KidsVax.org™ will compile a list of process improvement suggestions based on this information. One suggestion is the imprest account, which is before the Board today. Another suggestion that KidsVax.org™ will be implementing with KeyBank is the removal of any payment errors. KidsVax.org™ has not had the ready ability to reject checks received in error, but will now be able to divert those checks so that they go are returned and never deposited. KeyBank will help us with that. There are also a number of system-wide provider errors that are occurring because of new 5010 billing requirements, resulting in physical mail delivery to the First Avenue address rather than the KeyBank lockbox. That is going to be separately bucketed so that we can intensify our follow-up. Mr. Potter commended Ms. Lane for her assistance with designing the system that caused WVA to push past the 95% target over the summer.

The WVA has met with the Department on two legislative matters. KidsVax.org™ will come back to the Board in November with a Plan of Operation recommendation. The Department has been very helpful in providing their best resources to work through the Plan of Operation changes that will lay the groundwork for enforcement activity in the future while still respecting the control points of the WVA. KidsVax.org™ has also learned that the Department of Revenue is asking that the TPA licensing be removed from the State and transferred solely to WVA. KidsVax.org™ has started that process and will be reporting to the Board in November on this issue.

Dr. Muller raised a question regarding TriCare. TriCare has now hired an United HealthCare Executive Director of Military for the Pacific Northwest whom Dr. Muller can take this issue to. It is hoped that the matter may be resolved administratively as part of the upcoming transition in TriCare administration from TriWest to United Health on April 1, 2013. The new executive would like to have a meeting offline with Mr. Potter and Ms. Lane to discuss how to address this issue.

The cash flow analysis in tab 3, page 2 of 3, shows that the WVA has been burning down the reserves, as intended. Last year the WVA set the reserve rate and actually reduced the assessment by 45%. There is a recommendation that will be discussed later for a 29% increase in the assessment and there likely will be another increase in the assessment a year from now. The Board needs to be aware of that as we get to the next agenda topic. We were successful in burning it down and now we want to level that out to moderate the burn down.

There was brief discussion regarding Mr. Potter's memo requesting the Board's approval for an Imprest Fund. KidsVax.org™ at times receives payments in error. The amounts are under \$2,500. Every check, other than what goes to the State, has to be sent to Ms. McMillan or Mr. Kirkpatrick for signature. The recommendation is that the WVA authorize KidsVax.org™ to have an account with \$5,000 in it to allow them to issue checks for under \$2,500 for the purpose of these refunds. Mr. Kirkpatrick asked if as a control measure he and Ms. McMillan would continue to receive the check registers from that account monthly. Mr. Potter explained that this account would basically convert an in advance director approval to an in arrears approval. As a control measure, Mr. Smith requires that this only be replenished by a check signed by directors. So, the directors will see each time KidsVax.org™ asks to replenish the account exactly how it has been spent in the last batch. Because the check will be over \$2,500, both Mr. Kirkpatrick and Ms. McMillan will see those checks.

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the recommendation that KidsVax.org™ establish an "imprest account" with a \$5,000 balance for the purpose of issuing small dollar refunds (under \$2,500), with controller Claire Roberge and her backup Terry Mills as signing authorities.

Board Development

The Audit Committee has met and reviewed the Audit Report and WVA Annual Report. Ms. McMillan and Mr. Kirkpatrick both had an opportunity to meet with the auditor and go over the report. They both believe that it is in good shape for the Board to approve. The Audit Committee felt that the auditor did a good job and gave the WVA a clean report. Mr. Potter indicated that it is helpful that all Board members be reminded once a year that the net assets at zero is an accounting treatment that KidsVax.org™ requested that the auditors apply. It is to remind our legislators, and the WVA, that the money WVA has is only for vaccine purchases and if this organization is diverted to any other activity, it is a refund to members. Therefore, WVA does not have any net assets ever. WVA may be holding money from its members in advance of the time the vaccines are purchased, but it is not the WVA's money.

Upon motion duly made and seconded, it was unanimously

VOTED: To accept the Audit Committee's recommendation that the Board publish the auditors' report and financial statements as the official financial report of the Board.

With respect to the WVA Annual Report, Mr. Potter indicated that each Board member received a printed version of the Annual Report. The report is down by one panel, but this is part of maturing and reducing our costs. Mr. Ancell was very helpful in reviewing this. The designers are doing an outstanding job which makes the concept of the WVA very comprehensible. The Annual Report, along with our Financial Report is one of the creative items the Secretary allowed, and constitutes the WVA's Annual Report.

Ms. Mares suggested that it would be helpful for the Department to also have an opportunity to review this document prior to it going to publication because it is shared broadly with their federal partners. They want to be sure that there is absolute clarity around selecting and choosing vaccines and how they're ordered. Mr. Potter agreed that in the future all annual reports would be sent to the Department prior to their publication. He indicated to Chairman Ancell that

KidsVax.org™ could delay the publication of the printed Annual Report document for whatever time period the Secretary wants. Mr. Potter requested Mrs. McKenna to remove the publication from the website effective immediately and KidsVax.org™ will await word from the Department before it is re-posted and filed with the Department. It has not yet been mailed to the Department as an official report.

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the publication of the WVA Annual Report in the form as presented to the Board and to designate such report to serve in lieu of an Annual Meeting pursuant to section 4.2 of the WVA Bylaws pending review by the State. Any comments will be reviewed prior to publication and on review by the Chairman, KidsVax.org™ will be authorized to proceed with publication of the WVA Annual Report.

Follow up on Pending Matters

Mr. Potter reported that KidsVax.org™ met personally with the Department yesterday. The Department has assigned skilled individuals who have already reviewed the Plan of Operation. KidsVax.org™ intends to bring back suggested language to the Plan of Operation in November. However, if any of the Board members would like to be part of that process they are welcome to do so. This Board will have to act on the Plan first. The statutory process is that the Plan of Operation has to be approved by the Board and then the Secretary has final control over whether it goes into effect. The Secretary's staff had comments about TriCare enforcement so that we have a solid legislative base if there ever is an enforcement trigger. Mr. Potter expects to have the draft of the proposed changes to the Plan of Operation to the Board in early October.

The cash reserve analysis and assessment change was reviewed and discussed in detail. The recommended date for an announced CDC rate increase of April 1, 2013, will increase the assessment rate by 29%, which results in a new assessment level at 73% of CDC rates. Several plans made the recommendation that the rate increase be moved as far away from year-end as possible. Next year the WVA will probably be looking at a recommendation of a July 1 effective date and on that basis the Board will then have before it the actual CDC cost increase rather than the KidsVax.org™ projection of the cost increase. This will take one more variable out of the Board's analysis.

Mr. Potter met with KeyBank this week to discuss a liquidity facility to help tighten down the WVA's cash. WVA was not bankable when it first started because it was new, but is bankable now. KeyBank is amenable to helping with a standby liquidity facility. A question was raised about the risk in a significant uptick in immunizations over a very short timeframe, which is a cash flow problem more than an overall liquidity problem and what the scenario impact might be. Mr. Potter indicated that KidsVax.org™ will take this as an assignment and will ask Mr. Smith to prepare an analysis for the Board.

Upon motion duly made and seconded, it was unanimously

VOTED: To increase vaccine assessment levels 29% and have such increase effective as of the quarter starting 4/1/2013 so that the new WVA vaccine assessment grid has a resultant 2013 rate that is 73% of the CDC Pediatric/VFC Vaccine Price List.

Ms. Mares reviewed a memo that she sent to Mr. Ancell, Mr. Potter, and Ms. Lane to explain the situation regarding insured WA children vaccinated in Idaho. The two largest areas of concern are the northeast corner and the southeast corner where there are many rural areas in Washington State and people cross over the border to Idaho to be vaccinated. This is particularly true with families in Clarkston who receive their medical care in Lewiston, Idaho. Over time, the Centers for Disease Control are implementing rules about how their vaccine dollars can be spent. The past situation in Idaho was that insured Washington children were subsidized with federal vaccine, so the Idaho providers have one set of vaccine and they were able to give it to anyone who came through the door, regardless of State of residence. Because of increased CDC limits on the use of certain federal funds known as Section 317 funds, that option is no longer available. As of October 1, 2012, the State of Idaho no longer will be able to subsidize insured Washington children who obtain immunization services in Idaho. Ms. Mares indicated that viable options have not been identified yet, but thought perhaps there are some alternatives that the Board might be able to identify working together with their partners in Idaho to resolve this issue. The Department is concerned that children will be sent away from their medical home to be vaccinated in communities that don't have resources for immunizations. The communication regarding this change was sent out on Friday, August 31. Mr. Potter indicated that although the communication has already been sent, the possibility of asking the Board to agree to fund vaccines for insured Washington children for 90 days is still on the table. Lengthy discussion ensued. Several Board members expressed interest in participating on a Task Force to bring about a solution to this situation. The Task Force consists of Mr. Ancell, Mr. Seabrooks, Dr. Muller, and Dr. Harvey.

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize a one-time expenditure of \$30,000 to the state of Idaho, as requested by Secretary Selecky, for the estimated costs of vaccines administered to insured Washington children for the period October 1, 2012 – December 31, 2012, which expenditure shall not be intended to create any future precedent, and to request that KidsVax.org™ and the Department update the Board at its November meeting concerning possible longer term solutions.

Other Matters from Board Members

Dr. Muller requested that either Mr. Potter or Mr. Ancell put together some type of package that he can carry to the Executive Director of Military for United. The Board requested KidsVax.org™ to prepare this package.

Ms. Sidwell commented that the investments have moved along well. Just 7-8 months after the inception of the investment portfolio there has been a reasonably healthy capital gain, which is a comment on how low interest rates were when WVA began and how much lower interest rates are now, creating some appreciation in the portfolio. WVA is pretty close to being fully invested. As Mr. Potter mentioned, WVA had its first \$2 million transfer go out today and everything has been seamless and worked well. Mr. Potter thanked Ms. Sidwell and her team for working with KidsVax.org™ so well.

There being no further business, the meeting was adjourned at 11:03 a.m.