

Washington Vaccine Association – Board of Directors Meeting
January 24, 2013, 2:00 PM – 4:00 PM
Location: Elis, Li & McKinstry

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

Directors:

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

Absent

Christopher Bandoli

KidsVax.org™:

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

Others:

Janna Bardi (DOH)
Jan Hicks-Thomson (DOH) (T)
Anne Redman
Chad Murphy

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

A. Actions Taken (votes adopted)

1. Voted to approve the November 15, 2012 minutes.
2. Voted to approve the updated assessment grid as presented at the meeting effective for all claims for dates of service on or after April 1, 2013.

B. Pending Matters (follow up needed)

1. The recommendation of the treasurer on the credit facilities shall be presented at the next meeting with an updated investment plan.
2. Continuing follow up on TriCare to move forward more aggressively to (a) assure future participation on an equitable basis in the assessment program and (b) recover as much as possible of past unpaid assessments.

III. **Minutes**

Welcome and Introduction

At 2:05 p.m., a quorum having been established, Brian Ancell, Chairman of the Vaccine Association, called the meeting of the Board of Directors to order.

Consent Calendar Items

A motion was made to approve the minutes from the November 15, 2012, WVA Board meeting.

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the minutes of the November 15, 2012 WVA Board meeting.

Executive Director Updates

Margaret Lane delivered the report as a practice run for future meetings should Fred Potter be unable to attend. She welcomed Chad Murphy to the meeting and introduced him to the Board. Mr. Murphy's attendance at the meeting was for the purpose of giving an Operations team update. Ms. Lane stated that one of the critical items on the agenda was approving the assessment grid that will be effective on April 1, 2013. The new levels will be announced on February 1, 2013 in accordance with WVA's agreement to give providers, health plans and TPA notice of changes 60 days in advance. The announcement letter was included in the Board packet for the information of the Board. Ms. Lane said that at the September meeting the Board approved a flat 29% increase across all vaccines which would stop the planned cash burn down. This is the first assessment grid increase for the WVA. At the November meeting the Board approved Peter Smith undertaking a more sophisticated pricing methodology that would look at the individual vaccine levels and price at a discount from the CDC expected pricing. The reason for this approach was that we were observing a higher utilization of vaccines. There have also been unanticipated increases in vaccine prices for certain high unit cost vaccines such as Gardasil. The matrix created by Mr. Smith allows the WVA to maintain more stability going forward so that the funding will be more level.

Ms. Lane stated that WVA would be presenting two liquidity facilities to the Board, one to give the WVA more flexibility around investments, and another to give the WVA more flexibility around assessment pricing. WVA's goal is to update the grid only once a year, but there may be times when the grid needs updating more frequently. If there are unanticipated cash imbalances, the liquidity facility from KeyBank would allow the WVA more flexibility around timing the grid update instead of looking to the assessment increase as the only option.

Ms. Lane said that there were some specific changes that need to be worked into the Plan of Operation which relates to a change in the TPA registration and also the agreement that the WVA is working out with the State of Idaho to help fund Washington resident children whose medical home is in Idaho. Ms. Lane pointed out the performance dashboard for the Board to review; at future meetings the Board will set new goals for the WVA. She called attention to one specific item on the operational side, under system improvements. The WVA has been actively looking at methods to close any existing leakage. As previously discussed, Norm Roberge has sorted through all the mail coming into the lockbox; we are tracking the denials and categorizing them. We respond mainly by form letter depending on category to obtain payment and issue refunds as required. We are looking at the outliers where the gap is not yet closed to see if they fall into specific categories for which we could develop the right approach to resolve.

Ms. Lane invited Mr. Smith to speak about the Enhanced Quarterly report. Mr. Smith gave a brief update on the Cash Reserve Analysis summary. As of December 31, 2012 there was \$17,389,000 in the bank. A little over \$2 million of that was in cash and a little over \$15 million was in securities. The target reserve amount is \$12.9 million so there is \$4.4 million over the target reserve amount, the cash continues to burn down at the current grid rate at about \$850,000 per month. That means the target reserve will be reached by about the middle of May 2013. There were no questions for Mr. Smith.

Ms. Lane then moved to the outstanding issues in the Plan of Operation: TPA registration and Idaho Cross Border Children. TPA licensing moved from the Department of Licensing to the Department of Revenue when some of the state departments were consolidated. The Department of Revenue has requested legislation to move the registration to the WVA. Currently the WVA has out-of-state TPA registration on the website. The in-state TPAs have to go through the

Department of Revenue and a more cumbersome process. The Department of Health supports moving TPA registration to the WVA; their only concern is that there not be a penalty provision or a registration fee. The WVA has no intent to charge registration fees. Mr. Ancell explained that in the legislation there are penalties for non-compliance, this change would eliminate the State's ability to impose penalties and that is a concern. Mr. Kirkpatrick stated that there is no reason to remove the enforcement mechanism, but there have been many complaints about the registration itself and the proprietary nature of some of the information requested. Mr. Potter said he had been incorrect about some information previously provided by him regarding this matter. Penalties relating to assessments were not impacted and are not subject to revision. Only the registration itself will be changed and the Secretary has requested that there be no fiscal note in any agency sponsored legislation. All penalties and fee related to registration have been stripped out. The statute is very clear that plans and TPAs are treated identically with respect to default in payment of assessments. That has not changed. Mr. Ancell stated that all the WVA really needs is name, address and contact person and while there will not be a penalty for registering there may be a penalty for not complying with the assessment. The connection between the new legislation and the Plan of Operation is that the new legislation says specifically that the Plan of Operation needs to have the data requirements (what the TPAs need to register) set out.

The other item that needs to be reflected in the Plan of Operation is the agreement with the State of Idaho. The State of Idaho has drafted a memorandum of understanding with the State of Washington. The acknowledgement that the WVA is acting within its statutory power when it makes payments to Idaho to cover Washington kids needs to be in the Plan of Operation. DOH will invoice the WVA and then pay the funds to Idaho. Mr. Ancell asked what the timeline is for the Plan of Operations. Mr. Potter and Ms. Lane need to review the document and then it needs to go to the Secretary and be approved by the Board, but the Secretary has final approval. Mr. Potter stated that he hoped to have something to the Secretary by next week. Mr. Potter suggested that the Board consider action via teleconference. Allene Mares recommended that the Plan of Operation not be held until the legislation is passed, but that WVA move forward with it as if the legislation has passed and then it will be ready to go and can be amended if appropriate when the legislation passes. Mr. Potter apologized and stated that it has been mainly his responsibility for the slow progress made on this item over recent weeks.

Mr. Smith gave a brief overview of the credit facilities. The Morgan Stanley instrument would provide specific liquidity to avoid selling securities at inopportune times in the maturity cycle. The KeyBank facility is more of a general operating liquidity facility to hedge against an uptick in utilization or other unforeseen cash flow occurrences. They are both set at \$10 million. The interest rate for Morgan Stanley would be 1.96% and 2.96% for KeyBank. The goal of these facilities is to give the Board flexibility on financial matters. Chairman Ancell suggested that the Board not act on this matter at this meeting, and allow the board treasurer, Mr. Kirkpatrick, an opportunity to review the proposals and provide a recommendation to the Board. Mr. Potter indicated that this matter did not need action from the Board yet, the materials are informative. Chairman Ancell stated that the recommendation should be presented to the Board along with an updated investment plan.

Board Development

Ms. Lane pointed out the updates that were made to the Board and Committee terms sheet, and also pointed out the Letter from Secretary Selecky reappointing Dr. Ed Marcuse to the Board.

Follow up on Pending Matters

Ms. Lane provided background info on the issues the Operations Team has been working on, focusing primarily on the assessment grid updates. The team has had discussions about timing the assessment change, as well as how to address new vaccines that will be coming, but that have not been assigned CPT codes or received final pricing. Ms. Lane thought it would be helpful for Mr. Murphy to explain to the Board how the Team has been dealing with these issues and how they plan to move forward.

Mr. Murphy stated that he wanted to address two matters. The Operations Team, which includes members from many of the health plans, has adopted the approach that the assessment grid should be updated once a year only, with the understanding that cash positioning can change that. The recommendation of the Team to the Board is that they work toward an annual update in July of every year. This timing is driven by the CDC's schedule for releasing its newest pricing on April 1, a July 1 timeline for WVA allows enough time for the grid to reflect the new CDC pricing and go through Board approval and for health plans, TPAs and the provider community to load the new assessment rates into their systems. The second piece is the complexity of new vaccines and when to add new vaccines to the grid. They have to be FDA approved, the CDC has to have a contract with that manufacturer, and they need to be within the ACIP recommendations. The other factor is whether or not the DOH is going to bring the new vaccine into the supply chain. Finally the CPT coding is very important so that these new vaccines can actually be put into billing systems. Sometimes not all of those elements are in place.

This time the Operations Team had to make a decision on a vaccine called MenHibrix. Although it is anticipated to be available on April 1, there is no CDC pricing available yet, so the Team had to use other information to estimate what this vaccine will cost. It is anticipated that this will be a very low use vaccine. This is just an example to show the Board the level of deliberation that goes into setting the grid. The other example is that there are new quadrivalent flu vaccines that are anticipated to hit the market, even though there are no products that the FDA has approved, there has been coding released. The Operations Team felt that the best thing to do in this case is to add these vaccines to the grid when they have been fully released and DOH decides to distribute them. Chairman Ancell confirmed that the whole Operations Team is on board with this recommended grid. Mr. Murphy said yes. Mr. Smith stated that the new rates are 29% lower than the current CDC prices. This grid is consistent with what the Board approved in November. Ms. Harvey pointed out that the Flumist that providers are currently using is not on the grid. Ms. Hicks-Thompson said that that is because the Flumist being used currently will expire around the time the new grid is effective and will not be available.

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the updated assessment grid as presented at the meeting effective for all claims for dates of service on or after April 1, 2013.

Other Matters from Board Members

There were no other matters from Board members and not members of the public present. Accordingly, Chairman Ancell moved the Board into executive session.

Executive Session

All KidsVax.org™ staff members were excused for the remainder of the meeting.

The TriWest Task Force consisting of Brian Ancell, Jason Farber, Dr. Ed Marcuse, and outside counsel Anne Redman was approved by the Board. Also the board requested that there be a follow up special meeting prior to the end of March. The primary purpose of that special meeting will be to review the KidsVax.org™ 2012-13 performance grid in greater detail with KidsVax.org™ personnel present.

There being no further business, the meeting was adjourned at 4:00 p.m.