

**Washington Vaccine Association – Board of Directors Meeting**  
**October 21, 2014 – 2:00 p.m. – 4:00 p.m.**  
**Location: Ellis, Li & McKinstry**

**I. Attendance.** Participating in all or part of the meeting in person or by telephone (T) were the following individuals:

Directors:

Suzanne Daly (T)  
 Beth Harvey, M.D.  
 Dennis Kirkpatrick  
 Ed Marcuse, M.D.  
 Mary Kay O'Neill, M.D.  
 John Pierce, Esq.  
 Norm Seabrooks (T)  
 John Sobeck, M.D.  
 Jay Fathi, M.D.

Absent:

Allene Mares  
 Jason Farber, Esq

DOH:

Michele Roberts

Others:

Anne Redman, Esq.

KidsVax.org®:

Fred Potter  
 Margaret Lane  
 Claire Roberge (T)  
 Terry Mills (T)  
 Norm Roberge (T)  
 Julia Walter

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

**A. Actions Taken (votes adopted)**

1. To approve the minutes of the June 17, 2014 WVA Board Meeting.
2. To authorize the Chairman, John Pierce, and Treasurer, Dennis Kirkpatrick, or either one acting alone to execute such documents as may be helpful or necessary to modify the previously-approved Line of Credit Facility with KeyBank National Association to restore the full original \$15,000,000 level to the Line through and including December 2015.
3. To authorize KidsVax.org® to proceed with publication of the 2013/2014 WVA Annual Report in the form as presented to the Board and to designate such report to serve in lieu of an Annual Meeting.
4. To ratify the action of the Audit Committee in authorizing publication of the FYE 2013/14 Financial Statements and independent auditor's report and to recommend to the Board that the financial statements and audit report also be approved by the Board on an annual basis.
5. To affirm the continuation of Board member Dennis Kirkpatrick, whose term renews in 2014 and who has been re-appointed by the Secretary.
6. To affirm the continuation of Board members John Pierce and Dr. John Sobeck, whose terms renew in 2014.
7. To approve the election of the proposed slate of WVA Officers listed on the WVA Board of Directors and Committees list for one-year terms pursuant to Section 6.1 of the WVA Bylaws.
8. To approve the individuals listed on the WVA Board Committee list presented at the meeting to serve on the Audit, Operations, and Vaccine Committees, respectively, with the committee chairs listed.
9. To approve the draft Code of Ethics, in the form recommended to the Board by the Audit Committee.
10. To approve the revised WVA Mission Statement, in the form as presented to the Board.
11. To approve the KidsVax® goals for 2014-2015, in the form presented to the Board.

12. To ratify the KidsVax® contract amendment for the 2014-2015, in the form presented to the Board.

**B. Follow up Tasks/Action Items**

1. Mr. Potter will check with the insurance regarding the fiduciary liability coverage.
2. Mr. Potter will follow up on securing a quote on a positive pay for fraud prevention.

**III. Minutes**

Welcome and Introductions

At 2:00 p.m., a quorum having been established, Chairman John Pierce called the meeting to order. Mr. Potter introduced Julia Walter and announced that Kidsvax.org is now doing set up work for the Alaska vaccine program, with the understanding that Kidsvax.org will be asked to submit a proposal for permanent work. He gave a brief summary of how the Alaska program will work. There was some discussion about the Federal CDC's skepticism of the dosage based assessment.

Consent Calendar Items

The consent calendar was briefly reviewed.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To approve the minutes of the June 17, 2014 WVA Board Meeting.

Executive Director Updates

Mr. Potter addressed payment delays due to system changes on the payer side. He reported that the WVA will be out of covenant compliance if financial stability is not addressed right away. He stated that reauthorizing the line of credit at the 15 million dollar level would solve this problem. He asked if the Board would like to do that now. Mr. Potter presented the Board with an authorization request to allow the Board Chair or the Treasurer to authorize WVA to go back to the 15 million dollar amount. Chairman Pierce indicated to the Board that they needed to make a choice between restoring the full line of credit, or advancing the assessment rate increase so that it would be effective before July. Mr. Potter said that restoring the line of credit would make the assessment rate increase a little higher, because of the added interest. Mr. Potter replied that the Operations committee has expressed that the industry would like to have the assessment rate changes made in July versus January due to work load management. Ms. Lane added that a July increase would also follow the CDC April 1 price changes, and that the WVA has committed to give the payers 60 days' notice before an assessment rate change. Mr. Potter said that the interest on the line of credit is low. Mr. Kirkpatrick asked what Peter Smith's opinion on the line of credit is; Mr. Potter indicated that Mr. Smith would rather change the assessment now, from a financial viewpoint, but understands that waiting until July to change the assessment rate is preferred from an operational standpoint. Further discussion regarding Mr. Smith's Cash Reserve Analysis followed. There was discussion about what the assessment rate increase might be, Mr. Potter assured the Board that a 3% to 4% CDC rate increase was included in Mr. Smith's analysis. Chairman Pierce requested that the document authorizing the line of credit be signed by both he and Mr. Kirkpatrick. Mr. Potter asked if he wanted to add a third name and so that two of the three could sign in case of unavailability. Mr. Seabrooks agreed to be the third.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To authorize any two of the following officers: Chairman John Pierce, Treasurer Dennis Kirkpatrick, or Secretary Norman Seabrooks to execute such documents as may be helpful or necessary to modify the previously-approved Line of Credit Facility with KeyBank

National Association to restore the full original \$15,000,000 level to the Line through and including December 2015.

Mr. Kirkpatrick asked if the fiduciary liability coverage limits board members from taking on larger dollar decisions. Mr. Potter said that the coverage is at 10 million, but that he would double check and give the Board a report at the next meeting.

Ms. Lane presented the 2013/14 Annual Report and asked for the Board's edits or approval. Chairman Pierce said that it is the sense of the Board that the document is ready and can be printed and distributed.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To authorize KidsVax.org® to proceed with publication of the 2013/2014 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.

Financial Audit Report

Ms. Daly indicated there were no items of concern found during the audit. The one issue was regarding the tax exemption, which is not related to the audit report. Mr. Potter said that the audit firm is continuing to work with the IRS on this issue and indicated that a document is included in the Board packet describing this issue. One IRS office said that there was no need for WVA to submit a 990, while an office in a different state has threatened cancelation of exempt status unless a 990 is filed.

Ms. Daly said that it is the recommendation of the auditor that the Board authorize publication of the 2013/14 financial statements and auditor's report.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To ratify the action of the Audit Committee in authorizing publication of the FYE 2013/14 Financial Statements and independent auditor's report.

Mr. Potter said that the Board as a whole is not required to approve the publication of these documents, it is only required that the Audit Committee does so. It was the feeling of the Board that it is part of their duty to oversee these matters and that they would like to continue to approve the publishing of financial reports.

Board Development

Ms. Lane stated that under the bylaws this Annual Meeting was the time to elect officers and reappoint those Board members whose terms are coming to a close. The Board members whose terms will expire at the end of 2014, were John Pierce, Dennis Kirkpatrick and Dr. John Sobek. They all agreed to stay on the Board if the Board would like them to do so for the next term of three years. It was decided that it was appropriate for the Board to acknowledge the selection of the continuing Board members including board members appointed by other organizations such as the Department of Health.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To acknowledge the continuation on behalf of the organization of those board members whose terms would otherwise expire, John Pierce, Dr. John Sobek, and Dennis Kirkpatrick

**VOTED:** To elect to one-year terms the officers: Dennis Kirkpatrick as Vice-chair and Treasurer, John Pierce as Chairman and Norman Seabrooks as Secretary pursuant to Section 6.1 of the WVA Bylaws.

The Board then moved on to the election of committee members and chairs.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To approve the individuals listed on the WVA Board Committee list presented at the meeting to serve on the Audit, Operations, and Vaccine Committees, respectively, with the committee chairs listed.

The WVA Mission Statement was then presented to the Board. The Board had reviewed it earlier, but a section has been removed because it is beyond the scope of the WVA's statutory reach. One suggestion was made that the word "prior" be replaced with "existing" in the visual schematic. The Board accepted the document with the changes suggested.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To approve the revised WVA Mission Statement, in the form as presented to the Board.

The Board meeting calendar was also presented and discussed.

DOH Updates

Ms. Roberts, who was representing the Department of Health at today's meeting, let the Board know that the Department is no longer allowed to use 317 funding to purchase vaccines for children on state insurance plans. The Health Authority, with the help of the Health Department, has sent a budget request to the Governor's office for funds for those children so that Washington can remain a universal state. Ms. Roberts also reminded the Board that vaccine selection is currently open through October 31. She also said that the Department is working on their budget projections. There were some issues with flu vaccine supply, which was resolved. The Department also received a grant to increase HPV vaccination rates. Discussion ensued about HPV vaccination rates and the release of a new HPV vaccine.

Audit Committee Update

Ms. Daly stated there is a meeting summary in the board packet and that the last meeting was very brief, the committee met with the auditor to develop the recommendations.

Code of Ethics

Ms. Redman stated that the Code of Ethics was developed under the encouragement of the Audit Committee. The draft was prepared by Mr. Potter and reviewed by Ms. Redman and Mr. Farber. Ms. Redman gave a brief summary of the Code of Ethics contents. Chairman Pierce asked the Board if they wanted to approve it now, or come back to it at a later date after further review. After brief discussion the Board moved to approve it now, with one correction of a typo in line 8.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To approve the draft Code of Ethics, in the form recommended to the Board by the Audit Committee with the typographical correction found during the meeting.

2014-15 Goals

Mr. Potter presented the Board with the goals as amended after some discussion at the April and June Board meetings, and input from the executive committee. Mr. Potter reminded the Board that these are the supplemental yearly goals that are added to the ongoing list of goals. Mr. Potter and Chairman Pierce then gave the Board an update on the work done by KidsVax and the TRICARE Task Force on the TRICARE matter.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To approve the KidsVax® goals for 2014-2015, in the form presented to the Board with the TRICARE goal increased to one million dollars.

There was some discussion regarding how vaccine related data from the Department of Health could assist the WVA going forward with some of the issues discussed at this meeting.

Mr. Potter and Chairman Pierce discussed whether the vote on the KidsVax.org contract needed to happen in Executive session, they decided it did not.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To ratify the KidsVax® contract amendment for the 2014-2015, in the form presented to the Board.

Public Comment

There was no public comment.

Other Business

Chairman Pierce asked Ms. Lane to give an update on a matter that came up earlier in the meeting. Ms. Lane stated she has been contacted the Board of Health regarding an initiative they have to protect vulnerable populations from vaccine preventable diseases. The Department of Health wants to put together an advisory group to create some rules for emergency situations such as a disease outbreak. Ms. Lane was contacted about the WVA possibly participating in this advisory committee. It was the sense of the Board that this was outside the scope of the WVA.

Mr. Kirkpatrick said that they had talked about a positive pay for anti-fraud prevention being set up, and asked if that was something that could be discussed in the future or by the Audit Committee if that was the more appropriate group to discuss it. Mr. Potter said that KidsVax.org is trying to get some quotes on it. Mr. Kirkpatrick asked if the annual review of the investment plan would be done at the next meeting. Mr. Potter said that it was KidsVax.org's recommendation that it not be done this year since there are nominal funds, and affirmed that this was the instruction of the Board and is not in violation of any Board policy.

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



What: Washington Vaccine Association (WVA) Annual Meeting of Board of Directors  
 Date and Time: October 21, 2014/2:00 pm -4:00 pm PDT  
 Place of Meeting: Ellis, Li & McKinstry PLLC, Market Place Tower, Penthouse A (see directions under Item 10)  
 Call in Numbers: Local Dial-in: 206.925.3583; Toll-Free: 877.826.6967 Conference ID: 1981457183#

Notice: Meeting may be recorded for the benefit of the secretary. The WVA intends to delete the recording after the minutes of the meeting are approved. Kindly review the attached antitrust policy in advance.

#### Agenda for Board Meeting in Person

Approx. Time	Topic/[Anticipated Action]	Presented by:
2:00-2:15 p.m.	1. Welcome, Introductions & Identification of any Items for Section 8	J. Pierce
2:15-2:20 p.m.	2. Consent Calendar Items	J. Pierce
	* a. Board minutes (June 17, 2014)	
	b.	
2:20-2:45 p.m.	3. Executive Director Updates	
	* a. Executive Director's report	F. Potter
	* i. September 30, 2014 Financials	
	* ii. Cash Reserve Analysis	P. Smith
	iii. Investment Report (Intentionally omitted)	
	iv. KidsVax® Performance Dashboard (Intentionally omitted)	
	* v. WVA Calendar	
	* b. WVA Annual Report	M. Lane
	* c. To ratify publication of the WVA Financial Audit	S. Daly
2:45-3:15 p.m.	4. Board Development – Annual Meeting Items	F. Potter
	a. Confirmation of Board Member Terms	
	i. Approve terms for Board members whose terms are expiring: J. Pierce, J. Sobeck	
	ii. Re-appointment by Secretary Wiesman of Dennis Kirkpatrick	
	* b. Election of Officers	
	* c. Reappointment of Committees and Chairs	
	* d. Mission Statement	
	* e. Review 2015 meeting dates	
3:15-3:25 p.m.	5. DOH Updates	A. Mares
	a.	
	b.	
3:25-3:35 p.m.	6. Audit Committee Updates	
	* a. Audit Committee Notes from 8/28/14 Meeting	S. Daly
	* b. Code of Ethics – Draft recommendation to Board from the Audit Committee	A. Redman
	* 7. Approve goals for 2014-15	F. Potter
3:35-3:40 p.m.	8. Other Matters from Board Members	
	a.	
	b.	
3:40-4:00 p.m.	9. Closing Section	J. Pierce
	a. Public comment	
	b. Executive session (all staff, guests excluded; outside counsel included)	
	i. TRICARE	
	* ii. Ratify KidsVax® contract amendment	
	iii. Board and F. Potter only	
	iv. Board only	
	c. Wrap up	
	10. Reference Documents	
	* a. Contact List: board, committees	
	* b. Governing statute	
	* c. Schedule of upcoming meetings	
	* d. Proposed form of votes for this meeting	
	* e. Background Reading – Articles from <i>New York Times</i> and <i>Wall Street Journal</i>	
	* f. Directions to Ellis, Li and McKinstry	

\*Indicates agenda item attached

**Washington Vaccine Association – Board of Directors Meeting**  
**June 17, 2014 – 2:00 p.m. – 4:00 p.m.**  
**Location: Ellis, Li & McKinstry**

**I. Attendance.** Participating in all or part of the meeting in person or by telephone (T) were the following individuals:

Directors:

Suzanne Daly  
Jason Farber, Esq.  
Beth Harvey, M.D.  
Dennis Kirkpatrick  
Ed Marcuse, M.D.  
Mary Kay O'Neill, M.D.  
John Pierce, Esq.  
Norm Seabrooks  
John Sobek, M.D.

DOH:

Michele Roberts  
Jan Hicks-Thomson

Others:

Anne Redman, Esq.

KidsVax.org®:

Fred Potter  
Margaret Lane (T)  
Claire Roberge (T)  
Terry Mills (T)  
Norm Roberge (T)

Absent:

Jay Fathi, M.D.  
Allene Mares

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

**A. Actions Taken (votes adopted)**

1. To approve the minutes of the April 29, 2014 WVA Board Meeting with the minor changes suggested at the meeting.
2. To recommend the request to implement an electronic transfer of funds from the WVA Operating bank account to the Imprest bank account (used for the payment of payer refunds), to replenish the Imprest refund account, for approval by the WVA Board, with contemporaneous notice to the treasurer of account activity to continue as it does today.
3. To approve the WVA expense budget for the calendar year 2014/2015 with the exception of lines 21 and 22.
4. To approve the Director Responsibilities with the exclusion of the paragraph 1.f. that is highlighted in yellow. [As published paragraph 1.f. will simply be omitted altogether and will be reinserted if KidsVax® is requested to do so.]
5. To approve the WVA Vaccine Committee revised charter with the changes suggested at the meeting.

**B. Follow up Tasks/Action Items**

1. Mr. Potter will inform the Board when TRICARE payments start being received.

**III. Minutes**

Welcome and Introductions

At 2:00 p.m., a quorum having been established, Chair John Pierce called the meeting to order. A modification was made to the meeting agenda with the first discussion being the TRICARE update.



## TRICARE Update

Mr. Potter reported that Ellis, Li & McKinstry, PLLC was retained under contingent fee agreement with respect to the TRICARE collection. Administratively, there has been positive confirmation that effective May 20, for all vaccine administrations on and after May 20, 2014, two things are now official TRICARE policy: 1) the WVA dosage based assessment will be recognized and paid, and 2) they no longer will contact physicians about billing practices that do not include the physician as getting paid for the vaccine instead of the WVA. As of the time of this meeting, these policies have not been implemented. WVA's outside litigation counsel is working on the arrearage, which is another matter. In summary, TRICARE has agreed to deliver to KidsVax® one complete years' worth of patient unidentified vaccination claims for TRICARE and from that WVA should be able to develop an estimate of how much is owed to WVA for vaccines administered to TRICARE beneficiaries for the three prior years. Mr. Kemper reported that he has had very positive conversations with Mr. Hutter. Mr. Hutter and TriWest's counsel, William Cahill, appear to be trying to be helpful in providing what WVA needs to figure out what the arrearage is along with agreeing to pay the ongoing charges as it moves forward. Although they are not close to agreeing to the numbers that had been sent out historically as the dosage based assessments, they appear willing to continue to move toward trying to figure out what the actual number is with every indication that they have some intention to pay some or all of it. Mr. Kemper reported that the Tolling Agreement in place with TriWest is only good for one more month, but in a recent exchange he had with Mr. Cahill asking him if they would extend that by six months, he said yes they will. This will go back to the Litigation Task Force for approval. Mr. Kemper indicated that it would be in everyone's best interest to keep the Department of Justice out of this matter to avoid slowing down this process and Mr. Hutter has made it very clear that if the matter moves into litigation it would get handed off to the U.S. Attorney's Office at the Department of Justice and would be out of his control at that point. Mr. Kemper believes it is best to continue to work cooperatively with Mr. Hutter and Mr. Cahill to get as much resolved as possible without actually having to file a claim. He will continue to pursue this approach and will get the batch of documents that's been promised from TRICARE and come up with a number from that. If Mr. Kemper can extract what he needs from this next batch of documents, he and his team will use that to come up with the best possible number to negotiate the best deal possible. If they can't get to a place that everyone is happy with and the Task Force is willing to say yes to, then litigation will be pursued.

## Consent Calendar Items

The consent calendar was briefly reviewed.

## **Upon motion duly made and seconded, it was unanimously**

**VOTED:** To approve the minutes of the April 29, 2014 WVA Board Meeting with the minor changes suggested at the meeting.

## Executive Director Updates

Mr. Potter updated the Board regarding the recent increase in refund requests, which brought about a request that the Imprest account, which is used solely for payment of payer refund requests, be replenished via wire transfer with the same paper backup emailed to the treasurer rather than having the treasurer process paper checks. As reflected in his report, Mr. Potter, indicated that WVA had its first noncompliant payer. They indicated that they would refuse to pay the dosage based assessment for their beneficiaries vaccinated in the State of Washington. They have now recanted that position and last week an agreement was put in place. WVA has taken the position that every payer, regardless of its state of domicile, which has beneficiaries who receive vaccines from the state supply that WVA has funded, pays that portion of the dosage based assessment. Mr. Potter thanked the Department of Health for its assistance in that regard. WVA is now back to 100% known payer compliance, but for TRICARE, who is now saying that they are compliant, going forward, effective as of May 20. Mr. Potter will inform the Board when TRICARE payments



1 start being received. Mr. Potter thanked Norm Roberge for taking on the extraordinary workload of reviewing  
 2 every individual transaction and every financial transaction with respect to payment processing.

3  
 4 Mr. Potter reported that the Audit Committee recommends and forwards to the Board the recommendation  
 5 that KidsVax® be permitted to replenish the Imprest account, which has the purpose of only having payments  
 6 written in payer refunds, via wire transfer rather than paper check. The Audit Committee instructed KidsVax®  
 7 that if this is approved by the Board, that it is to supply to the treasurer the same paper summary as with the  
 8 paper checks every time a wire transfer is made so that there will be contemporaneous documentation on file.  
 9 Mr. Potter stated that this change would provide KidsVax® with more operational flexibility without impact on  
 10 the viability of WVA's internal controls. He believes that the internal controls will be better due to the  
 11 timeliness of payment processing. Mr. Kirkpatrick clarified that WVA will move from \$5,000 to \$10,000 as the  
 12 amount that can be transferred at one time to the Imprest account and it will change from him signing a check  
 13 to do that to the electronic transfer. The process for the funds to leave the Imprest account in the form of a  
 14 check to the payers is unchanged.

15  
 16 **Upon motion duly made and seconded, it was unanimously**

17  
 18 **VOTED:** To recommend the request to implement an electronic transfer from the WVA Operating  
 19 bank account to the Imprest bank account for the purpose of payment of payer refunds,  
 20 for replenishment of the Imprest refund account for approval by the WVA Board with  
 21 contemporaneous notice to the treasurer of activity continuing as it does today.  
 22

23 Mr. Potter reported that Alaska has passed a statute regarding universal vaccine funding. He was uncertain if  
 24 it is still awaiting the Governor's signature. The Alaska statute allows for whatever an advisory committee  
 25 determines to be the best way for the assessments to be processed. KidsVax® was called last week by the  
 26 Alaska Department of Health, which is having concerns about its ability to get this set up to be operational by  
 27 January 1, 2015. KidsVax® has expressed a willingness to assist Alaska with administrative support work to  
 28 help establish their vaccine funding mechanism and believes that the Department of Health will ask KidsVax®  
 29 to do a quarterly covered lives assessment model to start and to help form an advisory committee to guide  
 30 further operations as to any changes from the advisory committee. KidsVax® has been asked to send them a  
 31 proposal for short-term services. Alaska, like the State of Vermont, which KidsVax® services, contemplates  
 32 that they will include some or all adult vaccines. It is unclear if the flu vaccine will be included in that. A  
 33 question was raised regarding the capacity for KidsVax® to continue to take on additional states. Brief  
 34 discussion ensued. Mr. Potter indicated that due to the use of a different assessment model than is utilized in  
 35 WVA, he does not have concerns about his personal capacity at this point even if KidsVax® begins providing  
 36 services to Alaska. The possibility of cross-border issues was raised. Mr. Potter is unsure how much market  
 37 overlap there is. There may be some Idaho-type issues.  
 38

### 39 WVA Budget Approval

40  
 41 The Audit Committee spent time on audit planning and other matters and for that reason, the WVA 2014/15  
 42 Expense Budget went to the Board without recommendation from the Audit Committee. The WVA budget has  
 43 a line for the administrative services fixed contract which will be dealt with separately. Lines 21 through 39  
 44 are expense budgets which govern KidsVax®'s financial controls for the Board, except when changes are  
 45 requested. Last year, the original budget had the AMCC claims review recovery program as a six-month pilot  
 46 project. That program was deemed to be very beneficial and the Board authorized that it be continued for the  
 47 full year. Another item is Desautel-Hege Communications and that was added by the Board midway through  
 48 the year, so the proposed expense budget has that in for the full year, assuming that continues. Mr. Potter  
 49 indicated that it would be best practices for the Board to approve lines 23 through 29 on this budget prior to  
 50 the start of the 2014/2015 fiscal year and then whatever separate action the Board takes on the  
 51 administration, lines 21 and 22, would be effected by other votes the Board takes. This action would basically  
 52 control WVA expenditures on everything other than the KidsVax® contract, which is a direct Board vote and is  
 53 likely to be a separate vote. Further discussion ensued.

1 **Upon motion duly made and seconded, it was unanimously**

2  
3 **VOTED:** To approve the WVA expense budget for the calendar year 2014/2015 with the exception  
4 of lines 21 and 22.

5  
6 Board Development

7  
8 The Board discussed the WVA Director Responsibilities and WVA mission at the April meeting. It was decided  
9 at that time that the Board did not want to move forward on this policy issue until it had Dr. Marcuse's input.  
10 Mr. Pierce has since met with Dr. Marcuse to discuss the WVA mission. In terms of the more procedural issues  
11 reflected in the document, they were in agreement that they reflect the responsibilities of Board members.  
12 There is still an open question regarding whether this organization should have a larger role with regard to  
13 trying to improve the rate of vaccinations in the state. It is not directly part of the legislative charter. Mr.  
14 Pierce believes it is a way for the WVA to make a difference, but the question is if and how this body can make  
15 a difference compared to what the Department of Health is already doing with their resources. Mr. Pierce  
16 indicated that with the exception of paragraph 1.f. of the document as proposed, it is suitable for approval by  
17 the Board. The item reflected in paragraph 1.f. can be taken up offline and handled in the future.

18  
19 **Upon motion duly made and seconded, it was unanimously**

20  
21 **VOTED:** To approve the Director Responsibilities with the exclusion of the paragraph 1.f. that is  
22 highlighted in yellow. [As published paragraph 1.f. will simply be omitted altogether and  
23 will be reinserted if KidsVax® is requested to do so.]

24  
25 Mr. Potter asked that the notebook of Conflict of Interest Disclosure Statements be circulated to all of the  
26 Board members for review. As part of an annual review, Conflict of Interest Disclosure Statements are  
27 distributed to Board members, Vaccine Committee members, Operations Committee members, and KidsVax®  
28 staff as part of good Board governance and to be certain that no conflicts exist that could hinder anyone's  
29 ability to act on behalf of the WVA Board or make a decision in the best interest of the Board. Ms. Lane  
30 reported that all Disclosure Statements have been returned except from two organizations on the Operations  
31 Committee that she is continuing to follow up with. Upon careful review, Attorney Redman and Ms. Lane did  
32 not find conflicts of a type that are required to be disclosed. Ms. Lane prepared a summary memo for Board  
33 review as part of the meeting packet. Attorney Redman noted the need to improve the form to assist in  
34 determining that an individual had carefully read all the questions on the form. The reports will be available  
35 to the directors online at any time, but are not made available as part of the public website.

36  
37 Vaccine Committee Report to the Board

38  
39 Dr. Marcuse indicated that it seemed an appropriate time to revisit the Vaccine Committee charge while the  
40 duties of the Directors were being revisited. Upon reflection of what has transpired since the WVA was  
41 founded, the roles of the Vaccine Committee are really quite different today than what was needed at the  
42 start. When the organization was first started, there was a great deal of concern on the part of the  
43 pharmaceutical manufacturers as to how it would be decided which vaccines Washington state physicians  
44 would use, how often they would get to pick, and whether there would be a default order set for those who  
45 failed to respond. All of those concerns are moot at this point. Thankfully, those issues were resolved to the  
46 satisfaction of all constituencies. Due to the work of the State Health Department, Washington has a system  
47 where all vaccines are available to all providers. There no longer is a default order set and the process of  
48 having a choice twice a year seems to be working just fine. That being said, the function of the Vaccine  
49 Committee is more of an oversight of this process and to make sure that appropriate communication is taking  
50 place between the payers, the Department of Health, and the providers. The Vaccine charge has been  
51 reworded to reflect those responsibilities, making clear that while its statutory role is to decide what vaccines  
52 this group buys, it has been made clear that the Vaccine Committee is really a secondary body because the  
53 vaccines are entirely those that are recommended by the Advisory Committee on Immunization Practices of

the Centers for Disease Control with the input to the State from the Vaccine Advisory Committee, and then the WVA Vaccine Committee takes a look at those recommendations. Communication among the group will continue twice a year, with an in-person meeting once a year to keep people updated.

Dr. Marcuse noted that there is very little shift in providers ordering. There are approximately 1,200 provider offices across the state and 42 providers who changed product during the last selection period. The changes were minimal and largely governed by a slightly different age indication for one product versus another. Essentially, the concerns that created so much angst are gone.

**Upon motion duly made and seconded, it was unanimously**

**VOTED:** To approve the WVA Vaccine Committee revised charter with the changes suggested at the meeting.

#### DOH Updates

Ms. Roberts, who was representing the Department of Health at today's meeting, updated the Board on the status of the DOH rulemaking with respect to DBA enforcement. The rule was finalized last week and is now on the books.

#### Public Comment

There was no public comment.

#### Executive Session

In executive session with counsel present, the board reviewed the performance of KidsVax® during the 2013-14 year ending June 30 and specifically the achievement of the performance goals and measures identified for the year. Achievement of identified goals can qualify KidsVax® for an incentive bonus. The board reviewed and evaluated overall performance goals achievements and achievement of the 12 specific goals. Improvement in performance as compared to the prior year was noted with appreciation for the efforts of Mr. Potter and KidsVax® staff. The discussion noted that Ms. Lane has contributed significantly to the implementation of goals. Mr. Pierce and Mr. Kirkpatrick were to convey the results of the review to Mr. Potter following the meeting.

In the discussion, Dr. Marcuse raised a question regarding the communications vendor and discussion at the last Board meeting about having KidsVax® take over this work. The Board concluded this idea needs further discussion.

The Board then considered a proposed contract extension for one year presented by KidsVax®. The Board authorized Mr. Pierce and Mr. Kirkpatrick, with the advice of counsel, to review and execute a contract extension on terms deemed acceptable. With regard to a provision in the contract extension for reimbursement of KidsVax® work in connection with the TRICARE retroactive recovery, the Board expressed a preference for a budgeted amount for such work. The Board also directed Mr. Pierce and Mr. Kirkpatrick to review proposed goals for KidsVax® for the coming year for recommendation to the Board for its approval.

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

## October 21, 2014 Executive Director Overview

Assessment Collections since inception:	\$186+ Million
Remittances to State of WA since inception:	\$192+ Million
Receivables	\$11+ Million
Cash Balance as of September 30, 2014:	\$2.3+ Million
Morgan Stanley as of September 30, 2014:	\$10,000
Utilized Line of Credit	\$12 Million
Available Line of Credit	\$0 Million

Back in 2010, we had anticipated that the start-up work for the Washington Vaccine Association's ("WVA's") dosage based assessment ("DBA") would have been completed by the end of last year and we would be in, basically, "maintenance mode" at this time. It wasn't, and we aren't. The emerging challenges with respect to payer and provider compliance continue. Even though we now are resolving these in the context of, in the main, full support for WVA's system, this requires considerable effort. The rate of errors increased, as one might expect, following the implementation of a new claim format earlier this year. We trust, with time, provider and payer errors will again subside. Meanwhile, considerations like Regence' change to electronic remittance and BlueCross BlueShield Idaho's inattention to conforming to the standard DBA system continue to require supplemental attention by Margaret and others.

We reported some months ago the good news of TRICARE's management commitment to honor WVA's DBAs going forward. Operationally, however, that has produced a host of ripple issues through the TRICARE claims processing systems. What we first thought may have been a relatively simple "failure to implement" with respect to the management decision, we now have discovered to be a series of individual categories of "fixes" needed within the TRICARE process. Thankfully, with Norm Roberge's persistent attention to detail, and the release of trusted TRICARE analyst, Greg Woskow, to examine afresh the underlying TRICARE claims records, agreement after agreement has been reached on buckets of assessments due to WVA (some denied for addressing errors, some paid to the wrong payee, some denied for NPI code requirements, etc., etc.). Notwithstanding that progress, minimal payments have been received. We're "getting there," but slowly and painfully.

These factors, together with a surprisingly large flu vaccine purchase last month (nearly \$4,000,000), have generated immediate line of credit covenant compliance concerns and impending potential cash concerns. Mindful of the Board's repeatedly affirmed goal of moving assessment changes to a regular July 1 implementation date, KidsVax® has initiated work with KeyBank to restore the full \$5,000,000 line of credit availability and keep at that higher level through the end of calendar year 2015 (previously, the limit was scheduled to melt down to \$10,000,000). Peter Smith's independent analysis concerning this is included in the enhanced quarterly financial reporting packet (through 9/30/2014) in this set of Board pre-meeting materials. Peter, understandably, would recommend a fairly substantial (i.e., 25%) assessment increase July 1 assuming this line of credit restoration is approved. His analysis

also evaluates a more modest (targeted 19%) July 1, 2015 adjustment with a follow-up bump up the following year. Both of these approaches pay down the line of credit balance and reach WVA's targeted \$16 million liquidity reserve by mid-2016 if the other assumptions about vaccine utilization and cost increases remain accurate.

Accordingly, KidsVax®'s recommendation to the Board is to increase the line of credit and then take up the full analysis and review concerning assessment setting at its first Board meeting in 2015. By that time, we should have a better read on how quickly TRICARE will be able to operationalize its management's decision to honor WVA's assessments and also better calibrate the expected rate of progress on resolving other compliance errors.

Meanwhile, several of our ongoing undertakings now are ready for Board action. The execution of the updated KidsVax® contract and publication of the audited financial reports are presented to you for ratification. The Code of Ethics and Mission Statements, which have been under review for several months are now, we believe, ready for final action.

One topic emerged as a result of this "fresh look" at where we stand as a maturing organization and is presented for Board consideration: What supportive work, if any, should WVA undertake to help to improve immunization rates in the State? There are a number of issues surrounding such broadening of our work together, including apparent limitations in the WVA's authorizing statute. It may be inappropriate to dedicate any material resources to such undertaking without further statutory authority. Accordingly, Chairman Pierce has suggested that this discussion might be undertaken in a special session devoted to the subject if there is Board interest in taking a further look at it. Dr. Marcuse has championed this initiative from the beginning, and we sense growing Board support for it. At the same time the Board has remained diligent about being sure to preserve WVA's focus on its core mission.

We have had an unusually high number of Board changes this year. That, of course, is consistent with the very intense rate of change throughout the healthcare system in the United States generally. We are deeply grateful for the remarkable way the new Board is gelling as a team. This will be the Board's annual meeting. Accordingly, we will look to you for confirmations as to certain officers and committee assignments in preparation for our ongoing work.

Once again, thank you for the opportunity to serve with you in this important work.



Fred L. Potter, writing October 16, 2014 for the October 21, 2014 board meeting.



#### Standard Attachments

- i. Quarterly financial reports through September 2014
- ii. Cash Reserve Analysis
- iii. Investment Report (Omitted – balance presently maintained is at the placeholder level of \$10,000)
- iv. KidsVax® Performance Dashboard (Omitted)
- v. WVA Calendar



October 12, 2014

Fred Potter, Managing Member  
Washington Vaccine Association  
Via email

Dear Fred:

You have asked me to update you and the Board on the status of the issue regarding WVA's exempt status with the Internal Revenue Service.

For several months prior to June 2014 the IRS Ogden Utah office has taken the position in several notices that WVA is required to file Form 990 each year. We have responded each time with information indicating their status determined by their Cincinnati office, including the original Form 1023 and the letters from Cincinnati. Finally in a conversation with their Ogden office in June 2014 they advised me that this is a legal question that can only be resolved by their Cincinnati office.

On June 27, 2014 I wrote a letter to the Cincinnati office. They had 60 days to respond based on correspondence I received. In 60 days (about August 27<sup>th</sup>) I contacted the IRS. They confirmed once again that my original correspondence had been received, but that they needed an additional 30 days to respond. On September 27<sup>th</sup> I got the same response.

Throughout this entire process I have been in communication with the Principal in Charge of our tax exempt practice, Karen Gries, located in our Washington D.C. office. She indicated that the IRS's Cincinnati is backed up, and that our experience is not unique. I have followed her advice to stay in the queue for with our original correspondence, but to also contact the Seattle office of the IRS's Taxpayer advocate's office. I have done that and I am waiting for them to set up an appointment soon.

Sincerely,

**CliftonLarsonAllen LLP**

Steven Bass, CPA  
Principal  
425-250-6016  
steven.bass@CLAconnect.com

To ensure compliance imposed by IRS Circular 230, any U.S. federal tax advice contained in this communication (including attachments) is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed by governmental tax authorities.

**Washington Vaccine Association  
Statement of Financial Position  
As of September 30, 2014**

**A****ASSETS**

<b>Current assets</b>		
1	Cash and cash equivalents	\$ 2,379,119.09
2	Investments	10,000.42
3	Assessment receivable	11,099,028.00
4	Prepaid Vaccine	4,692,460.12
5	<b>Total current assets</b>	<b>18,180,607.63</b>
6	<b>Total assets</b>	<b>\$ 18,180,607.63</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
7	Accounts payable	\$ 30,792.29
8	Key Bank - Line of Credit	12,000,000.00
9	Payable to Washington Department of Health	-
10	Other accruals	-
11	<b>Total current liabilities</b>	<b>12,030,792.29</b>
<b>Net assets</b>		
12	Excess Assessments - Vaccines	34,866,245.29
13	Excess Assesments - Administrative Activities	(28,716,429.95)
14	<b>Total net assets</b>	<b>6,149,815.34</b>
15	<b>Total liabilities and net assets</b>	<b>\$ 18,180,607.63</b>



**Washington Vaccine Association  
Statement of Activities and Changes in Net Assets**

	Month Ending September 30, 2014				For 3 Months Ending September 30, 2014									
	A		B		C		D		E		F			
	Administrative		Vaccine		Total		Administrative		Vaccine		Total			
	Activities		Activities				Activities		Activities					
Revenues:														
1	Assessments	\$	475,313.68	\$	10,622,851.00	\$	11,098,164.68		\$	965,459.03	\$	21,015,845.03		
2	Less: Vaccine expense		-		(9,900,131.58)		(9,900,131.58)			-		(18,764,038.19)		
3	Net Assessment margins		475,313.68		722,719.42		1,198,033.10		965,459.03		1,286,347.81	2,251,806.84		
4	Investment income		-		-		-		-		-	-		
5	Other income		-		-		-		-		-	-		
6	Net revenues		475,313.68		722,719.42		1,198,033.10		965,459.03		1,286,347.81	2,251,806.84		
Expenses:														
7	Administrative services - fixed contract		33,316.00		-		33,316.00		99,948.00		-	99,948.00		
8	Adm services - variable compensation		-		-		-		-		-	-		
9	Legal fees		2,427.90		-		2,427.90		9,468.02		-	9,468.02		
10	Audit		-		-		-		8,000.00		-	8,000.00		
11	Annual report / special communications		3,260.00		-		3,260.00		6,197.50		-	6,197.50		
Special projects:														
12	DOH vaccine order system		-		-		-		-		-	-		
13	Denied claims recovery		2,201.58		-		2,201.58		6,456.94		-	6,456.94		
14	All other special projects		-		-		-		-		-	-		
15	Insurance		785.98		-		785.98		24,298.98		-	24,298.98		
16	Bank fees		4,404.50		-		4,404.50		14,427.13		-	14,427.13		
17	Investment advisor / manager		-		-		-		-		-	-		
18	Other administration expenses		-		-		-		-		-	-		
19	Total administrative expenses		46,395.96		-		46,395.96		168,796.57		-	168,796.57		
20	Line of credit - financing costs		28,722.21		-		28,722.21		85,391.48		-	85,391.48		
21	Total expenses		75,118.17		-		75,118.17		254,188.05		-	254,188.05		
22	Increase (decrease) in net assets	\$	400,195.51	\$	722,719.42	\$	1,122,914.93		\$	711,270.98	\$	1,286,347.81	\$	1,997,618.79
23	Unrestricted net assets, beginning of year								(29,427,700.93)		33,579,897.48		4,152,196.55	
24	Unrestricted net assets, end of year	\$							(28,716,429.95)	\$	34,866,245.29	\$	6,149,815.34	

Washington Vaccine Association  
Statement of Cash Flows  
For the Periods Ending

WVA 2014-10-21 03.a.i. 3

	A	B	C	D
	Inception Through 7/31/2014	Month 8/31/2014	Month 9/30/2014	Inception Through 9/30/2014
1 Cash balance - beginning of period	\$ -	\$ 5,212,575.87	\$ 4,774,538.73	\$ -
<b>Inflows:</b>				
2 Principal prepayments	7,800,001.00	-	-	7,800,001.00
3 Vaccine collections	175,378,152.85	5,127,133.06	5,833,481.68	186,338,767.59
4 Interest income	53,408.37	-	-	53,408.37
5 Investment income/ (loss)	149,787.97	-	-	149,787.97
6 Key Bank - LOC advances	11,000,000.00	500,000.00	500,000.00	12,000,000.00
7 Total inflows	194,381,350.19	5,627,133.06	6,333,481.68	206,341,964.93
<b>Outflows:</b>				
8 Principal repayments	(7,799,908.85)	-	-	(7,799,908.85)
<b>Program</b>				
9 Vaccine remittance State of WA	(178,076,606.50)	(5,953,917.71)	(8,638,673.99)	(192,669,198.20)
10 Vaccine Selection Development	(79,950.00)	-	-	(79,950.00)
11 Public information	(108,908.31)	(2,937.50)	(3,260.00)	(115,105.81)
12 Total program disbursements	(178,265,464.81)	(5,956,855.21)	(8,641,933.99)	(192,864,254.01)
<b>Administration</b>				
13 Administrative services	(1,501,523.27)	(40,131.75)	(33,316.00)	(1,574,971.02)
14 Project management fees	(419,367.64)	-	-	(419,367.64)
15 Denied claims recovery	(26,671.38)	(2,198.96)	(2,187.90)	(31,058.24)
16 Design and advertising	(31,031.38)	-	-	(31,031.38)
17 Claims system development	(26,000.00)	-	-	(26,000.00)
18 Legal fees	(213,895.96)	(7,040.12)	(2,427.90)	(223,363.98)
19 Audit fees	(54,305.00)	(3,000.00)	(5,000.00)	(62,305.00)
20 Website and information technology	(112,258.32)	-	-	(112,258.32)
21 Travel	(1,829.68)	-	-	(1,829.68)
22 Total administration	(2,386,882.63)	(52,370.83)	(42,931.80)	(2,482,185.26)
<b>Office</b>				
23 Bank Fees	(334,475.46)	(4,606.52)	(4,404.50)	(343,486.48)
24 Office supplies	958.92	-	-	958.92
25 Postage and shipping	(1,438.36)	-	-	(1,438.36)
26 Printing	(4,819.61)	-	-	(4,819.61)
27 Office Rent	(51,313.90)	-	-	(51,313.90)
28 Telephone	(2,514.23)	-	-	(2,514.23)
29 Total office	(393,602.64)	(4,606.52)	(4,404.50)	(402,613.66)
<b>Other</b>				
30 Insurance	(88,685.15)	(23,513.00)	(785.98)	(112,984.13)
31 Interest Line of Credit	(233,869.24)	(27,824.64)	(28,844.63)	(290,538.51)
32 Board meetings	(361.00)	-	-	(361.00)
33 Total Other	(322,915.39)	(51,337.64)	(29,630.61)	(403,883.64)
34 Total outflows	(189,168,774.32)	(6,065,170.20)	(8,718,900.90)	(203,952,845.42)
35 Cash balance - end of period	\$ 5,212,575.87	\$ 4,774,538.73	\$ 2,389,119.51	\$ 2,389,119.51

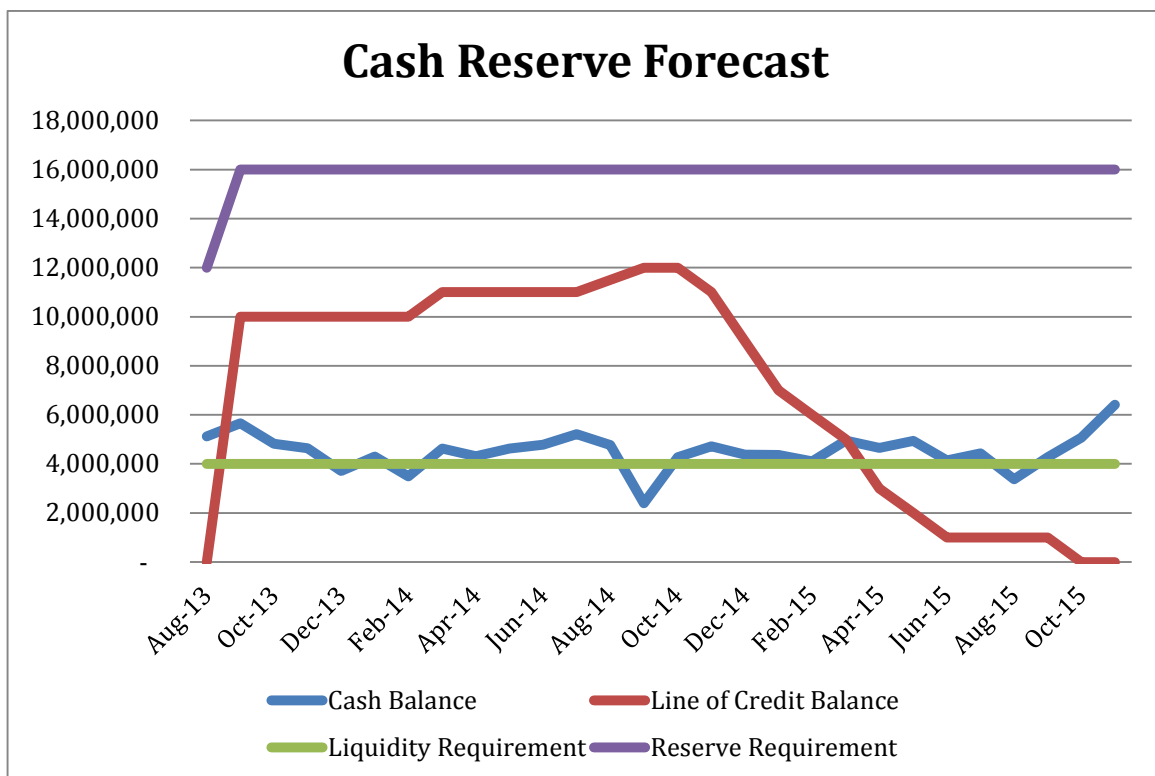
Note: Cash balance includes amounts in Key Bank and Morgan Stanley

## SEPTEMBER 30, 2014 CASH RESERVE ANALYSIS SUMMARY

Cash on hand as of September 30:	\$ 2,379,120
Value of invested funds at Sept. 30:	\$ <u>10,000</u>
Total Cash Reserve:	\$ 2,389,120
LOC Liquidity Requirement:	\$ 4,000,000
LOC Balance at 9/30:	\$ 12,000,000
Net liquidity at 9/30:	\$ (9,610,880)
Reserve target:	\$ 16,000,000
Projected months to desired reserve:	24+

The annual influenza payment in September of \$3,829,421 along with increased collections delays since April have brought cash reserves extremely low (see above). Accounts Receivable on the Balance Sheet have gone from 5.4MM in July to 11MM as of September 30. This is due to several factors including provider and payer systemic errors converting to the updated paper claim form and a large payer rejecting all paper claims, resulting in increased rejections. KidsVax has addressed these with the providers and payers as they have been identified, however the corrected collections are just beginning to come in. Additionally, TRICARE claims continue to be denied.

These factors coming together at once have pushed the cash flow recovery timeline significantly from last quarter's projections. The following chart and table show the currently projected collections and cash reserve levels.



## SCENARIOS FOR CORRECTIVE ACTION

Attached are three projection scenarios which are intended to estimate the effect of increasing the Line of Credit back up to the \$15 million level immediately one of the following additional actions: 1.) Increasing the assessment rate by 25% on July 1, 2015, 2.) Increasing the assessment rate by 19% on July 1, 2015, or 3.) Making no upward adjustment in rates (doing nothing).

It is the recommendation of the Financial Analyst that rates be increased by 25% in July 2015 in order to make meaningful progress toward paying off the line of credit and rebuilding cash reserves. Alternately an increase of 19% would mean a slower payoff and reserve buildup and with less margin for error. In July 2016 a modest cost adjustment of 4% would be expected if there are no unforeseen changes to the forecast.

The following table illustrates some key differentiating factors of the three above-mentioned scenarios.

### Sensitivity Analysis

	<b>25% Increase (Recommended)</b>	<b>19% Increase (Less Aggressive)</b>	<b>Do Nothing</b>
Month in which LOC is paid off	August 2016	December 2016	N/A
Percent of \$16MM liquidity target at 12/31/2015	-28%	-38%	-68%
Percent of \$16MM liquidity target at 12/31/2016	64%	30%	-8%
Total Interest Expense (Through Jul 2017)	\$957,658	\$1,060,575	\$1,193,283



WVA Cash Flow Projection Model  
As of October 15, 2014

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Borrowing cost	LOC Draws & Repayment	Net Cash Change	Cash Balance (a)	Line of Credit Balance (b)	Net Liquidity (a - b)
Mar-13	2,012,143	(3,810,882)	-	(37,216)			(1,835,954)	13,906,136	-	13,906,136
Apr-13	2,156,326	(3,115,878)	-	(37,310)			(996,861)	12,909,276	-	12,909,276
May-13	2,829,101	(3,804,548)	-	(48,074)			(1,023,519)	11,885,757	-	11,885,757
Jun-13	3,047,800	(3,902,000)	-	(41,080)			(895,280)	10,990,477	-	10,990,477
Jul-13	3,027,852	(3,801,140)	(3,992,235)	(60,420)			(4,825,944)	6,164,533	-	6,164,533
Aug-13	3,231,765	(4,216,037)	-	(55,473)			(1,039,745)	5,124,788	-	5,124,788
Sep-13	3,826,780	(5,331,858)	(7,909,996)	(36,147)	(17,717)	10,000,000	531,061	5,655,849	10,000,000	(4,344,151)
Oct-13	3,629,425	(4,341,800)	-	(106,734)	(12,020)		(831,129)	4,824,720	10,000,000	(5,175,280)
Nov-13	3,635,478	(3,759,778)	-	(35,858)	(28,559)		(188,718)	4,636,002	10,000,000	(5,363,998)
Dec-13	3,112,548	(3,936,128)	-	(70,295)	(24,479)		(918,354)	3,717,648	10,000,000	(6,282,352)
Jan-14	4,331,740	(3,686,910)	-	(40,987)	(25,295)		578,549	4,296,196	10,000,000	(5,703,804)
Feb-14	3,499,703	(4,250,279)	-	(34,162)	(25,225)		(809,964)	3,486,232	10,000,000	(6,513,768)
Mar-14	4,555,105	(4,360,550)	-	(33,252)	(22,847)	1,000,000	1,138,456	4,624,688	11,000,000	(6,375,312)
Apr-14	4,293,975	(4,542,162)	-	(35,897)	(24,684)		(308,768)	4,315,920	11,000,000	(6,684,080)
May-14	4,879,921	(4,503,422)	-	(35,729)	(27,847)		312,922	4,628,842	11,000,000	(6,371,158)
Jun-14	4,371,923	(4,117,206)	-	(67,678)	(27,825)		159,214	4,788,057	11,000,000	(6,211,943)
Jul-14	5,228,653	(4,747,851)	-	(29,356)	(26,927)		424,519	5,212,576	11,000,000	(5,787,424)
Aug-14	5,127,133	(5,956,855)	-	(84,802)	(23,513)	500,000	(438,037)	4,774,539	11,500,000	(6,725,461)
Sep-14	5,833,482	(4,742,513)	(3,899,421)	(48,122)	(28,845)	500,000	(2,385,419)	2,389,120	12,000,000	(9,610,880)
Oct-14	4,979,639	(4,152,040)	-	(46,647)	(32,500)	1,000,000	1,748,452	4,137,572	13,000,000	(8,862,428)
Nov-14	4,359,642	(4,191,688)	-	(46,647)	(35,208)		86,098	4,223,670	13,000,000	(8,776,330)
Dec-14	4,401,273	(4,282,521)	-	(46,647)	(35,208)		36,897	4,260,566	13,000,000	(8,739,434)
Jan-15	4,496,647	(4,337,816)	-	(46,647)	(35,208)		76,975	4,337,541	13,000,000	(8,662,459)
Feb-15	4,554,707	(4,664,036)	-	(46,647)	(35,208)		(191,184)	4,146,357	13,000,000	(8,853,643)
Mar-15	4,897,238	(5,915,738)	-	(46,647)	(35,208)	1,000,000	(100,356)	4,046,001	14,000,000	(9,953,999)
Apr-15	6,211,525	(5,084,477)	-	(46,647)	(37,917)		1,042,485	5,088,486	14,000,000	(8,911,514)
May-15	5,338,701	(5,036,259)	-	(46,647)	(37,917)		217,878	5,306,364	14,000,000	(8,693,636)
Jun-15	5,288,072	(4,240,722)	-	(46,647)	(37,917)	(1,000,000)	(37,214)	5,269,151	13,000,000	(7,730,849)
Jul-15	4,452,758	(4,890,287)	-	(46,647)	(35,208)		(519,384)	4,749,767	13,000,000	(8,250,233)
Aug-15	6,418,501	(6,135,561)	-	(46,647)	(35,208)		201,085	4,950,851	13,000,000	(8,049,149)
Sep-15	8,052,924	(4,884,788)	(4,000,000)	(46,647)	(35,208)		(913,720)	4,037,131	13,000,000	(8,962,869)
Oct-15	6,411,285	(4,276,601)	-	(46,647)	(35,208)	(2,000,000)	52,829	4,089,960	11,000,000	(6,910,040)
Nov-15	5,613,039	(4,317,439)	-	(46,647)	(29,792)		1,219,161	5,309,121	11,000,000	(5,690,879)
Dec-15	5,666,639	(4,410,996)	-	(46,647)	(29,792)	(2,000,000)	(820,796)	4,488,324	9,000,000	(4,511,676)
Jan-16	5,789,433	(4,467,951)	-	(46,647)	(24,375)		1,250,460	5,738,784	9,000,000	(3,261,216)
Feb-16	5,864,185	(4,803,957)	-	(46,647)	(24,375)	(2,000,000)	(1,010,794)	4,727,991	7,000,000	(2,272,009)
Mar-16	6,305,194	(6,093,211)	-	(46,647)	(18,958)		146,378	4,874,369	7,000,000	(2,125,631)
Apr-16	7,997,339	(5,237,011)	-	(46,647)	(18,958)	(3,000,000)	(305,278)	4,569,091	4,000,000	569,091
May-16	6,873,577	(5,187,347)	-	(46,647)	(10,833)		1,628,750	6,197,841	4,000,000	2,197,841
Jun-16	6,808,392	(4,367,943)	-	(46,647)	(10,833)	(2,000,000)	382,969	6,580,810	2,000,000	4,580,810

Note: Assessment Changes are shown in Green  
Vaccine cost increase estimates shown in Red.

< Rates intended to stabilize cash implemented

< Actual average CDC cost increase (in April) was 2.39%

< WVA's Flu share increased due to end of \$317 funds

< Advance 2 months per CDC funding policy change

< Increase grid rates by 49% to 110% CDC rates as of 4/1/2014

< Includes estimated 4% CDC cost increase

< Includes estimated 4% CDC cost increase

< Adjust Rates as of 7/1 (approx 25% increase)

WVA Cash Flow Projection Model  
As of October 15, 2014

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Borrowing cost	LOC Draws & Repayment	Net Cash Change	Cash Balance (a)	Line of Credit Balance (b)	Net Liquidity (a - b)
Jul-16	5,732,926	(5,036,995)	-	(46,647)	(5,417)		643,867	7,224,677	2,000,000	5,224,677
Aug-16	6,611,056	(6,319,628)	-	(46,647)	(5,417)	(2,000,000)	(1,760,635)	5,464,042	-	5,464,042
Sep-16	8,626,292	(5,031,332)	(4,200,000)	(46,647)	-		(651,687)	4,812,354	-	4,812,354
Oct-16	6,867,768	(4,404,899)	-	(46,647)	-		2,416,222	7,228,577	-	7,228,577
Nov-16	6,012,687	(4,446,962)	-	(46,647)	-		1,519,078	8,747,655	-	8,747,655
Dec-16	6,070,103	(4,543,326)	-	(46,647)	-		1,480,130	10,227,785	-	10,227,785
Jan-17	6,201,640	(4,601,989)	-	(46,647)	-		1,553,004	11,780,789	-	11,780,789
Feb-17	6,281,715	(4,948,076)	-	(46,647)	-		1,286,992	13,067,781	-	13,067,781
Mar-17	6,754,124	(6,276,007)	-	(46,647)	-		431,470	13,499,251	-	13,499,251
Apr-17	8,566,749	(5,394,121)	-	(46,647)	-		3,125,981	16,625,232	-	16,625,232
May-17	7,362,976	(5,342,967)	-	(46,647)	-		1,973,362	18,598,594	-	18,598,594
Jun-17	7,293,150	(4,498,982)	-	(46,647)	-		2,747,521	21,346,115	-	21,346,115
Jul-17	6,141,110	(5,188,105)	-	(46,647)	-		906,358	22,252,473	-	22,252,473

Note: Assessment Changes are shown in **Green**  
Vaccine cost increase estimates shown in **Red**.  
< Adjust Rates as of 7/1 (modest 4% increase)

< Reach Target Reserve 16MM

< Possible rate decrease if projections hold

Total Interest (957,658)

Amounts in **BOLD** are actuals.



UWVA Cash Flow Projection Model  
As of October 15, 2014

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Borrowing cost	LOC Draws & Repayment	Net Cash Change	Cash Balance (a)	Line of Credit Balance (b)	Net Liquidity (a - b)
Mar-13	2,012,143	(3,810,882)	-	(37,216)			(1,835,954)	13,906,136	-	13,906,136
Apr-13	2,156,326	(3,115,878)	-	(37,310)			(996,861)	12,909,276	-	12,909,276
May-13	2,829,101	(3,804,548)	-	(48,074)			(1,023,519)	11,885,757	-	11,885,757
Jun-13	3,047,800	(3,902,000)	-	(41,080)			(895,280)	10,990,477	-	10,990,477
Jul-13	3,027,852	(3,801,140)	(3,992,235)	(60,420)			(4,825,944)	6,164,533	-	6,164,533
Aug-13	3,231,765	(4,216,037)	-	(55,473)			(1,039,745)	5,124,788	-	5,124,788
Sep-13	3,826,780	(5,331,858)	(7,909,996)	(36,147)	(17,717)	10,000,000	531,061	5,655,849	10,000,000	(4,344,151)
Oct-13	3,629,425	(4,341,800)	-	(106,734)	(12,020)		(831,129)	4,824,720	10,000,000	(5,175,280)
Nov-13	3,635,478	(3,759,778)	-	(35,858)	(28,559)		(188,718)	4,636,002	10,000,000	(5,363,998)
Dec-13	3,112,548	(3,936,128)	-	(70,295)	(24,479)		(918,354)	3,717,648	10,000,000	(6,282,352)
Jan-14	4,331,740	(3,686,910)	-	(40,987)	(25,295)		578,549	4,296,196	10,000,000	(5,703,804)
Feb-14	3,499,703	(4,250,279)	-	(34,162)	(25,225)		(809,964)	3,486,232	10,000,000	(6,513,768)
Mar-14	4,555,105	(4,360,550)	-	(33,252)	(22,847)	1,000,000	1,138,456	4,624,688	11,000,000	(6,375,312)
Apr-14	4,293,975	(4,542,162)	-	(35,897)	(24,684)		(308,768)	4,315,920	11,000,000	(6,684,080)
May-14	4,879,921	(4,503,422)	-	(35,729)	(27,847)		312,922	4,628,842	11,000,000	(6,371,158)
Jun-14	4,371,923	(4,117,206)	-	(67,678)	(27,825)		159,214	4,788,057	11,000,000	(6,211,943)
Jul-14	5,228,653	(4,747,851)	-	(29,356)	(26,927)		424,519	5,212,576	11,000,000	(5,787,424)
Aug-14	5,127,133	(5,956,855)	-	(84,802)	(23,513)	500,000	(438,037)	4,774,539	11,500,000	(6,725,461)
Sep-14	5,833,482	(4,742,513)	(3,899,421)	(48,122)	(28,845)	500,000	(2,385,419)	2,389,120	12,000,000	(9,610,880)
Oct-14	4,979,639	(4,152,040)	-	(46,647)	(32,500)	1,000,000	1,748,452	4,137,572	13,000,000	(8,862,428)
Nov-14	4,359,642	(4,191,688)	-	(46,647)	(35,208)		86,098	4,223,670	13,000,000	(8,776,330)
Dec-14	4,401,273	(4,282,521)	-	(46,647)	(35,208)		36,897	4,260,566	13,000,000	(8,739,434)
Jan-15	4,496,647	(4,337,816)	-	(46,647)	(35,208)		76,975	4,337,541	13,000,000	(8,662,459)
Feb-15	4,554,707	(4,664,036)	-	(46,647)	(35,208)		(191,184)	4,146,357	13,000,000	(8,853,643)
Mar-15	4,897,238	(5,915,738)	-	(46,647)	(35,208)	1,000,000	(100,356)	4,046,001	14,000,000	(9,953,999)
Apr-15	6,211,525	(5,084,477)	-	(46,647)	(37,917)		1,042,485	5,088,486	14,000,000	(8,911,514)
May-15	5,338,701	(5,036,259)	-	(46,647)	(37,917)		217,878	5,306,364	14,000,000	(8,693,636)
Jun-15	5,288,072	(4,240,722)	-	(46,647)	(37,917)		962,786	6,269,151	14,000,000	(7,730,849)
Jul-15	4,452,758	(4,890,287)	-	(46,647)	(37,917)		(522,092)	5,747,058	14,000,000	(8,252,942)
Aug-15	6,110,413	(6,135,561)	-	(46,647)	(37,917)		(109,712)	5,637,347	14,000,000	(8,362,653)
Sep-15	7,666,383	(4,884,788)	(4,000,000)	(46,647)	(37,917)		(1,302,969)	4,334,378	14,000,000	(9,665,622)
Oct-15	6,103,543	(4,276,601)	-	(46,647)	(37,917)	(1,000,000)	742,379	5,076,757	13,000,000	(7,923,243)
Nov-15	5,343,613	(4,317,439)	-	(46,647)	(35,208)	(1,000,000)	(55,682)	5,021,075	12,000,000	(6,978,925)
Dec-15	5,394,640	(4,410,996)	-	(46,647)	(32,500)	(1,000,000)	(95,503)	4,925,572	11,000,000	(6,074,428)
Jan-16	5,511,540	(4,467,951)	-	(46,647)	(29,792)	(1,000,000)	(32,849)	4,892,722	10,000,000	(5,107,278)
Feb-16	5,582,705	(4,803,957)	-	(46,647)	(27,083)	(1,000,000)	(294,983)	4,597,739	9,000,000	(4,402,261)
Mar-16	6,002,545	(6,093,211)	-	(46,647)	(24,375)	-	(161,688)	4,436,051	9,000,000	(4,563,949)
Apr-16	7,613,467	(5,237,011)	-	(46,647)	(24,375)	(1,000,000)	1,305,433	5,741,485	8,000,000	(2,258,515)
May-16	6,543,645	(5,187,347)	-	(46,647)	(21,667)	(1,000,000)	287,985	6,029,470	7,000,000	(970,530)
Jun-16	6,481,590	(4,367,943)	-	(46,647)	(18,958)	(1,000,000)	1,048,041	7,077,511	6,000,000	1,077,511

Note: Assessment Changes are shown in Green  
Vaccine cost increase estimates shown in Red.

< Rates intended to stabilize cash implemented

< Actual average CDC cost increase (in April) was 2.39%

< UWVA's Flu share increased due to end of \$317 funds

< Advance 2 months per CDC funding policy change

< Increase grid rates by 49% to 110% CDC rates as of 4/1/2014

< Includes estimated 4% CDC cost increase

< Balance out of covenant compliance (4MM)

< Includes estimated 4% CDC cost increase

< Adjust Rates as of 7/1 (approx 19% increase)



WVA Cash Flow Projection Model  
As of October 15, 2014

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Borrowing cost	LOC Draws & Repayment	Net Cash Change	Cash Balance (a)	Line of Credit Balance (b)	Net Liquidity (a - b)
Jul-16	5,457,745	(5,036,995)	-	(46,647)	(16,250)	(1,000,000)	(642,147)	6,435,364	5,000,000	1,435,364
Aug-16	6,293,725	(6,319,628)	-	(46,647)	(13,542)	(1,000,000)	(1,086,091)	5,349,273	4,000,000	1,349,273
Sep-16	8,212,230	(5,031,332)	(4,200,000)	(46,647)	(10,833)	(1,000,000)	(2,076,583)	3,272,690	3,000,000	272,690
Oct-16	6,538,115	(4,404,899)	-	(46,647)	(8,125)	(1,000,000)	1,078,444	4,351,135	2,000,000	2,351,135
Nov-16	5,724,078	(4,446,962)	-	(46,647)	(5,417)	(1,000,000)	225,052	4,576,187	1,000,000	3,576,187
Dec-16	5,778,738	(4,543,326)	-	(46,647)	(2,708)	(1,000,000)	186,057	4,762,244	-	4,762,244
Jan-17	5,903,962	(4,601,989)	-	(46,647)	-	-	1,255,325	6,017,569	-	6,017,569
Feb-17	5,980,193	(4,948,076)	-	(46,647)	-	-	985,470	7,003,039	-	7,003,039
Mar-17	6,429,926	(6,276,007)	-	(46,647)	-	-	107,272	7,110,311	-	7,110,311
Apr-17	8,155,545	(5,394,121)	-	(46,647)	-	-	2,714,777	9,825,088	-	9,825,088
May-17	7,009,553	(5,342,967)	-	(46,647)	-	-	1,619,939	11,445,027	-	11,445,027
Jun-17	6,943,079	(4,498,982)	-	(46,647)	-	-	2,397,450	13,842,477	-	13,842,477
Jul-17	5,846,337	(5,188,105)	-	(46,647)	-	-	611,585	14,454,062	-	14,454,062
Aug-17	6,741,839	(6,509,217)	-	(46,647)	-	-	185,975	14,640,037	-	14,640,037
Sep-17	8,458,597	(5,182,272)	(4,400,000)	(46,647)	-	-	(1,170,322)	13,469,715	-	13,469,715
Oct-17	6,734,259	(4,537,046)	-	(46,647)	-	-	2,150,566	15,620,281	-	15,620,281
Nov-17	5,895,800	(4,580,371)	-	(46,647)	-	-	1,268,782	16,889,063	-	16,889,063
Dec-17	5,952,101	(4,679,626)	-	(46,647)	-	-	1,225,827	18,114,890	-	18,114,890

Note: Assessment Changes are shown in **Green**  
Vaccine cost increase estimates shown in **Red**.  
< Adjust Rates as of 7/1 (modest 4% increase)

< LOC Paid off by 12/31/2016

< Reach Target Reserve 16MM

Total Interest (1,060,575)

Amounts in **BOLD** are actuals.



WVA Cash Flow Projection Model  
As of October 15, 2014

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Borrowing cost	LOC Draws & Repayment	Net Cash Change	Cash Balance (a)	Line of Credit Balance (b)	Net Liquidity (a - b)
Mar-13	2,012,143	(3,810,882)	-	(37,216)			(1,835,954)	13,906,136	-	13,906,136
Apr-13	2,156,326	(3,115,878)	-	(37,310)			(996,861)	12,909,276	-	12,909,276
May-13	2,829,101	(3,804,548)	-	(48,074)			(1,023,519)	11,885,757	-	11,885,757
Jun-13	3,047,800	(3,902,000)	-	(41,080)			(895,280)	10,990,477	-	10,990,477
Jul-13	3,027,852	(3,801,140)	(3,992,235)	(60,420)			(4,825,944)	6,164,533	-	6,164,533
Aug-13	3,231,765	(4,216,037)	-	(55,473)			(1,039,745)	5,124,788	-	5,124,788
Sep-13	3,826,780	(5,331,858)	(7,909,996)	(36,147)	(17,717)	10,000,000	531,061	5,655,849	10,000,000	(4,344,151)
Oct-13	3,629,425	(4,341,800)	-	(106,734)	(12,020)		(831,129)	4,824,720	10,000,000	(5,175,280)
Nov-13	3,635,478	(3,759,778)	-	(35,858)	(28,559)		(188,718)	4,636,002	10,000,000	(5,363,998)
Dec-13	3,112,548	(3,936,128)	-	(70,295)	(24,479)		(918,354)	3,717,648	10,000,000	(6,282,352)
Jan-14	4,331,740	(3,686,910)	-	(40,987)	(25,295)		578,549	4,296,196	10,000,000	(5,703,804)
Feb-14	3,499,703	(4,250,279)	-	(34,162)	(25,225)		(809,964)	3,486,232	10,000,000	(6,513,768)
Mar-14	4,555,105	(4,360,550)	-	(33,252)	(22,847)	1,000,000	1,138,456	4,624,688	11,000,000	(6,375,312)
Apr-14	4,293,975	(4,542,162)	-	(35,897)	(24,684)		(308,768)	4,315,920	11,000,000	(6,684,080)
May-14	4,879,921	(4,503,422)	-	(35,729)	(27,847)		312,922	4,628,842	11,000,000	(6,371,158)
Jun-14	4,371,923	(4,117,206)	-	(67,678)	(27,825)		159,214	4,788,057	11,000,000	(6,211,943)
Jul-14	5,228,653	(4,747,851)	-	(29,356)	(26,927)		424,519	5,212,576	11,000,000	(5,787,424)
Aug-14	5,127,133	(5,956,855)	-	(84,802)	(23,513)	500,000	(438,037)	4,774,539	11,500,000	(6,725,461)
Sep-14	5,833,482	(4,742,513)	(3,899,421)	(48,122)	(28,845)	500,000	(2,385,419)	2,389,120	12,000,000	(9,610,880)
Oct-14	4,979,639	(4,152,040)	-	(46,647)	(32,500)		748,452	3,137,572	12,000,000	(8,862,428)
Nov-14	4,359,642	(4,191,688)	-	(46,647)	(32,500)		88,806	3,226,378	12,000,000	(8,773,622)
Dec-14	4,401,273	(4,282,521)	-	(46,647)	(32,500)		39,605	3,265,983	12,000,000	(8,734,017)
Jan-15	4,496,647	(4,337,816)	-	(46,647)	(32,500)		79,684	3,345,666	12,000,000	(8,654,334)
Feb-15	4,554,707	(4,664,036)	-	(46,647)	(32,500)		(188,476)	3,157,190	12,000,000	(8,842,810)
Mar-15	4,897,238	(5,915,738)	-	(46,647)	(32,500)		(1,097,647)	2,059,543	12,000,000	(9,940,457)
Apr-15	6,211,525	(5,084,477)	-	(46,647)	(32,500)		1,047,901	3,107,444	12,000,000	(8,892,556)
May-15	5,338,701	(5,036,259)	-	(46,647)	(32,500)		223,295	3,330,739	12,000,000	(8,669,261)
Jun-15	5,288,072	(4,240,722)	-	(46,647)	(32,500)		968,203	4,298,942	12,000,000	(7,701,058)
Jul-15	4,452,758	(4,890,287)	-	(46,647)	(32,500)		(516,676)	3,782,267	12,000,000	(8,217,733)
Aug-15	5,134,801	(6,135,561)	-	(46,647)	(32,500)		(1,079,907)	2,702,360	12,000,000	(9,297,640)
Sep-15	6,442,339	(4,884,788)	(4,000,000)	(46,647)	(32,500)		(2,521,596)	180,763	12,000,000	(11,819,237)
Oct-15	5,129,028	(4,276,601)	-	(46,647)	(32,500)		773,280	954,043	12,000,000	(11,045,957)
Nov-15	4,490,431	(4,317,439)	-	(46,647)	(32,500)	-	93,845	1,047,888	12,000,000	(10,952,112)
Dec-15	4,533,311	(4,410,996)	-	(46,647)	(32,500)	-	43,168	1,091,055	12,000,000	(10,908,945)
Jan-16	4,631,546	(4,467,951)	-	(46,647)	(32,500)	-	84,448	1,175,504	12,000,000	(10,824,496)
Feb-16	4,691,348	(4,803,957)	-	(46,647)	(32,500)	-	(191,756)	983,748	12,000,000	(11,016,252)
Mar-16	5,044,155	(6,093,211)	-	(46,647)	(32,500)	-	(1,128,202)	(144,454)	12,000,000	(12,144,454)
Apr-16	6,397,871	(5,237,011)	-	(46,647)	(32,500)	-	1,081,713	937,259	12,000,000	(11,062,741)
May-16	5,498,862	(5,187,347)	-	(46,647)	(32,500)	-	232,368	1,169,627	12,000,000	(10,830,373)
Jun-16	5,446,714	(4,367,943)	-	(46,647)	(32,500)	-	999,624	2,169,250	12,000,000	(9,830,750)

Note: Assessment Changes are shown in Green  
Vaccine cost increase estimates shown in Red.

< Rates intended to stabilize cash implemented

< Actual average CDC cost increase (in April) was 2.39%

< WVA's Flu share increased due to end of \$317 funds

< Advance 2 months per CDC funding policy change

< Increase grid rates by 49% to 110% CDC rates as of 4/1/2014

< Includes estimated 4% CDC cost increase

< Balance out of covenant compliance (4MM)

< Includes estimated 4% CDC cost increase

< Adjust Rates as of 7/1 (No Adjustment)

< Out of Cash

WVA Cash Flow Projection Model  
As of October 15, 2014

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Borrowing cost	LOC Draws & Repayment	Net Cash Change	Cash Balance (a)	Line of Credit Balance (b)	Net Liquidity (a - b)
Jul-16	4,586,341	(5,036,995)	-	(46,647)	(32,500)	-	(529,802)	1,639,449	12,000,000	(10,360,551)
Aug-16	5,288,845	(6,319,628)	-	(46,647)	(32,500)	-	(1,109,930)	529,519	12,000,000	(11,470,481)
Sep-16	6,635,609	(5,031,332)	(4,200,000)	(46,647)	(32,500)	-	(2,674,870)	(2,145,351)	12,000,000	(14,145,351)
Oct-16	5,282,899	(4,404,899)	-	(46,647)	(32,500)	-	798,853	(1,346,498)	12,000,000	(13,346,498)
Nov-16	4,625,144	(4,446,962)	-	(46,647)	(32,500)	-	99,035	(1,247,464)	12,000,000	(13,247,464)
Dec-16	4,669,310	(4,543,326)	-	(46,647)	(32,500)	-	46,837	(1,200,627)	12,000,000	(13,200,627)
Jan-17	4,770,493	(4,601,989)	-	(46,647)	(32,500)	-	89,356	(1,111,271)	12,000,000	(13,111,271)
Feb-17	4,832,089	(4,948,076)	-	(46,647)	(32,500)	-	(195,134)	(1,306,405)	12,000,000	(13,306,405)
Mar-17	5,195,480	(6,276,007)	-	(46,647)	(32,500)	-	(1,159,674)	(2,466,079)	12,000,000	(14,466,079)
Apr-17	6,589,807	(5,394,121)	-	(46,647)	(32,500)	-	1,116,539	(1,349,540)	12,000,000	(13,349,540)
May-17	5,663,828	(5,342,967)	-	(46,647)	(32,500)	-	241,713	(1,107,827)	12,000,000	(13,107,827)
Jun-17	5,610,115	(4,498,982)	-	(46,647)	(32,500)	-	1,031,987	(75,840)	12,000,000	(12,075,840)
Jul-17	4,723,931	(5,188,105)	-	(46,647)	(32,500)	-	(543,321)	(619,161)	12,000,000	(12,619,161)

<LOC remains at limit and WVA is in a negative cash position.

Total Interest (1,193,283)

Amounts in **BOLD** are actuals.

Note: Assessment Changes are shown in **Green**  
Vaccine cost increase estimates shown in **Red**.  
< Adjust Rates as of 7/1 (No Adjustment)

Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>BOARD MTG</b>			<b>BOARD MTG</b>  AUDIT COMM	OPERA- TIONS  VACCINE COMM	<b>BOARD MTG</b>  Approve WVA budget and annual WVA goals  AUDIT COMM  FYI - Close of 2014-15 Fiscal Year		AUDIT COMM	OPERA- TIONS	<b>BOARD MTG</b>  Annual meeting of Directors, election of Officers, and Secretary's appointments  Approve Audited Financials  Annual Review of Investment Performance  FYI - Annual Report	Financial report due to Secretary  Establish the estimated amount of annual assessments and notify payers in writing  VACCINE COMM  OPERATIONS	

Page 2 of 6

APRIL	MAY	JUNE
<p><b>QUARTERLY BOARD MEETING</b></p> <ul style="list-style-type: none"> <li>Review of Investment Performance</li> <li>Policy clean-up and update c/interest statements</li> <li>Review committee charters, and any revised charters</li> </ul> <p><b>Audit Committee</b> Plan audit: select auditors for annual term, review engagement letter, and address other audit matters</p> <p><b>DOH</b> Prepare Budget and Management Packet, with projections for state portion of childhood vaccine program</p> <p>Settlement Report Tracking Report</p>	<p><b>Vaccine Committee</b> Review implementation of April Vaccine Selection</p> <p>Review any changes to ACIP-recommended vaccines</p> <p><b>Operations</b> Review Q1 issues</p>	<p><b>JUNE BOARD MEETING</b></p> <ul style="list-style-type: none"> <li>Approve annual budget and KidsVax goals</li> </ul> <p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>Review and recommend budget to the WVA board. Seek authorization from the board to approve financials after meeting with auditors at the end of August.</li> </ul>
<p><b>OTHER ACTIVITIES</b></p> <p><b>WVA</b> Submit nonprofit corporation annual report to the WA Secretary of State (online filing) Meet with DOH to review projections for state portion of childhood vaccine program</p> <p><b>FYI</b> CDC contract changes (review any changes to ACIP-recommended vaccines)</p>	<p><b>OTHER ACTIVITIES</b></p> <p><b>WVA</b> National Immunization Conference (Hilton Head, SC in 2015)</p> <p><b>FYI</b></p>	<p><b>OTHER ACTIVITIES</b></p> <p><b>WVA</b> 30th Close of 2014-2015 Fiscal Year</p> <p><b>FYI</b></p>

## Third Quarter

JULY			AUGUST			SEPTEMBER		
			PREP WORK FOR OCT. BOARD MEETING  <b>Audit Committee</b> Meet with auditors, prepare board presentation of audited 2014/15 financials and auditors' report (for October board presentation)			PREP WORK FOR OCT. BOARD MEETING  <b>Operations</b> Review second quarter operational issues		
OTHER ACTIVITIES Independent auditors review year-end financials  FYI			OTHER ACTIVITIES   FYI			OTHER ACTIVITIES  <b>WVA</b> Notify all TPAs that have paid WVA but not registered of one-time registration requirement. (Send letter by end of October.)  FYI		



OCTOBER

NOVEMBER

DECEMBER

<p><b>QUARTERLY BOARD MEETING AND ANNUAL MEETING OF DIRECTORS</b></p> <ul style="list-style-type: none"> <li>• Elect Board officers</li> <li>• Approve extension of Board members' terms or appointment of new members</li> <li>• Ratify Secretary's appointments (board members representing Taft-Hartley plans, self-funded employers)</li> <li>• Approve audited financials and Annual Report</li> <li>• Annual review of Investment Performance</li> </ul> <p><b>DOH</b> Prepare Budget and Management Packet, with projections for state portion of childhood vaccine program</p>	<p><b>Vaccine Committee</b> Evaluate vaccine selection process</p> <p><b>Operations</b> Review third quarter operational issues; Settlement Report Monitoring Tracking Report</p>	<p>PREP WORK FOR Q1 2016 BOARD MEETING</p>
<p><b>OTHER ACTIVITIES</b> <b>DOH</b> Vaccine selection offered for 2nd time in 2015</p> <p><b>WVA</b> Prepare financial report for DOH Secretary, due by Nov 1 Meet with DOH to review projections for state portion of childhood vaccine program</p>	<p><b>OTHER ACTIVITIES</b> <b>WVA</b> <b>By 11/1</b>, submit financial report to DOH Secretary in required form Set assessment amounts for subsequent year and notify health carriers and TPAs in writing (by 11/15) If necessary, submit a report to DOH Secretary listing carriers/TPAs that failed to remit assessments</p>	<p><b>OTHER ACTIVITIES</b> <b>WVA</b> Review TPA registration renewals with WVA</p>

## Ongoing WVA Activities and Events

### Monthly

- Remittance of funds to state treasurer for DOH purchase of vaccines
- Compliance follow-up to assist providers with DBA billing, update database and track compliance
- Update tracking systems for WVA performance metrics
- Financial management reports

### Quarterly

- Settlement reports
- State Vaccine Advisory Committee Meetings: attendance on request and/or presentations
- Operations review of vaccine payments (identify/audit any significant or non-standard payments to providers)
- Investment Reports
- Rolling 12-month liquidity forecast

### Annually

- Board self-evaluation
- Evaluation of ED and staff
- Announcements of assessment code changes and potential adjustment to assessment level
- January state legislative session: monitor for WVA impacts; determine if WVA needs legislation or regulation to advance mission and/or revise statute
- National Immunization Conference: possible attendance and/or presentations
- Secretary's opportunity to address Board

### As appropriate

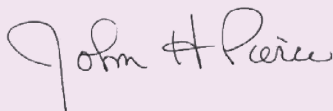
- WVA calendar updates, Web site updates, email alerts, provider updates
- Operations sub-group available to consider immediate issues or regulatory changes
- Communication with state legislators, Medical and Hospital Associations, presentations as requested

## Dear Friends and Colleagues,

I'm passionate about the mission of the Washington Vaccine Association (WVA) and I was eager to join as Board Chair this February. Childhood vaccination saves lives, and funding is a critical link in the chain to get kids in our state vaccinated. WVA's laser focus on collecting funds from health plans, insurers and third-party administrators is a fundamental pillar supporting the state Department of Health's universal purchase of childhood vaccines. I am proud to say this one-of-a-kind public-private partnership is functioning better than ever.

Join me in thanking the efficient, dedicated board that collaborates and problem solves on your behalf with finesse. I also tip my hat to Janna Bardi, former Immunization Director at the Department of Health, who was instrumental in our formation and has moved on to a new role within the Department. The same goes for Brian Ancell who served as Board Chair for the first four years of WVA's existence.

Thank you for supporting WVA and Washington's system to vaccinate kids. If you want to know more or get involved, reach out.



John Pierce, Board Chair  
Senior VP and General Counsel  
Premera Blue Cross

## Stable Childhood Vaccine Funding System

Since 2010, the Washington Vaccine Association (WVA) has facilitated the state purchase of vaccines for all children in Washington regardless of their insurance status. With funding from dosage-based assessments (DBA), the WVA remits payments to the state for the purchase of childhood vaccines, supporting the universal purchase program that ensures all kids have access to vaccines.

## A Powerful Model

Vaccine costs continue to rise nationally. The stabilization of vaccine funding is critical to improving Washington's childhood immunization rates. Our model has powerful benefits:

**Providers save money.** Instead of fronting significant dollars to keep vaccines on hand, providers get and give vaccines without charge and use their existing billing systems to support WVA's collection of the assessments.

**Storage and ordering are easy.** Clinic staff isn't forced to navigate complex ordering or separate storage for vaccines based on who paid for them or who they will immunize.

**Families get better care.** Providers can focus on patient needs and get kids vaccinated.

And, the model is working! Vaccine is available to all children at no cost and providers have what they need to immunize children. Immunization rates in our state are also improving, 71% of toddlers received recommended vaccines, but there is still work to do. As we enter our fifth year, compliance with the assessment process from both payers and providers is nearly perfect (99% and 95% respectively).

## A Banner Year in Washington



**925,000  
DOSES**  
of vaccine supplied

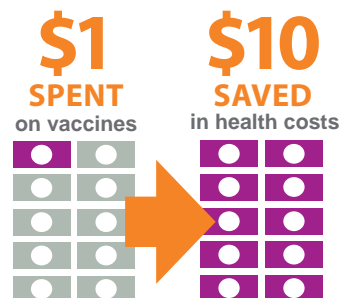


**735,000  
CHILDREN**  
were vaccinated



**19.9  
MILLION**

saved by WVA  
in vaccine costs



SOURCES:  
Economic Evaluation of the Routine Childhood Immunization Program in the United States (2009), Centers For Disease Control and Prevention, <http://pediatrics.aappublications.org/content/early/2014/02/25/peds.2013-0698.full.pdf+html>

National Immunization Survey, Centers for Disease Control & Prevention, <http://www.cdc.gov/vaccines/imz-managers/coverage/nis/child/index.html>

Washington State Department of Health, <http://www.doh.wa.gov/YouandYourFamily/Immunization>

Peter Smith, Financial Analyst  
Report, <http://www.wavaccine.org>

# Operations Update

Washington is one of four states with an effective public-private vaccine funding program administered by KidsVax.org®. These 2013–14 successes and improvements illustrate the strength of the health care providers', payers' and the Washington State Department of Health's collaboration, and WVA's commitment to our state's children:

**Assessment grid is stable.** The grid was last updated in December 2013. It will not be updated again until 2015.

**Cost recovery is better.** Working alongside cost-recovery experts, WVA is helping providers submit assessments accurately so payers can pay assessments on time.

**Registration system is easier.** All third-party administrators can now register online, directly with WVA, using a simple, free, one-time system.

**Compliance is near-perfect.** 99% of payers and 95% of providers are fully compliant with the system. WVA consistently pursues non-compliant entities to assure that costs are covered fairly.

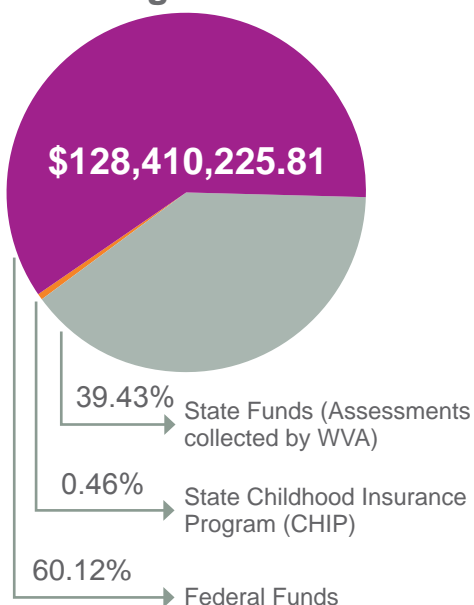
**Board continues strong leadership.** John Pierce of Premera joined as board president, replacing Brian Ancell who served in that role for four years including during WVA's formation and early success. Jay Fathi, President and CEO of Coordinated Care and John Sobeck, PNW Market Medical Executive of Cigna also joined this year. And Michele Roberts replaces Janna Bardi, representing the Department of Health.



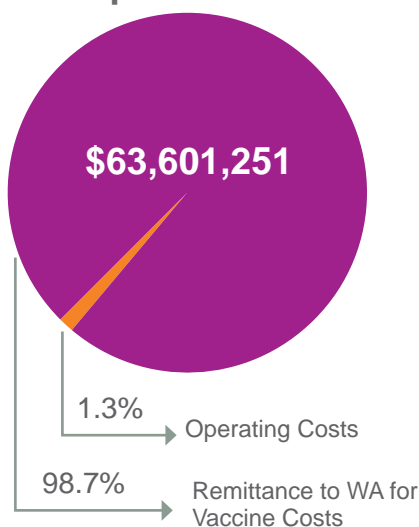
FINANCIALS

July 1, 2013 – June 30, 2014

## WA Childhood Vaccine Funding Sources



## WVA Program Expenditures



Complete audited financial statements online.  
Visit [wavaccine.org](http://wavaccine.org) and click the Reference tab.



## WVA Board of Directors

### John Pierce, Esq.

Senior VP and General Counsel, Premera Blue Cross

### Mary Kay O'Neill, MD

Executive Medical Director, Washington, Regence BlueShield

### Norman Seabrooks

President Northwest Market, Aetna Life Insurance Company

### Beth Harvey, MD

Pediatric Associates

### Dennis Kirkpatrick

CEO, Welfare & Pension Administration Service, Inc.

### Edgar Marcuse, MD, MPH

Emeritus Professor of Pediatrics, University of Washington

### Allene Mares, RN, MPH

Assistant Secretary Prevention and Community Health Division, Washington State Department of Health

### Suzanne Daly

VP of Network Services & Provider Relations, Group Health Cooperative

### Jason Farber

Partner, Davis Wright Tremaine LLP

### John Sobeck, MD

PNW Market Medical Executive, Cigna

### Jay Fathi, MD

President and CEO, Coordinated Care

[WWW.WAVACCINE.ORG](http://WWW.WAVACCINE.ORG)

## ADMINISTRATOR:



PHONE: 1-855-KidsVax (543-7829)

FAX: 1-855-KidsFax (543-7329)

WEBSITE: [www.KidsVax.org](http://www.KidsVax.org)

## KIDSVAX STAFF:

**Fred L. Potter**  
Executive Director

**Claire M. Roberge**  
Controller

**Magaret Lane**  
Deputy Executive Director

**Terry Mills**  
Executive Assistant

**Peter Smith**  
Financial Analyst

**Julia G. Walter**  
Communications and Staff Attorney

**WASHINGTON VACCINE ASSOCIATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2014 AND 2013**

**WASHINGTON VACCINE ASSOCIATION  
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YEARS ENDED JUNE 30, 2014 AND 2013**

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CliftonLarsonAllen LLP  
CLAAconnect.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Washington Vaccine Association  
Seattle, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Washington Vaccine Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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 opinion.



Board of Directors  
Washington Vaccine Association

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Vaccine Association as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Bellevue, Washington  
August 28, 2014

**WASHINGTON VACCINE ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,778,056	\$ 2,253,811
Investments	10,000	8,736,666
Member Assessments Receivable	6,272,451	2,411,945
Prepaid Vaccines to Washington Department of Health	<u>4,116,631</u>	<u>446,086</u>
Total Current Assets	<u>\$ 15,177,138</u>	<u>\$ 13,848,508</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 24,942	\$ 78,465
Bank Line of Credit, Current Portion	1,000,000	-
Vaccine Fees Payable to Washington Department of Health	<u>-</u>	<u>3,801,140</u>
Total Current Liabilities	1,024,942	3,879,605
<b>LINE OF CREDIT, Net of Current Portion</b>	<u>10,000,000</u>	<u>-</u>
Total Liabilities	11,024,942	3,879,605
<b>ASSESSMENTS COLLECTED IN EXCESS OF VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES</b>	4,152,196	9,968,903
<b>NET ASSETS - UNRESTRICTED</b>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 15,177,138</u>	<u>\$ 13,848,508</u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

	Administrative Activities	Vaccine Funding Activities	Total
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>			
Assessment Activity:			
Assessments Collected	\$ (5,802,326)	\$ 56,051,300	\$ 50,248,974
Vaccine Replenishments	-	(55,277,077)	(55,277,077)
Net Assessment Activity	(5,802,326)	774,223	(5,028,103)
Revenue:			
Interest Income	6,466	-	6,466
Realized Gain on Investments	3,896	-	3,896
Total Revenue	10,362	-	10,362
Expenses:			
Public Information	17,160	-	17,160
Administrative	428,833	-	428,833
Office	97,644	-	97,644
Interest	233,939	-	233,939
Other	21,389	-	21,389
Total Expenses	798,965	-	798,965
Total Change in Unrestricted Net Assets	(6,590,929)	774,223	(5,816,706)
<b>VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED</b>	6,590,929	(774,223)	5,816,706
<b>CHANGES IN NET ASSETS</b>	-	-	-
Net Assets - Beginning of Year	-	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

	Administrative Activities	Vaccine Funding Activities	Total
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>			
Assessment Activity:			
Assessments Collected	\$ (25,137,728)	\$ 55,906,382	\$ 30,768,654
Vaccine Replenishments	-	(45,575,125)	(45,575,125)
Net Assessment Activity	(25,137,728)	10,331,257	(14,806,471)
Revenue:			
Interest Income	87,050	-	87,050
Realized Gain on Investments	6,693	-	6,693
Unrealized Gain on Investments	13,270	-	13,270
Total Revenue	107,013	-	107,013
Expenses:			
Public Information	3,261	-	3,261
Administrative	428,163	-	428,163
Office	102,719	-	102,719
Other	21,469	-	21,469
Total Expenses	555,612	-	555,612
Total Change in Unrestricted Net Assets	(25,586,327)	10,331,257	(15,255,070)
<b>VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED</b>	<u>25,586,327</u>	<u>(10,331,257)</u>	<u>15,255,070</u>
<b>CHANGES IN NET ASSETS</b>	-	-	-
Net Assets - Beginning of Year	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Assessments Collected	\$ 46,388,468	\$ 29,540,090
Interest Income	6,466	87,050
Cash Remittances to Washington Department of Health for Vaccines	(62,748,763)	(45,459,131)
Administrative Expenses Paid	(618,549)	(612,709)
Cash Paid for Interest Expense	(233,939)	-
Net Cash Used by Operating Activities	<u>(17,206,317)</u>	<u>(16,444,700)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Investments	14,464,005	11,826,059
Purchase of Investments	(5,733,443)	(500,000)
Net Cash Provided by Investing Activities	<u>8,730,562</u>	<u>11,326,059</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Line of Credit Borrowings	<u>11,000,000</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,524,245	(5,118,641)
Cash and Cash Equivalents - Beginning of Year	<u>2,253,811</u>	<u>7,372,452</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 4,778,056</u></u>	<u><u>\$ 2,253,811</u></u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ -	\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Realized Gain on Investments	(3,896)	(6,693)
Unrealized Gain on Investments	-	(13,270)
(Increase) Decrease in Assets:		
Member Assessments Receivable	(3,860,506)	(1,228,564)
Prepaid Vaccines to Washington Department of Health	(3,670,545)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(53,523)	(57,097)
Vaccine Fees Payable to Washington Department of Health	(3,801,140)	115,994
Assessments Collected in Excess of Vaccine Funding and Administrative Activities	<u>(5,816,707)</u>	<u>(15,255,070)</u>
Net Cash Used by Operating Activities	<u><u>\$ (17,206,317)</u></u>	<u><u>\$ (16,444,700)</u></u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 1     NATURE OF ORGANIZATION**

**Organization and Operations**

Since 1990, Washington State has maintained a Universal Childhood Vaccine Program, providing vaccines to all children under age 19. Together with federal funding, Washington's program has advanced the widely recognized benefits of universal childhood vaccination. Faced with a scheduled end to state funding in 2010, the Washington State legislature established the universal vaccine purchase account to be able to continue providing state-supplied vaccines to privately-insured children. This legislation was adopted after a year of study by and with broad support from the Washington health care community.

Washington Vaccine Association (the Association) is a special purpose nonprofit corporation formed on April 1, 2010 to support the state government in developing and administering a new method for collecting funds to support the Universal Childhood Vaccine Program. The Washington legislature created the Association through the Washington Vaccine Association Act, now codified in Chapter 70.290 RCW.

The Association's members are comprised of all health insurance carriers issuing or renewing health benefit plans in Washington State, and all third-party administrators (TPAs) conducting business on behalf of residents of Washington State or Washington health care providers.

The Association's primary purpose is to raise funds through mandatory assessments paid by its members. Payments are made to the State of Washington Department of Health (DOH) for the purchase of vaccines. The vaccines are to be administered to children in the State of Washington who are under the age of 19 and who are not eligible for free vaccines under one or more federal programs.

The Association is operated under a Plan of Operation adopted by the board of directors as required by Washington State House Bill 2SHB 2551. The Association's governance documents are available at the Association's website: [www.WAvaccine.org](http://www.WAvaccine.org).

**Termination of the Association**

The Association board may, on or after June 30, 2015, vote to recommend termination of the Association if it finds that the original intent of its formation and operation has not been achieved. The Association board must provide notice of the recommendation to the relevant policy and fiscal committees of the Washington State legislature within 30 days of the vote being taken by the Association board. If the legislature has not acted by the last day of legislative session to reject the board's recommendation, the board may vote to permanently dissolve the Association.

In the event of a voluntary or involuntary dissolution of the Association, funds remaining in the universal purchase vaccine account created in RCW 43.70.720 that were collected under 2SHB 2551 must be returned to members in proportion to their previous year's contribution, from any balance remaining following the repayment of any prepayments for start-up funding not previously recouped by such member.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Association have been prepared in accordance with the provisions of accounting standards generally accepted in the United States of America. Under those standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The Association's net assets do not contain restrictions as of June 30, 2014 and 2013.

**Concentration of Risk**

Financial instruments that subject the Association to concentrations of credit risk consist of cash deposits. The Association places its cash deposits with high quality financial institutions. Deposits exceed federally insured limits as of June 30, 2014 and 2013.

**Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, all highly liquid investments available for use with an initial maturity of three months or less are considered to be cash equivalents.

**Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Purchases and sales are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Association's gains and losses on investments bought and sold as well as held during the year.

**Member Assessments Receivable**

Member assessments receivable represents the running total of replenishment requests to date minus amounts collected to date through the end of the year, and is the amount the Association expects to collect from members. The Association has determined that an allowance for uncollectible amounts is not necessary due to the method used to calculate the balance.

The Association charges interest on late payment of assessments at a monthly rate of 1.5 percent. Interest is added to the assessment for payments received after the due date of the assessment.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Dosage Based Assessments**

Funds collected from health insurers and TPAs of health plans in the state of Washington (including administrative revenue and reserve portion discussed below) are determined using a Dosage Based Assessment methodology. At each administration of vaccines to a nonfederally eligible child in the state of Washington, the provider's office charges for and generates a claim for administrative services and also generates an item, resembling a claim form, on which the per-vaccine assessment is reported to the respective payer. The per-vaccine assessment amounts are established by the Association periodically. The payer pays the provider for the administration claim, and also pays the assessment amount to the Association, in a manner similar to payment of a claim for the cost of vaccines. The Association collects these assessments and remits payments to the State of Washington Treasurer to pay its allocated share of vaccine costs each time a vaccine replenishment order for the state's Universal Childhood Vaccine Program is due. The cost for each vaccine is negotiated by the Center for Communicable Diseases. The DOH invoices the Association for vaccine purchases.

**Revenue Recognition**

The Association collects member assessments that are remitted to the DOH for purchase of vaccines. In addition, the Plan of Operation allows the Association to retain sufficient funds to cover its administrative costs, net of investment income. Expense is recognized for the administrative costs of operating the Association. The replenishment of vaccines and collection of vaccine assessments are similar to agency transactions. Although these transactions are not considered revenue or expenses of the Association, they are included in the statements of activities as vaccine replenishments to reflect the gross amount of collections and replenishments.

**Remittance to Universal Purchase Account**

The Plan of Operation requires the Association to periodically remit its assessment receipts, less the Association's administrative costs and any reserves set by the board or the executive director, to the credit of the universal vaccine purchase account (UVPA) established pursuant to RCW 43.70.720. Funds transferred to the UVPA are to be delivered on a just-in-time basis, in order to support the assessment collection process and to enable the Association to gain as much interest income as reasonably possible through its collection process to help offset its costs of administration. The DOH or its designee has access privileges to be able to directly observe the balances in the Association's accounts, and the Association is required to promptly respond to any inquiry of the DOH concerning the availability and timely transfer of funds, enabling the DOH to make payment of the Association's share under the statute for vaccine purchases made by the state of Washington.



**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assessments Collected in Excess of Vaccine Funding and Administrative Costs**

The Association has collected assessments in excess of amounts required to be paid to the DOH through the end of the accounting period for childhood vaccine funding and administrative costs. The Association is a limited purpose entity whose funds are dedicated solely to the specific purposes discussed above. These excess assessment collections, which may accumulate from time to time, will be applied to (i) future vaccine funding obligations of the Association, and (ii) reasonable and necessary operating costs of the Association. The Association maintains a level of excess collections (reserves) to be able to meet DOH needs for funding timely. As of June 30, 2014 and 2013, assessments collected in excess of vaccine funding and administrative activities totaled \$4,152,196 and \$9,968,903, respectively.

**Income Taxes**

The Association follows Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740, *Income Taxes* (Topic 740). Topic 740 clarifies the accounting for uncertainty in income taxes.

The Association operates as a tax-exempt organization created by Washington State statute and an affiliate of a governmental unit. In order to obtain 501(c)(3) status and to determine whether filing of an annual federal information return (Form 990) is required, the Association prepared and submitted Form 1023 to the Internal Revenue Service (IRS) in June 2012. On May 14, 2013, the IRS granted 501(c)(3) tax-exempt status and determined that the filing of Form 990 is not required in prior or future years.

Management evaluated the Association's tax positions and concluded that the Association had taken no uncertain tax positions that require adjustments to the financial statements. Based upon its evaluation, the Association has concluded that it is operating in compliance within its tax-exempt status and that there are no matters that would create taxable income. The Association's tax years for 2011 and through the current tax year are open for examination by the IRS.

**Reclassifications**

Prepaid vaccines to DOH in the 2013 financial statements have been reclassified to conform to the 2014 presentation. Those reclassifications had no effect on net assets or changes in net assets.

**Subsequent Events**

The board of directors and management have evaluated subsequent events through August 28, 2014, the date the financial statements were available to be issued.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Association follows FASB ASC 820-10, *Fair Value Measurements* (FASB ASC 820-10). FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value, and expands disclosures about financial instruments. In addition, FASB ASC 820-10 establishes a hierarchy that classifies the inputs used to calculate fair value. Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

*Level 1*— Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

*Level 2* — Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of input determines the placement of the entire fair value measurement in the hierarchy.

The Association's significant financial instruments are investments which are measured at fair value on a recurring basis as follows:

*Corporate Bonds, Government Securities, and U.S. Agencies* — Fair value is based a complex process utilized by the broker's pricing service (Clearwater Analytics). Clearwater goes through a complex process to determine a baseline for its pricing algorithm along with prices from other sources. Once the baseline is established, all other prices available for the security are pooled together. Clearwater's pricing algorithm is then run with the pool of securities as inputs and the Clearwater Best Price is produced. Clearwater data sources include sources such as Bloomberg, S&P, and Reuters.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 3 INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Assets measured at fair value on a recurring basis are summarized below as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
Corporate Bonds:				
Industrial	\$ -	\$ 1,902,043	\$ -	\$ 1,902,043
Utility	-	764,470	-	764,470
Financial	-	2,475,550	-	2,475,550
U.S. Government Agency Bonds:				
Freddie Mac	-	1,502,990	-	1,502,990
Freddie Mae	-	505,900	-	505,900
U.S. Treasury Notes	-	1,019,300	-	1,019,300
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 8,170,253</u>	<u>\$ -</u>	<u>8,170,253</u>
Cash and Cash Equivalents and Accrued Interest Measured at Cost				566,413
Total				<u>\$ 8,736,666</u>

**NOTE 4 REMITTANCE TO THE STATE OF WASHINGTON**

Pursuant to the Association's statutory purposes, transfers of \$62,748,762 and \$45,459,131 were made by the Association to the State of Washington's UVPA during the years ended June 30, 2014 and 2013, respectively.

**NOTE 5 LINE OF CREDIT**

In September 2013, the Association accepted a commitment from KeyBank National Association for a \$15 million line of credit (LOC). The Association may elect to pay interest on the LOC at either the adjusted LIBOR Rate or Bank Prime Rate (2.9375 percent at June 30, 2014). The balance of the LOC must be reduced to \$10 million by October 1, 2014, and must be paid in full by October 1, 2015. The LOC is secured by the general assets of the Association. The LOC agreement includes a covenant regarding liquid assets. Management believes the Association is in compliance with the debt covenant.

This LOC was designed to enable the Association's timely response to a new requirement from the federal Centers for Disease Control (CDC). Effective October 1, 2013, all states purchasing from the CDC contract must purchase under a new advanced funding method. The LOC was necessary for the Association to respond to this immediate cash call. The Association increased its assessment rates effective December 1, 2013 so that it should have sufficient funds both (i) to repay the LOC, and (ii) to rebuild liquidity reserves.

**NOTE 6 CONTINGENCIES**

There is an inherent risk that a certain portion of the vaccines purchased by the DOH will not be administered to children, resulting in vaccine shrinkage. If member assessments are insufficient for reimbursement to the DOH for purchases of vaccines, the Association would be liable to the DOH to cover the shortfall.

**WVA Board of Directors, Board Terms,  
Corporate Officers, and Committees**

The following individuals are voting members of WVA under RCW 70.290.010--090 (Wash. 2010) (the "Act").  
Their respective terms and /committee assignments are set out below.

<b>Name</b>	<b>Organization</b>	<b>Statutory Authority RCW 70.290.030</b>	<b>Year Term Ends</b>	<b>Officers</b>	<b>Executive Committee</b>	<b>Audit Committee</b>	<b>Vaccine Committee RCW 70.290.050</b>
Pierce, John	Premiera BlueCross	Sec. (3)(a)	2014	Board Chair & President	C		
Daly, Suzanne	Group Health	Sec. (3)(b)	2015			C	
Farber, Jason	Davis Wright Tremaine	Sec. (3)(e)	2016			X	
Fathi, Jay	Coordinated Care (AWHP election)	Sec. (3)(c)	2015				X
Harvey, Dr. Beth	Pediatric Associates	Sec. (3)(f)	2016		X		
Kirkpatrick, Dennis	Northwest Association of Administrators	Sec. (3)(d)	2014	Board Vice- Chair & Treasurer	X	X	
Marcuse, Dr. Ed	University of Washington	Sec. (3)(f)	2015				C
Mares, Allene	Department of Health	Sec.(3)(g)	*		X		
O'Neill, Mary Kay	Regence BlueShield	Sec. (3)(a)	2016				X
Seabrooks, Norm	Aetna	Sec. (3)(a)	2015	Board Secretary	X		X
Sobeck, John	Cigna	Sec. (3)(a)	2014			X	

**Legend:**

("C") = Chairperson

("X") = Member

("T") = Tentative/awaiting confirmation

(\*) = Serves until a successor is appointed by the Secretary

In addition to the above board members, the following individuals have been named to serve on the Vaccine Committee:

To be appointed by the Secretary RCW 70.290.050 (1):

Michele Roberts (voting)

Jeff Gombosky (non-voting)

Appointed by the Board and non-voting:

Fred Potter

Note: Not required by statute

Jan Hicks-Thomson

Revised as of March 26, 2014



August 18, 2014

Johnathan Wiesman  
Office of the Secretary  
Washington State Department of Health  
101 Israel Road SE  
Tumwater, WA 98501

Re: Appointment of Washington Vaccine Association Director under RCW 70.290.030 (3)(d)

Dear Secretary Wiesman:

On behalf of the Northwest Association of Administrators, I respectfully write requesting that you consider re-appointing Mr. Dennis Kirkpatrick as a Director to the Washington Vaccine Association (WVA) Board. Mr. Kirkpatrick is the CEO of Welfare & Pension Administration Service, Inc. and he has served on the WVA board since its inception.

We have considered several nominees and believe that Mr. Kirkpatrick would continue to best serve the board as a representative of Taft Hartley plans. Your review and action on this matter is greatly appreciated.

Regards,

Ryan Stephens, President  
Northwest Association of Administrators  
503-331-8200



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH

*PO Box 47890 • Olympia, Washington 98504-7890  
Tel: (360) 236-4030 • TDD Relay Service: 711*

October 2, 2014

Dennis Kirkpatrick  
Welfare and Pension Administration, Inc.  
Post Office Box 34203  
Seattle, Washington 98124-1203

Dear Mr. Kirkpatrick:

I am pleased to reappoint you to the Washington Vaccine Association Board of Directors. Your new term will last three years. Your continued representation on this board will provide valuable input.

If you have questions about this board or your reappointment, please contact Margaret Lane, Deputy Executive Director, Washington Vaccine Association, at 206-910-6599.

Thank you for your willingness to serve on this board to assure vaccines are available for all of Washington's children. I look forward to our continued work together.

Sincerely,

John Wiesman, DrPH, MPH  
Secretary of Health

cc: Ryan Stephens, Northwest Association of Administrators  
Margaret Lane, Washington Vaccine Association  
Allene Mares, Department of Health

**Schlender, Marquita (DOH)**

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**From:** Lunstroth, Joyce (DOH)  
**Sent:** Wednesday, October 01, 2014 11:16 AM  
**To:** DOH OS Correspondence  
**Subject:** Kirkpatrick WVA letter for John's approval  
**Attachments:** Dennis Kirkpatrick WVA Re-Appointment 08222014.doc

Allene approves.

## Board Governance Roles & Committees

### Executive Committee

Chair & President: John Pierce  
Vice-Chair/Treasurer: Dennis Kirkpatrick  
Secretary: Norman Seabrooks  
Beth Harvey, MD  
Allene Mares

### Audit Committee

Chair: Suzanne Daly  
Dennis Kirkpatrick  
Jason Farber  
John Sobeck, MD

### Vaccine Committee

Chair: Ed Marcuse, MD  
Vice Chair: Mary Kay O'Neill, MD  
Norman Seabrooks  
Michele Roberts  
Jay Fathi, MD  
Jan Hicks-Thomson, Ex-Officio (without vote)  
Jeff Gombosky, *representative to Committee under HB 2551 sec. 5(1) (non-voting)*  
Fred Potter Ex-Officio (without vote)

### Vaccine Committee Consultants

Jeffrey Duchin  
jeff.duchin@kingcounty.gov  
Lisa Johnson, MD  
lisa.johnson@providence.org  
John Dunn, MD  
dunn.jb@ghc.org  
Chad Murphy, PharmD  
chad.murphy@premera.com  
Dr. Rachel Wood  
Rachel.Wood@lewiscountywa.gov  
woodr@co.thurston.wa.us

### WVA Operations Committee

Chair: Margaret Lane, WVA  
Kim Barringer, Cigna  
Tammy Blair, Group Health  
Sue Bride, Premera  
Maureen Brooks, Group Health  
Barbara Chandler, United  
Cathy Falanga, Aetna  
Trevor Hammond, United  
Jan.Hicks-Thomson, Department of Health  
Walter Kuiee, Regence  
Chuck Levine, CoordinatedCare Health  
Laura McKenna, Regence  
Tom Messick, Premera  
Chad Murphy, Premera  
Marcy Nicol, Providence  
Jeri Trice, Zenith Administrators  
Tanya Urps, Providence.org

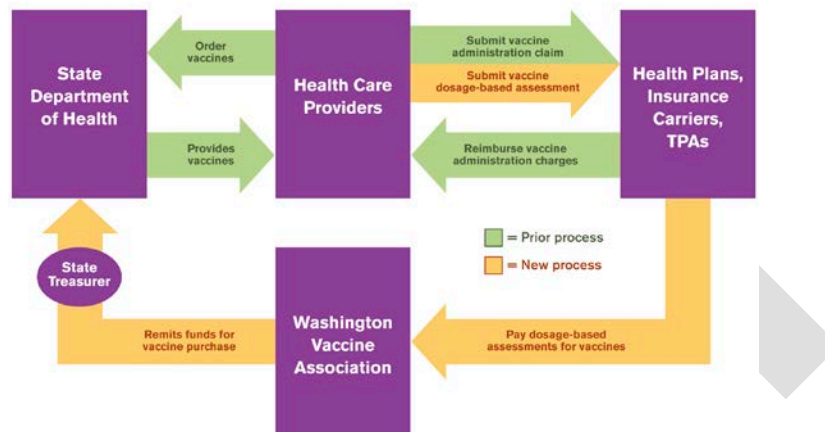




## Washington Vaccine Association (WVA) Director Responsibilities

**WVA's mission** is to facilitate the continuation of universal purchase of childhood vaccines for all the state's children. WVA does this by collecting payments from insurance carriers and third party administrators to cover vaccines administered to privately insured children, and timely remitting those funds to the state for purchase of these vaccines. WVA also has a role under the statute in selecting vaccines made available under the state's universal purchase program.

**Vaccines for Privately Insured Children: How Funding Works**



Please refer to the WVA website, [www.WVavaccine.org](http://www.WVavaccine.org), for more detail regarding the flow of funds.

### WVA Directors support this mission in the following ways:

- 1) Overall Board Responsibilities:
  - a) Cause WVA to maintain an effective assessment mechanism to assure adequate funding for vaccines for privately-covered Washington children.<sup>1</sup> Be attuned and responsive to external trends which may affect WVA.
  - b) Cause WVA to submit such periodic reports to the state as are required by law.<sup>1</sup>
  - c) Review KidsVax.org® performance under its Executive Director & Administrative Services Agreement with WVA annually and update that agreement as needed from time to time.
  - d) Assure that adequate resources are devoted to communications with key external constituents.
  - e) Review, update as needed from time to time, and follow all WVA governance policies.
- 2) Individual Board Member Responsibilities:
  - a) Prepare for each board meeting by reviewing the meeting documents, including the agenda, minutes of the previous meeting, reports, and any policies or summaries scheduled for discussion. In addition, members are expected to confer, as needed, with appropriate colleagues who may have expertise around an issue scheduled for discussion.
  - b) Attend each board meeting in person, if possible, and by phone if not. Normally, four 2-3 hour meetings a year at the WVA office in downtown Seattle are anticipated. Occasional board development or retreat events may be added.
  - c) Serve on at least one board committee, attend committee meetings, and contribute expertise and resources as is helpful to the work of the committee.
  - d) Consult with staff and other board members upon request, and support special events or presentations as appropriate.
  - e) Represent the WVA to their respective constituents and bring such constituents' concerns to the attention of the Board.

<sup>1</sup> Primary responsibility for these tasks has been assigned to KidsVax.org® by contract. KidsVax® also supports the board in its other tasks, particularly all board & committee meeting preparation & follow-up.

## WVA Corporate Governance Calendar (Board Meeting and Committee Meeting Schedules for 2015)

\*All times are Pacific Standard Time

Date	Board (Generally Tuesdays 2 – 4 PM except as noted below)	Board Executive Committee (Scheduled if needed)	Vaccine (Dates, times TBD.)	Operations (2 <sup>nd</sup> Thursdays 2 – 3:00 PM phone call)	Audit (Dates, times TBD)
January	X (January 20)				
March					
April	X (April 14)				X (April 14)
May			X (TBD)	X (TBD)	
June	X (June 16)				X (June 16)
July				X (TBD)	
August					X (TBD)
September					
October	X (October 20– Annual Meeting)				X (TBD) (if needed)
November			X (TBD)	X (TBD)	

- In-person WVA Board meetings are from 2:00 – 4:00 PM at the offices of Ellis, Li & McKinstry.
- A written annual report may serve in lieu of an annual meeting of members. (Bylaws section 4.2)
- Officers are elected for 1-year terms at the annual meeting of the Board (Bylaws section 6.1)
- Committees may adjust their scheduled meeting dates or times for the convenience of their members.

**Audit Committee Meeting Summary  
Group Health, Seattle, WA  
August 28, 2014**

**Attendance:**Directors:

Suzanne Daly, Chair  
Dennis Kirkpatrick (T)  
John Sobeck, M.D.  
Jason Farber, Esq. (T)

Others:

Anne Redman, Esq. (T)  
Allen Gilbert, CPA

Vaccine Association:

Fred Potter, Executive Director (T)  
Margaret Lane, Deputy Executive Director

KidsVax®:

Peter Smith, CPA (T)  
Norm Roberge, CPA (T)  
Claire Roberge (T)  
Terry Mills (T)

Mr. Potter announced that the meeting would be recorded for the benefit of the secretary and that Attorney Redman would keep the record during Executive Session.

The committee approved the minutes of the June 17, 2014 minutes as submitted.

The Code of Ethics document was discussed by the committee. Mr. Potter recommended that as a matter of governance that this be handled by the WVA Board as a whole, based on the Audit Committee's recommendations. It was proposed that in the normal Board cycle surrounding the annual meeting that Board members review and sign the Code of Ethics and Conflict of Interest Statement as a normal part of the required yearly documentation review. A brief discussion ensued regarding Board members who may be appointed mid cycle. Mr. Potter suggested that he would revise the last paragraph to confirm that it will be part of the Board's annual meeting cycle, but will be made available to new directors. Ms. Redman also suggested a review of the Bylaws as they may pertain to the Remedies section of the Code of Ethics document. Mr. Farber will follow-up with Ms. Redman as well. It was the sense of the Audit Committee that the Code of Ethics document is sufficient to submit to the WVA Board for review and adoption with the two follow-up items in Section XI. Remedies and Section XII. Annual Affirmation Statement. Mr. Potter suggested that Mr. Farber edit the document as well and then upon review by Ms. Redman of any comments from Mr. Farber, include any improvements of that nature.

Mr. Gilbert reviewed the Audit Report with the committee. The Independent Auditors' Report reflects a clean opinion, unqualified and unmodified. The Statement of Financial Position looks substantially different from the prior year due to all but \$10,000 in investments being sold, causing an \$8.7 million decrease in investments. Member Assessments Receivable was up by approximately \$3.8 million, attributable to more purchases of vaccines and the increase in the assessment rate. There was also a change in the prepaid vaccines whereby in the past only Varicella was prepaid, but now all purchases are prepaid. The line of credit is at \$11 million, \$1,000,000 of which is due in October 2014 and the rest is due the following year. The biggest change is there is not nearly the amount of interest income or earnings from investments because the investments were sold, so that went to \$10,000 this year from \$107,000 in prior years. With respect to assessment activity, the prior year there was a \$14.8 million deficit which was the reflection of how the vaccines were marked down and for this year they have a markup, creating \$5 million in collections versus replenishments. The other big difference for 2014 is the \$233,939 of interest expense related to the \$11 million line of credit. A total of \$17.2 million was used in operations. The net cash provided by investing activities is \$8.7 and then the \$11 million line

of credit, creating a net increase in case of \$2.5 million. The end of year \$4.7 million ties back to the statement of financial position.

Mr. Gilbert indicated that the notes are virtually the same as prior years. The one item that was added this year is in Note 2 under reclassifications. The prepaid vaccines to DOH in 2013 were reclassified to conform to the 2014 presentation. Note 3 will not be included next year unless there are new investments in 6/30/15. Further discussion ensued.

Ms. Redman asked about the WVA filing for an application for recognition of Exempt Status and having received a reply, but since that time, notice has been received from the IRS that they have revoked our exemption and believe that WVA should be filing 990s, although the ruling letter received from them indicated that we were not required to file 990s. Steve Bass, with CliftonLarsonAllen, wrote a letter to the Cincinnati office on June 27, 2014, giving them a little bit of WVA history. At Mr. Potter's suggestion, Mr. Gilbert will send a copy of that letter to KidsVax® for inclusion in the business records. It appears that Cincinnati and Ogden are not communicating well and Ogden is the office that sent the revocation letter. Mr. Gilbert does not feel that this information needs to be included in Note 2 due to the current uncertainty. If WVA does have to file a Form 990, it would not materially change anything, but they will have to go back and file them since inception of the WVA, so there would be some costs and some late filing penalties that would be assessed. The auditors would write a letter indicating that we expect to abate these penalties. After further discussion, the committee was comfortable not amending the Income Taxes section of Note 2 and in lieu will notify the bank of the situation and will provide them with a copy of the letter regarding how the situation is being managed, without making it part of the Audit Statement.

Mr. Kirkpatrick requested that Mr. Gilbert update the committee on his general sense of how things are going since going from being a small, local firm to a part of a large national firm. Mr. Gilbert reported that they will have completed three years as of 10/31/14. He is thrilled with the level of expertise that their firm has, especially in the non-profit arena, indicating that it is unmatched by any firm in the country. He enjoys the people and likes the resources that are available.

The Audit Committee authorized the publication of the FYE 2013/2014 Financial Statements and Independent Auditors' Report as submitted.

In executive session with Allen Gilbert and Anne Redman present, Allen generally reviewed the adequacy of internal controls for WVA. In ensuing discussion with Allen, the committee determined that it would be helpful to strengthen existing controls by instituting quarterly reviews by the committee of checks written from the imprest account (used for payer refunds). This would need to be coordinated with KeyBank, to make check copies conveniently available to the committee. Second, the committee would like to apply a positive pay and/or EFT process to payments from WVA accounts.

Following these discussions, the meeting was adjourned.

## **Code of Ethics**

### **I. Integrity**

All directors, officers, employees, if any, of the Washington Vaccine Association (WVA) and its key contractors, including KidsVax.org® or any successor organization or individuals providing Executive Director and administrative services to WVA, shall act with honesty, integrity, and openness in all of their dealings as representatives of WVA. WVA shall maintain a working environment that values integrity, fairness, and respect.

### **II. Mission and Vision**

Our mission is established by State of Washington law and primarily is to assure that adequate funds are available to the State of Washington to purchase childhood vaccines for beneficiaries of WVA's members and to assist in the selection of vaccines to be made available under the State of Washington's universal childhood vaccination program.

We pursue our mission by:

- administering a dosage based assessment (DBA) system whereby the costs of childhood vaccines are shared equitably among all entities responsible for paying for vaccines for State of Washington resident children who are not eligible for vaccines under the federal Vaccines for Children program,
- refining this system based on what payers and providers tell us to assure that the DBA system operates effectively and efficiently,
- staying abreast of and helping to shape current best practices and paradigms in the childhood vaccine funding arena.

### **III. Compliance with Laws and Ethical Standards**

WVA shall comply with all applicable federal, state, and local laws and regulations and shall seek the advice of counsel when necessary or appropriate. WVA shall also adhere to the highest ethical standards. Decisions and actions taken by the Board of Directors shall: (1) comply with applicable law, and (2) reflect the highest ethical standards as determined by the Board of Directors/

**IV. Diversity**

WVA shall, within the limits of its statutory authority, promote diversity and inclusiveness in its Board of Directors, management team or staff employed from time to time, if any, and contractors.

**V. Evaluation**

WVA shall develop and implement an evaluation procedure whereby the performance of the Board of Directors as a whole, and the Executive Director and administrative staff are evaluated periodically.

**VI. Transparency**

WVA shall provide comprehensive and timely information to the public, the media, and all stakeholders and shall be responsive in a timely manner to reasonable requests for information. All information about WVA shall fully and honestly reflect the policies and practices of WVA. All financial and program reports shall be complete and accurate in all material aspects.

The following governance documents shall be posted on WVA's website: Articles of Incorporation of Washington Vaccine Association, Bylaws of Washington Vaccine Association, Conflict of Interest Policy, Code of Ethics, Information Release Policy, Whistleblower Policy, Joint Venture Policy, Anti-Trust Compliance Policy, and Record Retention Policy, along with audited financial statements for the most recent three years.

**VII. Confidentiality**

All directors, officers, employees, and contractors have a duty to safeguard information that is proprietary to WVA. Information about WVA that is confidential or proprietary and obtained by a director, officer, employee or volunteer as a consequence of such person's association with WVA may not be disclosed to third parties unless expressly authorized by WVA.

**VIII. Annual Affirmation Statement**

WVA shall provide a copy of this Code of Ethics to every director, officer, employee, and contractor and request that each sign an affirmation statement upon taking office or providing services. Each year the Annual Affirmation Statement, attached, shall be signed by each director, officer, and employee, affirming that such person has received a copy of this Code of Ethics, has read and understands it, and agrees to comply with it.

All Annual Affirmation Statements shall be submitted to the Board President or the Board Secretary and then filed with the minutes of the first meeting of the Board of Directors held each year after January 31.

## **WVA ANNUAL AFFIRMATION STATEMENT**

The Code of Ethics of WVA requires an annual affirmation that you have received, read, understand, and agree to comply with the Code of Ethics.

Please sign this Annual Affirmation Statement indicating your affirmation as described above.

Please return this Statement to the Executive Director of WVA each year by January 31.

Your name: \_\_\_\_\_ Date: \_\_\_\_\_



## KIDSVAX® 2014/15 PERFORMANCE GOALS

Goal and Rationale	Due Date
<p>1. <i>Outreach and communication goal:</i></p> <p style="text-align: right;">11/14/2014</p> <p><b>Part A - Implement revised, condensed WVA Annual Report.</b></p> <p>The revised Annual Report will serve as an engaging communication tool. It should be easy to read, highly visual, and provide a summary of WVA accomplishments, financial status, and cost-savings.</p> <p style="text-align: right;">3/20/2015</p> <p><b>Part B - Update and rewrite WVA website FAQs.</b></p> <p>The revised FAQs will reflect current issues from providers and payers on the WVA program and DBA processes. It will provide concise responses that follow best practices website navigation.</p>	
<p>2. <i>Supplemental Board Policy Review:</i></p> <p><b>Coordinate supplemental WVA board session to discuss board role in supporting immunization.</b></p> <p style="text-align: right;">5/22/2015</p> <p>KidsVax® will facilitate a Board meeting (or part of a meeting) for consideration of policy implications surrounding potential work supporting immunization beyond WVA's already successful core funding work. Discussion, within general parameters set by the board, will help the board develop strategic direction on this issue and also identify any statutory considerations which may be implicated should the Board desire to pursue a more active role beyond childhood vaccine funding.</p>	
<p>3. <i>Stretch objective:</i></p> <p><b>Collect not less than \$.5M (\$500,000) of the TRICARE obligations.</b></p> <p style="text-align: right;">6/19/2015</p> <p>KidsVax® will continue to pursue TRICARE's equitable share of WA childhood vaccine costs. This "stretch" goal seeks to yield meaningful, tangible first fruits toward the ultimate objective of TRICARE's regular &amp; timely participation in the WVA funding program.</p>	



**EXTENSION AND FIRST AMENDMENT  
TO  
ADMINISTRATIVE SERVICES AGREEMENT**

**THIS EXTENDED AND AMENDED ADMINISTRATIVE SERVICES AGREEMENT** (the "Agreement") is entered into effective as of July 1, 2014, by and between the **WASHINGTON VACCINE ASSOCIATION** ("WVA" or "Client"), a Washington nonprofit corporation ("Association") and **CML ADMINISTRATORS, LLC**, a New Hampshire limited liability company ("CML" or "Administrator"), doing business with respect to vaccine funding administration activities as KidsVax.org®. As used herein, "CML", "KidsVax.org®", "KidsVax", or "KV" all may be used interchangeably and shall be deemed to be one in the same organization.

**RECITALS:**

WVA and CML entered into an Administrative Services Agreement on June 22, 2011, originally effective for the period July 1, 2011 through June 30, 2014 ("Prior Agreement"); and

The parties agree to extend the Prior Agreement on the terms provided herein;

**AGREEMENT:**

NOW, THEREFORE, in consideration of the premises and mutual consideration contained in this Agreement, Association and KV agree as follows.

**1. Defined Terms.**

Capitalized terms used in this Agreement not otherwise defined herein, but defined in the Prior Agreement, shall have the same meanings given to them in the Prior Agreement unless the context clearly requires otherwise.

**2. Term.**

The term of performance of the Prior Agreement is extended for one year, through June 30, 2015, on the terms and conditions provided in this Agreement. This Agreement shall automatically renew thereafter for additional one (1) year terms (each a "Renewal Term") unless terminated earlier as hereinafter provided. The term as extended may be referred to collectively as the "Term."

**3. Services of KV.**

3.1 Continuation of Prior Services. KV shall continue the services provided by CML under the Prior Agreement as amended in this Agreement.

3.2 Use of Claims Recovery or Similar Subcontractor Services. In addition to subcontractors utilized by KV at its expense, KV shall be permitted to continue to contract with one or more WVA subcontractors (at WVA expense) for services similar in scope to those provided by AMCC in the 2013-2014 contract year for claims recovery and claims review

purposes subject to prior budget approval by WVA. Costs of services of this nature shall continue to be paid directly by WVA in accordance with the approved budget.

3.3 Exhibit B Update. The attached Exhibit B—List of Subcontractors, shall replace the corresponding Exhibit B in the Prior Agreement,

3.4 Termination. KV desires to conduct its affairs in a thoroughly professional manner and work only with organizations that are satisfied with its performance. In addition to the provisions of Section 11, in the event of KV's gross negligence or intentional misconduct, KV may be terminated immediately at any time upon written notice of termination.

4. **Notices.** Addresses for notices are hereby updated as provided below.

If to Association, to:

With a copy to:

John H. Pierce, Esquire  
c/o Premera Blue Cross  
7001 220<sup>th</sup> St. SW  
Mail Stop 316  
Mountlake Terrace, WA 98043

Anne Redman, Esquire  
Perkins Coie, LLP  
1201 Third Avenue, Suite 4900  
Seattle, WA 98101-3099

Telephone: 425-918-6217  
Facsimile: 425-918-5787

Telephone: 206-359-6750  
Facsimile: 206-359-7750

If to KidsVax.org®:

Fred L. Potter, Managing Member  
KidsVax.org®  
P.O. Box 1885  
Concord, NH 03302-1885

Telephone: 855-KidsVax (543-7829)  
Facsimile: 855-KidsFax (543-7329)

## 5. **Compensation to KV**

5.1 KV Base Compensation. KV's base compensation for the contract year commencing July 1, 2014 shall be Three Hundred Ninety-nine Thousand Seven Hundred Ninety Dollars (\$399,790). Each year thereafter, as of July 1 the base compensation shall be reset at 1.035 times the base compensation for the prior year, rounded to the nearest whole dollar, except as the parties may otherwise agree in writing.

### 5.2 Supplemental Compensation for Extended Payer Collection Efforts.

It is anticipated that KV will be requested to perform additional services outside the scope of its normal collection and payer compliance work in connection with payer collections from time to time. WVA will compensate KV on an hourly basis in accordance with the schedule set forth in Exhibit E for any such services rendered after to June 30, 2014 where the Board specifically has authorized KV to continue pursuit. The only such payer pursuits as of July 1, 2014 (as confirmed by execution of this Extension and First Amendment) are with respect to TRICARE

and TRICARE's two TPAs. Unless otherwise agreed in writing, the applicable rate at the beginning of each contract year after June 30, 2015 shall be 1.035 times the amount in the prior year, rounded to the nearest whole dollar. Unless otherwise agreed in writing, KV shall be permitted to automatically bill and collect payments for supplemental compensation under this paragraph provided that the total amount billed without separate advance written approval of the billing shall not exceed \$10,000 per quarter and such amounts, whenever greater than zero, shall be (a) specifically submitted to the Chairman & Treasurer for review, in arrears, not less frequently than every six (6) months and (b) listed as a topic for discussion at the next pre-board meeting planning session with the Chairman which occurs following each such submission.

Except as otherwise provided above, the terms of the Prior Agreement shall remain in full force and effect.

**CML:**  
**CML ADMINISTRATORS, LLC**  
**d/b/a KIDSVAX.ORG®**

  
 by: Fred L. Potter  
 Its: Managing Member

**ASSOCIATION:**  
**WASHINGTON VACCINE ASSOCIATION**

  
 by: John H. Pierce, Esquire  
 Title: President & Chairman, WVA

## EXHIBIT B

## APPROVED SUBCONTRACTORS

<u>Organization / Individual</u>	<u>WVA Role</u>	<u>Education</u>	<u>Ex. E level<sup>a</sup></u>
1. CML Administrators, llc d/b/a KidsVax.org® employees			
a. Fred L. Potter	Executive Director	MBA, JD	1
b. Claire M. Roberge	Controller	MBA	2
c. Terry Mills	Executive Assistant	AS	3
d. Dawn Stafford	Clerk / Claims Reviewer	AS	3
e. Emily R. McKenna	Customer service	BA	3
2. mLane Consulting			
a. Margaret Lane <sup>b</sup>	Deputy ED	JD	2
3. CML Administrators, llc d/b/a KidsVax.org® consultants & independent contractors			
a. Peter M. Smith	Financial Analyst / Internal Audit	MBA	1
b. Norm Roberge	Financial Analyst	BA	3
c. Ryan McKenna	Researcher	MBA, JD	n/a
e. Abigail Edwards	Researcher	JD in 2015	3
f. Walter Johnson	Graphics Design	BA	n/a
b. Tom Pfannkoch	Writer / editor	PhD - 2018?	2
4. SolutionWorx			
a. Mike Mazan	CIO		
b. Kevin Sparger	tech support		
c. Ryan Cich	web designer		
d. Various	various subtasks / support		
5. KickSpark Creative			
a. Meghan Crandall	lead designer		
b. Various	design support		
6. Ann Senechal Communications			
a. Ann Senechal	writer / editor		
b. Various	proofreading		
7. Desautel Hege Communications			
a. Various	communications / design		
8. Perkins Coie LLP			
a. Anne M. Redman	Outside General Counsel		
b. Others	various legal		
9. CliftonLarsonAllen			
a. Allen D. Gilbert	Audit / Tax Compliance		
b. Steve B. Bass	Engagement Director		
c. Others	Tax Partner		
	various accounting / tax		
10. Ellis, Li & McKinstry			
a. Landlord	office / meeting space		
b. various	administrative support		
c. various	various legal / appellate		
[Note: WVA has not used this firm for legal services other than the specific actions around TRICARE & its TPAs started last year.]			
Notes:			
a.	This column identifies the rate classification under Exhibit E for any supplemental services.		
b.	Margaret Lane is trained & licensed as an attorney. KidsVax® does not anticipate having her work in the legal area, however.		

**Exhibit E.****Hourly Rates - Supplemental Compensation for  
Pre-Authorized Supplemental Work**

1. Individuals with advanced degrees & professional credentials  
(e.g. JD, CPA, Actuaries) working in the areas of their professional credentials ..... \$195
2. Individuals with advanced degrees working in the area of their degrees (e.g. MBA)... \$155
3. Associates or College degrees with a minimum of 5 years' experience in their field..... \$75
4. Others with Associates or College degrees..... \$55
5. All others through KidsVax® ..... \$45
6. All others not through KidsVax® .....\$varies  
[Note, KidsVax® may engage other consultants from time to time. They would  
be required to maintain separate billing. KidsVax® would pass through any such costs,  
e.g. SolutionWorx or other personnel for database design / maintenance, without markup.]

## 2014 Washington Vaccine Association Directory As of 10/16/14

Conference Call information  
Local Dial-in: 206.925.3583; Toll-Free: 877.826.6967  
Conference ID: 1981457183#

### Board of Directors

#### Payer Representatives

John Pierce, Esq.  
Senior VP and General Counsel  
Premera Blue Cross  
7001 220<sup>th</sup> St. SW  
Mail Stop 316  
Mountlake Terrace, WA 98043

Phone: 425.918.6217  
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John.Pierce@PREMERA.com  
Assistant: Jennifer Long  
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425.918.7363

Mary Kay O'Neill, MD  
Executive Medical Director, Washington  
Regence BlueShield  
1800 Ninth Ave., Fourth Floor  
Seattle, WA 98101

Phone: 206.332.5112  
Marykay.oneill@regence.com  
Assistant: Dale Nash  
Dale.Nash@regence.com  
206.332.3608

Dennis Kirkpatrick, CEO  
Welfare & Pension Administration Service, Inc.  
2815 2<sup>nd</sup> Ave., Suite 300  
Seattle, WA 98121

Phone: 206.441.7574 x3920  
Cell: 206.310.1559  
dennis@wpas-inc.com  
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206.441.7574 x3904

Suzanne Daly  
VP of Network Services & Provider Relations  
Group Health  
320 Westlake Ave. N, Suite 100  
Seattle, WA 98109

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daly.s@ghc.org  
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haramoto.s@ghc.org  
206.448.6040

John Sobeck, MD  
PNW Market Medical Executive  
Cigna  
701 Fifth Avenue Suite 4900  
Seattle WA 98104

Phone: 206.625.8861  
john.sobeck@cigna.com  
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beth.sampson@cigna.com  
206.654.8945

Norman Seabrooks  
 President, Northwest Markets  
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 Seattle, WA 98101

Phone: 206.701.8001  
 Other: 425.269.4230  
 Norm.Seabrooks@aetna.com  
Assistant: Camalia Dawson  
 DawsonC1@aetna.com  
 206.701.8011

D. Jay Fathi, MD  
 President and CEO  
 Coordinated Care  
 1145 Broadway, Suite 300  
 Tacoma, WA 98402

Phone: 253.442.1466 (Direct Line)  
 Other: 877.644.4613, Ext. 69766 (Toll-Free)  
 JFATHI@coordinatedcarehealth.com  
Assistant: Cindi Nunez  
 cnunez@coordinatedcarehealth.com  
 253.442.1488 or 877.644.4613, Ext. 69788

### **Self-Funded Employer Representative**

Jason A. Farber  
 Davis Wright Tremaine LLP  
 1201 Third Ave., Suite 2200  
 Seattle, WA 98101

Phone: 206.757.8041  
 Cell: 206.604.0399  
 jasonfarber@dwt.com  
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 206.757.8505

### **Physician Members**

Beth Harvey, MD  
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 3516 12<sup>th</sup> Ave. NE  
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 Emeritus Professor of Pediatrics  
 University of Washington  
 9515 Northeast Shipping Lane  
 Kingston, WA 98346

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### **Government Representatives**

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 Assistant Secretary, Community  
 & Family Health Division  
 Washington State Dept. of Health  
 310 Israel Road SE  
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 allene.mares@doh.wa.gov  
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**DOH**

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**Outside Professionals**

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 Audit Manager  
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### **KidsVax.org**

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Canada

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Phone: 603.496.7907  
nroberge@kidsvax.org

Solutionworx  
IT Services  
Mike Mazan  
Kevin Sparger  
Ryan Cich  
Other specialists as needed

Phone: 703.961.1840 x115  
mmazan@solutionworx.com

#### Others

Chris Algeo  
Senior Relationship Manager  
KeyBank  
Mailcode: WA-3-01-0389  
1101 Pacific Avenue  
Tacoma, WA 98402

Phone: 253.305.7589  
Fax: 253.305.7385  
chris.algeo@keybank.com

## Board Governance Roles & Committees

### Executive Committee

Chair & President: John Pierce  
Vice-Chair/Treasurer: Dennis Kirkpatrick  
Secretary: Norman Seabrooks  
Beth Harvey, MD  
Allene Mares

### Audit Committee

Chair: Suzanne Daly  
Dennis Kirkpatrick  
Jason Farber  
John Sobeck, MD

### Vaccine Committee

Chair: Ed Marcuse, MD  
Vice Chair: Mary Kay O'Neill, MD  
Norman Seabrooks  
Michele Roberts  
Jay Fathi, MD  
Jan Hicks-Thomson, Ex-Officio (without  
vote)  
Jeff Gombosky, *representative to  
Committee under HB 2551 sec. 5(1)  
(non-voting)*  
Fred Potter Ex-Officio (without vote)

### Vaccine Committee Consultants

Jeffrey Duchin  
jeff.duchin@kingcounty.gov  
Lisa Johnson, MD  
lisa.johnson@providence.org  
John Dunn, MD  
dunn.jb@ghc.org  
Chad Murphy, PharmD  
chad.murphy@premera.com  
Dr. Rachel Wood  
Rachel.Wood@lewiscountywa.gov  
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**WASHINGTON VACCINE ASSOCIATION**  
Governing Statutes under the Revised Code of Washington

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**Title 70. Public health and safety**

**Chapter 290. Washington vaccine association**

**RCW 70.290.010. Definitions**

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

- (1) "Association" means the Washington vaccine association.
- (2) "Covered lives" means all persons under the age of nineteen in Washington state who are:
  - (a) Covered under an individual or group health benefit plan issued or delivered in Washington state or an individual or group health benefit plan that otherwise provides benefits to Washington residents; or
  - (b) Enrolled in a group health benefit plan administered by a third-party administrator. Persons under the age of nineteen for whom federal funding is used to purchase vaccines or who are enrolled in state purchased health care programs covering low-income children including, but not limited to, apple health for kids under RCW 74.09.470 and the basic health plan under chapter 70.47 RCW are not considered "covered lives" under this chapter.
- (3) "Estimated vaccine cost" means the estimated cost to the state over the course of a state fiscal year for the purchase and distribution of vaccines purchased at the federal discount rate by the department of health.
- (4) "Health benefit plan" has the same meaning as defined in RCW 48.43.005 and also includes health benefit plans administered by a third-party administrator.
- (5) "Health carrier" has the same meaning as defined in RCW 48.43.005.
- (6) "Secretary" means the secretary of the department of health.
- (7) "State supplied vaccine" means vaccine purchased by the state department of health for covered lives for whom the state is purchasing vaccine using state funds raised via assessments on health carriers and third-party administrators as provided in this

chapter.

- (8) "Third-party administrator" means any person or entity who, on behalf of a health insurer or health care purchaser, receives or collects charges, contributions, or premiums for, or adjusts or settles claims on or for, residents of Washington state or Washington health care providers and facilities.
- (9) "Total nonfederal program cost" means the estimated vaccine cost less the amount of federal revenue available to the state for the purchase and distribution of vaccines.
- (10) "Vaccine" means a preparation of killed or attenuated living microorganisms, or fraction thereof, that upon administration stimulates immunity that protects against disease and is approved by the federal food and drug administration as safe and effective and recommended by the advisory committee on immunization practices of the centers for disease control and prevention for administration to children under the age of nineteen years.

#### **RCW 70.290.020. Washington vaccine association - Creation**

There is created a nonprofit corporation to be known as the Washington vaccine association. The association is formed for the purpose of collecting and remitting adequate funds from health carriers and third-party administrators for the cost of vaccines provided to certain children in Washington state.

#### **RCW 70.290.030. Composition of association - Board of directors - Duties**

- (1) The association is comprised of all health carriers issuing or renewing health benefit plans in Washington state and all third-party administrators conducting business on behalf of residents of Washington state or Washington health care providers and facilities. Third-party administrators are subject to registration under section 47 of this act.
- (2) The association is a nonprofit corporation under chapter 24.03 RCW and has the powers granted under that chapter.
- (3) The board of directors includes the following voting members:
  - (a) Four members, selected from health carriers or third-party administrators, excluding health maintenance organizations, that have the most fully insured and self-funded covered lives in Washington state. The count of total covered lives includes enrollment in all companies included in their holding company system. Each health carrier or third-party administrator is entitled to no more than a single position on the board to represent all entities under common ownership or control.
  - (b) One member selected from the health maintenance organization having the most fully insured and self-insured covered lives in Washington state. The count of total lives includes enrollment in all companies included in its holding company system. Each health maintenance organization is entitled to no more than a single position on the

board to represent all entities under common ownership or control.

- (c) One member, representing health carriers not otherwise represented on the board under (a) or (b) of this subsection, who is elected from among the health carrier members not designated under (a) or (b) of this subsection.
- (d) One member, representing Taft Hartley plans, appointed by the secretary from a list of nominees submitted by the Northwest administrators association.
- (e) One member representing Washington state employers offering self-funded health coverage, appointed by the secretary from a list of nominees submitted by the Puget Sound health alliance.
- (f) Two physician members appointed by the secretary, including at least one board certified pediatrician.
- (g) The secretary, or a designee of the secretary with expertise in childhood immunization purchasing and distribution.
- (4) The directors' terms and appointments must be specified in the plan of operation adopted by the association.
- (5) The board of directors of the association must:
  - (a) Prepare and adopt articles of association and bylaws;
  - (b) Prepare and adopt a plan of operation. The plan of operation must include a dispute mechanism through which a carrier or third-party administrator can challenge an assessment determination by the board under RCW 70.290.040. The board must include a means to bring unresolved disputes to an impartial decision maker as a component of the dispute mechanism;
  - (c) Submit the plan of operation to the secretary for approval;
  - (d) Conduct all activities in accordance with the approved plan of operation;
  - (e) Enter into contracts as necessary or proper to collect and disburse the assessment;
  - (f) Enter into contracts as necessary or proper to administer the plan of operation;
  - (g) Sue or be sued, including taking any legal action necessary or proper for the recovery of any assessment for, on behalf of, or against members of the association or other participating person;
  - (h) Appoint, from among its directors, committees as necessary to provide technical assistance in the operation of the association, including the hiring of independent consultants as necessary;
  - (i) Obtain such liability and other insurance coverage for the benefit of the association, its directors, officers, employees, and agents as may in the judgment of the board of

directors be helpful or necessary for the operation of the association;

- (j) On an annual basis, beginning no later than November 1, 2010, and by November 1st of each year thereafter, establish the estimated amount of the assessment;
  - (k) Notify, in writing, each health carrier and third-party administrator of the health carrier's or third-party administrator's estimated total assessment by November 15th of each year;
  - (l) Submit a periodic report to the secretary listing those health carriers or third-party administrators that failed to remit their assessments and audit health carrier and third-party administrator books and records for accuracy of assessment payment submission;
  - (m) Allow each health carrier or third-party administrator no more than ninety days after the notification required by (k) of this subsection to remit any amounts in arrears or submit a payment plan, subject to approval by the association and initial payment under an approved payment plan;
  - (n) Deposit annual assessments collected by the association, less the association's administrative costs, with the state treasurer to the credit of the universal vaccine purchase account established in RCW 43.70.720;
  - (o) Borrow and repay such working capital, reserve, or other funds as, in the judgment of the board of directors, may be helpful or necessary for the operation of the association; and
  - (p) Perform any other functions as may be necessary or proper to carry out the plan of operation and to affect any or all of the purposes for which the association is organized.
- (6) The secretary must convene the initial meeting of the association board of directors.

**RCW 70.290.040. Estimate of program cost for upcoming year - Assessment collection - Surplus assessments - Start-up funding**

- (1) The secretary shall estimate the total nonfederal program cost for the upcoming calendar year by October 1, 2010, and October 1st of each year thereafter. Additionally, the secretary shall subtract any amounts needed to serve children enrolled in state purchased health care programs covering low-income children for whom federal vaccine funding is not available, and report the final amount to the association. In addition, the secretary shall perform such calculation for the period of May 1st through December 31st, 2010, as soon as feasible but in no event later than April 1, 2010. The estimates shall be timely communicated to the association.
- (2) The board of directors of the association shall determine the method and timing of assessment collection in consultation with the department of health. The board shall use a formula designed by the board to ensure the total anticipated nonfederal

program cost, minus costs for other children served through state-purchased health care programs covering low-income children, calculated under subsection (1) of this section, is collected and transmitted to the universal vaccine purchase account created in RCW 43.70.720 in order to ensure adequacy of state funds to order state-supplied vaccine from federal centers for disease control and prevention.

- (3) Each licensed health carrier and each third-party administrator on behalf of its clients' health benefit plans must be assessed and is required to timely remit payment for its share of the total amount needed to fund nonfederal program costs calculated by the department of health. Such an assessment includes additional funds as determined necessary by the board to cover the reasonable costs for the association's administration. The board shall determine the assessment methodology, with the intent of ensuring that the nonfederal costs are based on actual usage of vaccine for a health carrier or third-party administrator's covered lives. State and local governments and school districts must pay their portion of vaccine expense for covered lives under this chapter.
- (4) The board of the association shall develop a mechanism through which the number and cost of doses of vaccine purchased under this chapter that have been administered to children covered by each health carrier, and each third-party administrator's clients health benefit plans, are attributed to each such health carrier and third-party administrator. Except as otherwise permitted by the board, this mechanism must include at least the following: Date of service; patient name; vaccine received; and health benefit plan eligibility. The data must be collected and maintained in a manner consistent with applicable state and federal health information privacy laws. Beginning November 1, 2011, and each November 1st thereafter, the board shall factor the results of this mechanism for the previous year into the determination of the appropriate assessment amount for each health carrier and third-party administrator for the upcoming year.
- (5) For any year in which the total calculated cost to be received from association members through assessments is less than the total nonfederal program cost, the association must pay the difference to the state for deposit into the universal vaccine purchase account established in RCW 43.70.720. The board may assess, and the health carrier and third-party administrators are obligated to pay, their proportionate share of such costs and appropriate reserves as determined by the board.
- (6) The aggregate amount to be raised by the association in any year may be reduced by any surpluses remaining from prior years.
- (7) In order to generate sufficient start-up funding, the association may accept prepayment from member health carriers and third-party administrators, subject to offset of future amounts otherwise owing or other repayment method as determined by the board. The initial deposit of start-up funding must be deposited into the universal vaccine purchase account on or before April 30, 2010.



**RCW 70.290.047. Registration of third-party administrators**

- (1) A third-party administrator must register with the association. Registrants must report a change of legal name, business name, business address, or business telephone number to the association within ten days after the change.
- (2) The association must establish data elements and procedures for the registration of third-party administrators necessary to implement this section in its plan of operation.

**RCW 70.290.050. Selection of vaccines to be purchased - Committee**

- (1) The board of the association shall establish a committee for the purposes of developing recommendations to the board regarding selection of vaccines to be purchased in each upcoming year by the department. The committee must be composed of at least five voting board members, including at least three health carrier or third-party administrator members, one physician, and the secretary or the secretary's designee. The committee must also include a representative of vaccine manufacturers, who is a nonvoting member of the committee. The representative of vaccine manufacturers must be chosen by the secretary from a list of three nominees submitted collectively by vaccine manufacturers on an annual basis.
- (2) In selecting vaccines to purchase, the following factors should be strongly considered by the committee: Patient safety and clinical efficacy, public health and purchaser value, compliance with RCW 70.95M.115, patient and provider choice, and stability of vaccine supply.

**RCW 70.290.060. Additional duties and powers of the association and secretary -  
Penalty - Rules**

In addition to the duties and powers enumerated elsewhere in this chapter:

- (1) The association may, pursuant to either vote of its board of directors or request of the secretary, audit compliance with reporting obligations established under the association's plan of operation. Upon failure of any entity that has been audited to reimburse the costs of such audit as certified by vote of the association's board of directors within forty-five days of notice of such vote, the secretary shall assess a civil penalty of one hundred fifty percent of the amount of such costs.
- (2) The association may establish an interest charge for late payment of any assessment under this chapter. The secretary shall assess a civil penalty against any health carrier or third-party administrator that fails to pay an assessment within three months of notification under RCW 70.290.030. The civil penalty under this subsection is one hundred fifty percent of such assessment.
- (3) The secretary and the association are authorized to file liens and seek judgment to recover amounts in arrears and civil penalties, and recover reasonable collection costs, including reasonable attorneys' fees and costs. Civil penalties so levied must be

deposited in the universal vaccine purchase account created in RCW 43.70.720.

- (4) The secretary may adopt rules under chapter 34.05 RCW as necessary to carry out the purposes of this section.

**RCW 70.290.070. Board shall submit financial report to the secretary**

The board of directors of the association shall submit to the secretary, no later than one hundred twenty days after the close of the association's fiscal year, a financial report in a form approved by the secretary.

**RCW 70.290.080. Limitation of liability**

No liability on the part of, and no cause of action of any nature, shall arise against any member of the board of the association, against an employee or agent of the association, or against any health care provider for any lawful action taken by them in the performance of their duties or required activities under this chapter.

**RCW 70.290.090. Vote to recommend termination of the association - Disposition of funds**

- (1) The association board may, on or after June 30, 2015, vote to recommend termination of the association if it finds that the original intent of its formation and operation, which is to ensure more cost-effective purchase and distribution of vaccine than if provided through uncoordinated purchase by health care providers, has not been achieved. The association board shall provide notice of the recommendation to the relevant policy and fiscal committees of the legislature within thirty days of the vote being taken by the association board. If the legislature has not acted by the last day of the next regular legislative session to reject the board's recommendation, the board may vote to permanently dissolve the association.
- (2) In the event of a voluntary or involuntary dissolution of the association, funds remaining in the universal purchase vaccine account created in RCW 43.70.720 that were collected under this chapter must be returned to the member health carrier and third-party administrators in proportion to their previous year's contribution, from any balance remaining following the repayment of any prepayments for start-up funding not previously recouped by such member.

**RCW 70.290.100. Physicians and clinics ordering state supplied vaccine — Tracking of vaccine delivered — Documentation**

Physicians and clinics ordering state supplied vaccine must ensure they have billing mechanisms and practices in place that enable the association to accurately track vaccine delivered to association members' covered lives and must submit documentation in such a form as may be prescribed by the board in consultation with state physician organizations. Physicians and other persons providing childhood immunization are strongly encouraged to use state supplied vaccine wherever possible. Nothing in this chapter prohibits health carriers

and third-party administrators from denying claims for vaccine serum costs when the serum or serums providing similar protection are provided or available via state supplied vaccine.

**RCW 70.290.110. Judicial invalidation of program's funding — Termination of program**

If the requirement that any segment of health carriers, third-party administrators, or state or local governmental entities provide funding for the program established in this chapter is invalidated by a court of competent jurisdiction, the board of the association may terminate the program one hundred twenty days following a final judicial determination on the matter.

**RCW 70.290.900. Effective date — 2010 c 174**

This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 23, 2010].

**Title 43. State government - executive****Chapter 70. Department of health****RCW 43.70.720. Universal vaccine purchase account**

The universal vaccine purchase account is created in the custody of the state treasurer. Receipts from public and private sources for the purpose of increasing access to vaccines for children may be deposited into the account. Expenditures from the account must be used exclusively for the purchase of vaccines, at no cost to health care providers in Washington, to administer to children under nineteen years old who are not eligible to receive vaccines at no cost through federal programs. Only the secretary or the secretary's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

**Title 48. Insurance****Chapter 43. Insurance Reform****RCW 48.43.690. Assessments under RCW 70.290.040 considered medical expenses**

Assessments paid by carriers under RCW 70.290.040 may be considered medical expenses for purposes of rate setting and regulatory filings.

**Title 82. Excise taxes****Chapter 04. Business and occupation tax****RCW 82.04.640. Exemptions - Washington vaccine association - Certain assessments received**

This chapter does not apply to assessments described in RCW 70.290.030 and 70.290.040 received by a nonprofit corporation established under RCW 70.290.020.

## WVA Corporate Governance Calendar (Board Meeting and Committee Meeting Schedules for 2015)

\*All times are Pacific Standard Time

Date	Board (Generally Tuesdays 2 – 4 PM except as noted below)	Board Executive Committee (Scheduled if needed)	Vaccine (Dates, times TBD.)	Operations (2 <sup>nd</sup> Thursdays 2 – 3:00 PM phone call)	Audit (Dates, times TBD)
January	X (January 20)				
March					
April	X (April 14)				X (April 14)
May			X (TBD)	X (TBD)	
June	X (June 16)				X (June 16)
July				X (TBD)	
August					X (TBD)
September					
October	X (October 20– Annual Meeting)				X (TBD) (if needed)
November			X (TBD)	X (TBD)	

- In-person WVA Board meetings are from 2:00 – 4:00 PM at the offices of Ellis, Li & McKinstry.
- A written annual report may serve in lieu of an annual meeting of members. (Bylaws section 4.2)
- Officers are elected for 1-year terms at the annual meeting of the Board (Bylaws section 6.1)
- Committees may adjust their scheduled meeting dates or times for the convenience of their members.

October 21, 2014 WVA Annual Meeting of the Board of Directors  
Proposed Form of Votes

The following are suggested forms of votes only. They are intended to be an aid to facilitate work by individual directors. All board policy and the final form of votes is exclusively the province of the Board acting collectively as a Board of Directors.

**Item under Agenda Section 2:**

VOTED: To approve the minutes of the June 17, 2014 WVA Board Meeting.

[To approve the minutes of the June 17, 2014 WVA Board meeting with the changes suggested at the meeting.]

**Items under Agenda Section 3:**

VOTED: To authorize the Chairman, John Pierce, and Treasurer, Dennis Kirkpatrick, or either one acting alone to execute such documents as may be helpful or necessary to modify the previously-approved Line of Credit Facility with KeyBank National Association to restore the full original \$15,000,000 level to the Line through and including December 2015.

[To instruct KidsVax® to schedule a special meeting of the Board for implementation of an assessment rate increase at the earliest possible date.]

VOTED: To authorize KidsVax.org® to proceed with publication of the 2013/2014 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.

[To authorize KidsVax.org® to proceed with publication of the 2013/2014 WVA Annual Report and to designate such report to serve in lieu of an Annual Meeting of Members pursuant to section 4.2 of the WVA Bylaws with the changes suggested at the meeting.]

VOTED: To ratify the action of the Audit Committee in authorizing publication of the FYE 2013/14 Financial Statements and independent auditor's report.

**Items under Agenda Section 4:**

VOTED: To affirm the continuation of board member Dennis Kirkpatrick, whose term renews in 2014 and who has been re-appointed by the Secretary pursuant to RCW 70.290.030 (3)(d).

[To approve the continuation of board member Dennis Kirkpatrick, whose term renews in 2014 and who has been re-appointed by the Secretary pursuant to RCW 70.290.030 (3)(d), with the changes suggested at the meeting.]

VOTED: To affirm the continuation of board members John Pierce and Dr. John Sobeck, whose terms renew in 2014, pursuant to RCW 70.290.030(3)(a).

[To approve the continuation of board members John Pierce and Dr. John Sobeck, whose terms renew in 2014, pursuant to RCW 70.290.030(3)(a), with the changes suggested at the meeting.]

VOTED: To approve the election of the proposed slate of WVA Officers listed on the WVA Board of Directors and Committees list for one-year terms pursuant to Section 6.1 of the WVA Bylaws.

[To approve the election of the proposed slate of WVA officers listed on the WVA Board of Directors and Committees list for one-year terms pursuant to Section 6.1 of the WVA Bylaws with the changes suggested at the meeting.]

VOTED: To approve the individuals listed on the WVA Board Committee list presented at the meeting to serve on the Audit, Operations, and Vaccine Committees, respectively, with the committee chairs listed.

[To approve the individuals listed on the WVA Board Committee list presented at the meeting to serve on the Audit, Operations, and Vaccine Committees, respectively, with the committee chairs listed, with the changes suggested at the meeting.]

VOTED: To approve the revised WVA Mission Statement, in the form as presented to the Board.

[To approve the revised WVA Mission Statement, in the form as presented to the Board, with the changes suggested at the meeting.]

#### **Item under Agenda Section 6:**

VOTED: To approve the draft Code of Ethics, in the form recommended to the Board by the Audit Committee.

[To approve the draft Code of Ethics, in the form recommended to the Board by the Audit Committee, with the changes suggested at the meeting.]

#### **Item under Agenda Section 7:**

VOTED: To approve the KidsVax® goals for 2014-2015, in the form presented to the Board.

[To approve the KidsVax® goals for 2014-2015, in the form presented to the Board, with the changes suggested at the meeting.]

#### **Item under Agenda Section 9:**

VOTED: To ratify the KidsVax® contract amendment for the 2014-2015, in the form presented to the Board.



**The New York Times**<http://nyti.ms/1xjfQp2>

HEALTH | PAYING TILL IT HURTS | NYT NOW : Surprise Bills

# The Price of Prevention: Vaccine Costs Are Soaring

By ELISABETH ROSENTHAL JULY 2, 2014

SAN ANTONIO — There is little that Dr. Lindsay Irvin has not done for the children's vaccines in her office refrigerator: She remortgaged her home to afford their rising prices. She packed them in ice chests and moved them when her office flooded this year. She pays a company to monitor the fridge in case the temperature rises.

"The security company can call me any time of the day or night so I can go save my vaccines," said Dr. Irvin, a pediatrician. Those in the refrigerator recently cost \$70,000, she said — "more than I paid for four years of medical school."

Vaccination prices have gone from single digits to sometimes triple digits in the last two decades, creating dilemmas for doctors and their patients as well as straining public health budgets. Here in San Antonio and elsewhere, some doctors have stopped offering immunizations because they say they cannot afford to buy these potentially lifesaving preventive treatments that insurers often reimburse poorly, sometimes even at a loss.

Childhood immunizations are so vital to public health that the Affordable Care Act mandates their coverage at no out-of-pocket cost and they are generally required for school entry. Once a loss leader for manufacturers, because they are often more expensive to produce than conventional drugs, vaccines now can be very profitable.

Old vaccines have been reformulated with higher costs. New ones have entered the market at once-unthinkable prices. Together, since 1986, they have pushed up the average cost to fully vaccinate a child with private insurance to the age of 18 to \$2,192 from \$100, according to data from the Centers for Disease Control and Prevention. Even with deep discounts, the costs for the federal government, which buys half of all vaccines for the nation's children, have increased 15-fold during that



period. The most expensive shot for young children in Dr. Irvin's refrigerator is Prevnar 13, which prevents diseases caused by pneumococcal bacteria, from ear infections to pneumonia.

Like many vaccines, Prevnar requires multiple jabs. Each shot is priced at \$136, and most states require children to get four doses before entering day care or preschool. Pfizer, the sole manufacturer, had revenues of nearly \$4 billion from its Prevnar vaccine line last year, about double what it made from high-profile drugs like Lipitor and Viagra, which now face generic competitors.

Michael Haydock, an analyst at the London-based consulting firm Datamonitor Healthcare, said no vaccine had ever been such a big seller. "It's expensive in part because it's a very effective vaccine," he said. "And also because they're exploiting their monopoly."

That does not sit well with many doctors. Even though the vaccine has not changed, the price of the current version, Prevnar 13 (it protects against 13 strains), has gone up an average of 6 percent each year since it was approved by the Food and Drug Administration in 2010.

"You have to make back your investment and pay your shareholders, but at what point do you say, 'Look, you've had your steak, gravy and potatoes and this is enough?' " said Dr. Steven Black, a vaccine expert at Cincinnati Children's Hospital who served on the government committee that recommended all children get Prevnar 7, an earlier version of the vaccine.

To deal with the rising prices, some doctors, who say they lose money on every vaccination, reserve their shots for longstanding patients. A survey of family-practice doctors, who along with pediatricians are among the lowest-earning physicians, found that about one-third were considering giving up immunizations because of the expense. Another survey found that 40 percent do not offer at least some required childhood immunizations.

That is why Breanna Farris, a San Antonio mother, had to call 10 pediatricians in April before she found Dr. Irvin to vaccinate her son, Traven, who is entering kindergarten this fall. The family's usual doctors do not offer vaccinations, and referred Ms. Farris to local pharmacies (which do not vaccinate children) or the city health clinic (which would not take Traven's insurance).

"I was like, 'Where should I go?' " Ms. Farris said. "They say vaccines are covered, but that isn't really true if doctors aren't giving them."

## Business Decisions

To many pediatricians, not providing vaccines is as unthinkable as a baker not selling bread. Before they became widely available in the mid-20th century, tens of thousands of American children died each year from diseases like polio, whooping cough and diphtheria. “It’s up there with finding fire and the invention of the wheel,” said Dr. Irvin, 51, of vaccines.

Vaccines work by stimulating the body to develop immunity to a particular disease. The process involves injecting a molecule under the skin that mimics the virus or bacteria to prime the immune system to attack the real thing when it arrives. Vaccines can contain a fragment of the pathogen or a weakened version that can teach the immune system to recognize a germ, without itself causing the disease.

The earliest vaccines were not patented, in part because the law at the time held that natural products could not be so protected. And vaccines like polio were developed through a large infusion of government and foundation funds, not by a company. Even when commercialized by the 1960s, vaccines were made by small specialty manufacturers, instead of big pharmaceutical firms, since producing them involved particular challenges: using live organisms, some of them dangerous. Indeed, huge liability payouts and aggressive mergers had, by the 1990s, meant that more than half of the country’s vaccine makers had closed down. With low retail prices, no one regarded vaccine making as a lucrative business.

When he started his pediatric practice in 1982 in San Antonio, Dr. Michael Ozer remembers, he charged \$22 for a 2-month well-child checkup, with \$8 added on for the polio vaccine and another \$8 for the vaccine against diphtheria, pertussis and tetanus. “And I’m sure we were making money on it,” he said.

But one by one, various barriers eroded: Drug manufacturers discovered new ways to protect their products, like patenting the manufacturing process. The number of vaccine patent applications rose tenfold in the 1990s to more than 10,000. In 1988, the federal government set up the Vaccine Injury Compensation Program, effectively shielding manufacturers and doctors.



And the acceptable list price for drugs was rising. Vaccines, which families often used to pay for out of pocket, are now typically covered by insurance, and patients often do not notice the prices.

There are, of course, some good reasons vaccines like Prevnar are more expensive than previous offerings. Vaccine trials, which once included thousands of volunteers, must now include tens, if not hundreds of thousands of people, as fears about side effects like autism have grown, even though many studies have concluded that such worries are unfounded. Some of the newer vaccines are complicated to manufacture.

Prevnar, for example, involves attaching a piece of a dangerous bacterium's outer layer to a protein that renders it better able to provoke a protective immune reaction in babies. And because it covers 13 strains of the disease, it is in some ways 13 vaccines in one.

Pfizer maintains that Prevnar's prices are justified because of its investment in "one of the most complex biologic products ever developed and manufactured," said Sally Beatty, a company spokeswoman. She noted that it takes five years and costs \$600 million to build a vaccine manufacturing site, and that one batch of Prevnar 13 takes two years to create, with more than 500 quality control tests. Development of the first Prevnar vaccine took 14 years, Ms. Beatty said, from the initiation of research to licensing. (That work occurred before Pfizer acquired the Prevnar brand in 2009 when it bought Wyeth Laboratories, which had in turn acquired it from smaller companies.)

"It's a risky business developing vaccines, so you can explain — if not necessarily justify — the higher costs of vaccination," said Dr. Alan Hinman, a former head of the immunization division of the C.D.C. and now a senior scientist at the Task Force for Global Health in Georgia. "A more difficult question is, after the research and development costs are recouped, why don't prices come down?"

For a 2-month well-child checkup in 2014, Dr. Ozer charges \$115. And the vaccine charges have grown to \$725, for which insurers like Blue Cross/Blue Shield reimburse \$613.79.

## Cost vs. Benefit

For most prescription medicines, the crucial hurdle to marketing is to win Food and Drug Administration approval. But for vaccines, the prize is the imprimatur of the federal Advisory Committee on Immunization Practices. Once the committee recommends a shot for all children, states usually require children to get it before entering day care or school; insurers have to cover it, at least nominally. (Many states require home-schooled children to be vaccinated as well.) “We have to give it to every kid, so it’s a golden ticket,” Dr. Irvin said.

That requirement is a powerful incentive: Last year, Ms. Farris’s older child, Lenna, missed the first week of school as Ms. Farris, then new to Texas, searched for a provider willing to vaccinate the girl. Desperate, Ms. Farris took her daughter to a public health clinic and lied, saying she had no insurance. She found Dr. Irvin to immunize her son only this year.

The value of that “school mandate” is also apparent in the pricing. When Singapore’s national vaccine advisory group evaluated Prevnar 7 for mandated use, its price was about \$80, said Karen Tyo, a researcher from Brandeis University, who was advising the government. After the government included it in the required national schedule, “the price jumped immediately” to about \$120, she said. “Nothing had changed,” she noted. “It didn’t make any sense.”

To evaluate new vaccines for inclusion on mandated lists, national vaccine panels assess a vaccine’s cost benefit ratio. (F.D.A. approval requires that companies show vaccines are “safe and effective.” Cost is not considered.) Will the cost of buying and administering the vaccine result in a substantial payback for patients and society at large? That is a complicated, often nebulous, calculation.

Even before the advent of Prevnar, children under 5 rarely died of pneumococcal illness — about 200 in the United States annually, according to the C.D.C. So, in urging countries to adopt Prevnar 13, Pfizer produced extensive studies emphasizing the vaccine’s broad indirect benefits, such as reductions in a parent’s lost work time as well as the fact that the grandparent of an immunized baby is less likely to contract the disease. The company also factored in the ear



infections Prevnar might prevent in children, even though most of those could be treated with antibiotics.

A C.D.C. economic review based on data from earlier studies estimated that in 2009, Prevnar prevented 2.3 million cases of pneumococcal disease including ear infections, 5,056 deaths of all ages, and saved \$965 million in direct costs and \$2.7 billion in societal costs in the United States.

But when Prevnar 7 was first evaluated in 2000 for universal vaccination of children in the United States, the vaccine advisory committee concluded it was not likely to be cost effective, said Dr. Black, who was on the panel. In a study around that time, Dr. Black and colleagues concluded that the vaccine would result in cost saving for society only if each dose was priced at \$46. It entered the market, though, at \$58 a shot.

The committee decided to approve it anyway because it would save a few families from the tragedy of an infant's death; the vaccine later proved more effective than the study had anticipated.

Most other developed countries demand better cost-effectiveness numbers before approval and can use that to negotiate for discounts, said Anthony Newall, a health economist at the University of New South Wales in Australia.

The Swiss Agency for Therapeutic Products pays \$101, a price that has not changed over time. In Britain, the small private health care market sells prefilled syringes of Prevnar 13 for an average of \$82 at pharmacies; the National Health Service pays even less, experts say. Prefilled syringes cost an average of \$136 in the United States, and even the C.D.C. — which buys vaccines for the Medicaid program at a discount — pays \$112.84.

Other countries have also diverged from the United States in how they deploy Prevnar 13, generally giving only three shots instead of four. Studies have shown that the protection is almost as good, particularly against the serious forms of the disease. "There's virtually no benefit," Dr. Black said. "We're basically paying an extra \$100-plus per child for nothing."

## The Vaccine Market

Every week or two, Dr. Irvin sits down at her computer to buy vaccines. With more than 3,000 patients in her practice, she estimates that it would cost her \$70,860 a month to be fully stocked with vaccines for any patient who walked in the door. Instead, she buys sparingly for scheduled appointments and looks for manufacturers' bargains.

Online, there are back-to-school sales, closeout sales on last year's models and discounts for early booking. Dr. Irvin buys vaccines for polio, whooping cough, tetanus and hemophilus meningitis from Sanofi-Pasteur on a site called the Vaccine Shoppe. "I feel like I'm going to a boutique," she commented while completing a recent purchase.

Because Dr. Irvin belongs to a purchasing cooperative of Texas pediatricians, the prices are often discounted 5 to 10 percent from the list price. But rates often fluctuate: On the Merck website, she noticed that the price of the vaccine against human papillomavirus had gone up from the previous week. She decided to buy vials rather than prefilled syringes because she would save about \$1.50 a dose on a price of \$132.46 a shot. "That's make or break it," she noted.

Likewise she buys vials, rather than syringes, for the measles, mumps, rubella vaccine to lower the cost to \$51.20 a dose. In 2002, the same vaccine was \$27.70 for private doctors. Because some companies require that each physician sign a legal agreement not to disclose the price he or she paid, there is little informed shopping. "I was kind of aghast, I didn't think it could be legal, but it is," said Dr. Gary L. Freed, a pediatrician at the University of Michigan School of Public Health who has studied vaccine purchases. "And it's certainly a very inefficient market since it means physicians don't have information to bargain."

The result is much like that in other aspects of American medicine: Huge price variations for the same item or service. Large group practices that have purchasing clout with drug makers and insurers may make a profit from providing vaccines, while solo practices, like Dr. Irvin's, can incur losses. Some doctors pay three times as much as others in the same city, Dr. Freed's studies have found. One large practice was yielding \$39 per dose of Prevnar, while 11 percent of practices were losing money on it.

Private insurers pay doctors a median of \$145 for Prevnar, according to data compiled by Athena Health. Dr. Jeffrey J. Cain, the board chairman of the American Academy of Family Physicians, noted that reimbursement from insurers runs



between 40 and 100 percent of the vaccine's purchase cost, which often does not allow for overhead such as insurance, storage and the computer record-keeping systems required by the federal government.

Dr. Irvin says she loses money every time she gives a shot.

## A Wide World of Prices

It is not clear how much Pfizer is profiting from Prevnar in the United States. But one measure is to look at the price at which Pfizer sells Prevnar for use in the poorest countries through a World Health Organization initiative: \$3.30 a dose. Even at those prices, "I do not think pharmaceutical manufacturers are losing money," said Dr. Hinman, the former C.D.C. official.

Since Pfizer bought Wyeth Pharmaceuticals and acquired Prevnar, its most visible research efforts have involved studies to prove its value. Company scientists have shown, for example, that Prevnar 13 is more cost effective than Synflorix, a competing vaccine made by GlaxoSmithKline that is far cheaper, but is effective against only 10 strains. It is not available in the United States.

This year, Pfizer submitted a new study to the C.D.C. showing that Prevnar 13 is effective in preventing pneumonia in people over 65, and is hoping that the vaccination committee will recommend it for all Americans over 50. People in that age group typically get a different type of vaccine against pneumococcal bacteria that has been around for decades and is only \$30, but is not effective in babies.

Dr. Hinman said Prevnar 13 is a "really good vaccine" that is probably more effective than the older version, and he himself hopes to get it once it is available. But in 2012, when Pfizer tried to get Prevnar 13 recommended for use in adults in Britain, the Joint Committee on Vaccination and Immunization said no because of the cost. If the United States recommends it for use in all healthy adults, analysts say it will mean an additional \$1 billion in annual sales for Pfizer.

The C.D.C., which declined an interview for this article, must walk a delicate line pressing drug companies to modulate prices: When there is one manufacturer, as with Prevnar 13, the company could raise charges or slow production, creating disastrous shortages.

“What leverage does the C.D.C. have really?” Dr. Freed asked. “They’re in a terrible bind and it will only get worse as prices rise.”

Meanwhile, Dr. Irvin feels the pressure as other doctors stop offering shots, and parents like Ms. Farris go searching.

Clark Petty, who runs a public immunization clinic in San Antonio, said his store of vaccines from the C.D.C. are meant for the poor and people without insurance. Patients with private insurance must pay full list price and an administration fee and would have to apply for reimbursement themselves.

The family practice doctor downstairs in Dr. Irvin’s office building has stopped immunizing children. A local obstetrician recently told her in tears that she cannot afford to give pregnant patients a shot recommended to boost the mother’s immunity to whooping cough, protection that is transferred to her unborn baby for the first months of after birth.

Nationally less than 10 percent of pregnant women are getting this recommended shot. Though there are many reasons women go unvaccinated, studies show that patients are far less likely to get a vaccine if their doctors do not offer it. And the consequences can be grave: Last year, two babies, each a month old, died of whooping cough here in San Antonio. Their mothers had not been vaccinated during pregnancy.

### ***Correction: July 8, 2014***

*An article on Thursday about the high costs of vaccines for children contained several errors. The federal Advisory Committee on Immunization Practices recommends vaccines; it does not mandate them. (It is up to states to mandate vaccines for school entry.) Most states require vaccination with Prevnar, which protects against pneumonia and other diseases, before children can enter preschool or daycare; not all states do. Additionally, the entity that produced an economic review that estimated the benefits of Prevnar was misidentified. It was the Centers for Disease Control and Prevention, not Pfizer, which manufactures the vaccine. The article also referred imprecisely to requirements by drug companies that physicians not disclose prices of medicines and vaccines. While many companies require doctors to sign such agreements, Pfizer does not require it for Prevnar.*

For a continuing conversation about health care costs and pricing in the United States, please join our Facebook group, Paying Till It Hurts.



A version of this article appears in print on July 3, 2014, on page A1 of the New York edition with the headline: The Price of Prevention: Vaccine Costs Soaring.

## READERS' PERSPECTIVES How you and others responded

### QUESTIONS

Can you relate an experience when you had difficulty finding a doctor to dispense preventive care? 36

Tell us about a time when you have used a public health clinic or urgent care center, rather than your doctor, for routine care. 39

If you are a doctor, describe problems you have had providing preventive care because of low reimbursement. 27

### FILTERS

All

Medical Professional

Uninsured

## Can you relate an experience when you had difficulty finding a doctor to dispense preventive care?

36 READER RESPONSES

**Judy W.** Louisville, KY, United States Insured

For several years I tried to get a shingles vaccine. All my doctors were having trouble obtaining them. I asked pharmacies and got the same response. Then, sure enough, I got shingles and suffered with it for two months. Now every doctor asks me if I've had a shingles vaccine and they are given in every local drugstore, and they no longer cost the \$250 I was told I'd have to pay out of pocket a few years ago even though my health insurance said they would cover it. What changed since then?

**Truly B** Prescott, AZ, United States Insured

I am on Medicare, and because of low reimbursements, few primary care doctors will even consider seeing another Medicare patient. Those who might will not see me because I take a combination of medications to prevent chronic migraines, including two 5 mg tablets of methadone. As a result of fear of dealing with opioids, I cannot find a GP or internist in my new home, Prescott, AZ even though I have assured them that they will not have to deal with the methadone since only my headache specialist in Chapel Hill, NC prescribes it for me.

**Yvonne B** Seattle, United States Insured

I've not had any difficulty getting any vaccines (for travel). The Polyclinic has been able to order, receive and administer within days. My pharmacy, Bartell's, also had no problem ordering what I needed. Vaccines have definitely become more expensive over the past 10 years and/or my insurance, Aetna, is covering less. E.g. Aetna doesn't cover generic malaria - I think it would cost them a lot more to have a doctor treat me.

**Doctor Osler** Baltimore, United States Insured Medical Professional

I didn't have a difficulty finding a doctor to dispense preventative care, most doctors are trained at preventing, treating with medicine and surgery and palliating diseases. What I found however, was a problem with my insurance company paying for my doctor to dispense preventive care and paying for my preventative medicines.

**Salvador Acevedo** Mexico City, Mexico Insured Medical Professional

This is a great article that shows how different public health policies can be. In Mexico, almost all vaccines are free, and we have almost 100% coverage for all the population... yet, people complain about how Mexican health system is awful. I think it's just a matter of perspective. We have a lot of flaws, but we also have plenty of advantages.

**Sujata S** Hackensack, United States Insured

After having done some research on vaccines, my husband and I had made a decision that we wanted to give two vaccines at a time to our children. Unbeknownst to us, this became a significant burden. We were told that in order to make the vaccines cheaper, they were being combined, therefore our children were getting 6 vaccines in one shot. Something I can't get my head around. Injecting 6 of anything in one-go into a person's body shouldn't make something cheaper or better for anyone, let alone a child.

**Anna S** New York, United States Insured

These days, it seems, almost always. Frankly, i would prefer a robot that read the blood tests and prescribed the metformin, atorvastatin (formerly lipitor), diuretic or whatever--like the cows that prefer the robot milking machines to the human-powered ones. My primary care physician who only weighed me, did not take my height, made me go to the orthopedist for the script for a handicapped parking permit (end stage arthritis in both knees immediately visible when I walk not seated on the examining table), has retired and now I have to find another.

**Susan Jacobowitz** Great Neck, United States Insured

My physician recommended that I receive the shingles vaccine but told me he didn't offer it because he lost money on the injections -- they were expensive, and insurance didn't always enough, so he had to subsidize the cost. I went to my local pharmacy and paid \$200. I submitted the claim to my insurance, but I never received any money. It was worth it not to get shingles, but there were times when I wouldn't have had the money.

**Stephen F** Mattituck, NY, United States Insured



Yes. I am a 65 year old male and I had some difficulty getting a shingles vaccination. I did get it but not until I changed doctors.

**Claire B** Tampa, United States Insured Medical Professional

No. For religious and moral reasons, I choose not to vaccinate. As a healthcare professional, I highly recommend that everyone "educate before you vaccinate" and go to NVIC.org to find information before choosing this medical procedure.

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## Tell us about a time when you have used a public health clinic or urgent care center, rather than your doctor, for routine care.

39 READER RESPONSES

**Candace W** Columbia, SC, United States

When I needed a routine physical for my driver's exam back in 2012, I was in graduate school and without insurance. Because it was such a basic visit, shopping around was an option. The cheapest doctor's office offered a physical for \$165 but the clinic at the local supermarket: \$45. Never thought I'd be saying \$45 was a bargain to ask me a few questions, check my temperature/blood pressure, and sign a piece of paper.

**Dragon** Out West, United States Insured

CVM MinuteClinic for a UTI. It was my second infection, and I'd changed primary care providers since the first. My previous doctor called in the Rx without an office visit. However, my current doctor's office wanted me to come in for a test to confirm before prescribing. I saw no reason to take up the doctor's time with such a routine ailment, or to wait for the doctor's arrival.

**Jennifer N** Philadelphia, United States Insured Medical Professional

We hosted a Spanish exchange student who fell ill while staying with us. Our pediatrician refused to see him insisting they needed his medical records. We felt like we were being pushed to an ER which was inappropriate as he had a fever and sore throat. We took him to a nearby urgent care center where he received fairly prompt attention and the care he needed. I was worried about the quality of care that we would receive there but it was overall a good experience.

**Karen L** Chicago, United States Insured

Used to go to the County Health Clinic for flu shots, children's vaccinations, etc. The cost was always \$5 or \$10/shot. Didn't matter if you had insurance or not. I don't think they've done them in at least 10 years--handed that public benefit over to private enterprise, especially the chain drugstores, where the cost is significantly higher. When you have high deductible health insurance, it's coming out of your pocket anyway. Score one for big business; zero for the individual.

**Martha S.** Dallas, United States Insured

The insurance my husband's work offers will only pay \$500 a year for well care (this includes the visits and any vaccines). We chose a pediatrician affiliated with a large hospital and next door to a housing project. Her office was allowed to dispense city-purchased shots at their office, so we did not have to go to the city clinic. We were and still are considered "underinsured," but my children are old enough that we have gotten most vaccines. Not sure if we will be able to afford Gardasil.

**Jenny Cecilia Kjellstrand** Kingston, United States

I just went to an urgent care to be assessed for Lyme disease. My primary couldn't see me. Seemed as though they were used to it. I have it.

**Stephen F** Mattituck, NY, United States Insured

More than once I found myself wanting to see a doctor on a Saturday when my regular doctor did not have office hours, so I went to a doc in the box. One time I had severe leg cramps that I had not experienced before and I feared a drug reaction from an antibiotic I was taking. Another time a bot fly larva emerged from a sore on my leg that originated on a trip to Belize a month before. On a third occasion I went because I was concerned about a persistent cough that I was already under treatment for.

**Claire B** Tampa, United States Insured Medical Professional

Used an ER for fast heart two year ago. Had atrial fibrillation with a heart rate of 180.

**Jen L** Richmond, United States Insured

I only go to an urgent care center (doc in a box) when I'm unable to get an immediate appointment with my primary care physician's office or if I get sick over a weekend. I recently went to a new center that I liked, but normally I find that the care I get is subpar to my usual doctor. I also find that they prescribe LOTS of expensive, unnecessary meds. I was prescribed \$60 of meds last time in addition to my \$25 copay. And the meds didn't really DO anything...

**Jon N** Austin, United States Insured

Went to urgent care to have sutures removed from my hand.

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## If you are a doctor, describe problems you have had providing preventive care because of low reimbursement.

27 READER RESPONSES

**Greg Lawton** Wayne, United States Insured Medical Professional

This excellent article highlights the inherent conflict of free markets and preventative care. As an employed physician in a large children's hospital network, I have never had the issues described in this article. I also see this article bringing two trends together. One, salaried physicians rather than solo or independent practitioners. Two, single payer system. Imperfect solutions, but the present situation, as highlighted by this article, is far from perfect. Not to mention how difficult this makes a pediatrician's job more difficult when confronting vaccine deniers. A Musing Pediatrician

**Margaret M** Baltimore, United States Insured Medical Professional



I am surprised that such an extensive article made no mention of the Vaccines for Children program - the federally funded program that provides no cost vaccines to qualified children. Private physicians can register as VFC providers and receive vaccines at no charge for use with qualified children. "Qualified" means Medicaid insured, uninsured or underinsured (insurance does not cover vaccinations). While I concur that vaccine manufacturers are taking ridiculous advantage of the requirements for vaccination and putting profits far ahead of people, the US vaccine program has been successful in promoting the health of children.

**Michael F** Cherry Hill, United States Insured Medical Professional

Practicing pediatrician for 16 years buying \$400,000 a year in vaccines. Both insurance companies and vaccine manufacturers are obligated to their shareholders to make the most profit. We are caught in the middle. The only solution is federally controlling both vaccine prices and insurance reimbursement to doctors. This market cannot sustain if it remains unregulated. I need to be reimbursed enough for the vaccine, the storage, the syringe, the temperature monitoring service, the loss of some vaccine due to safety syringe malfunction among other things. As it is, I continue to lose money every year on vaccines.

**Henry K FAAP** Cottonwood, Az, United States Insured Medical Professional

When I was in Pediatric practice, I am now happily retired, we never broke even on vaccinations after 1990. The reimbursement was always below acquisition cost. In 2000 the vaccines for children program (VFC) purchased vaccines for children on Medicaid and if private Insurance did not cover vaccines. That program saved our clinic from bankruptcy. I find it hard to imagine that under the Affordable Care Act the reimbursement will improve and many children will no longer be eligible for the VFC program.

**peg s** downers grove, United States Insured Medical Professional

till last yr I was able to bill vaccines with the visit code without a modifier without a problem. but i found much later this yr that the insurance companies were not paying for the office visits;with out a modifier, a loss of 125.00 right there for a well ckup. I have vaccinated moms with Tdap during pregnancy, esp. as I am trying to get dads to be vaccinated too. but if she is in a hmo, as I am not her pcp only the pcp for her will get paid. the system is ruled by stupidity.

**Elaine C** San Antonio, United States Insured Medical Professional

I am a Family Medicine physician working in a military primary care clinic AND I am a Tricare beneficiary. I don't remember the last time I thought about the cost of administering a vaccine to one of my 1,300 patients and all three of my children have received all of their vaccinations at no cost to me in their military pediatric clinic. The single payer system that I am working and living in is doing a pretty good job in my opinion. I was horrified and disgusted by the information presented in this article.

**Jeffrey Gordon, MD, MPH** San Diego, United States Insured  
Medical Professional

When I first started to practice family medicine in Boston some 40 years ago some vaccines were both made and inexpensively supplied by the Massachusetts Department of Public Health. This is no doubt due to the incredible disease prevention and cost effectiveness of this technology. We should note that at least on one occasion it has been inadequate to turn this responsibility over to commercial pharmaceutical firms. In 2004 the USA had to import over 5 million doses of flu vaccine from Canada and still did not have the required supplies (NYT October 15, 2004).

**Michael Marlow** The Woodlands Texas, United States Insured  
Medical Professional

I am a solo family practitioner. My adult patients often request the vaccine against shingles. The best I price I can find is approximately \$50 more than the average reimbursement I might receive from an insurance company. Having seen patients with severe pain from shingles makes me feel bad I cannot provide a product which would prevent this potentially painful situation - but I can't afford to take that loss.

**Frank Lancellotti** Accord, NY, United States Insured Medical Professional

I work for the Department of Veterans Affairs which actually encourages vaccination- in this age group it is mostly Pneumovax, Tdap, flu shots & Zostavax

**Jenny Cecilia Kjellstrand** Kingston, United States

I'm a nurse. When I ran a clinic for teens we were approached to participate in a free "vaccines for children" program that was offered free from the drug manufacturer. Seems like there is a disconnect between the presumed needy and anyone who is assumed to be able to pay for it. I'm not complaining about the free vaccines, but there seems to be a problem with who qualifies, or in the overall accessibility of vaccination. Why discriminate against the person who has to pay over \$1000 per month for the families insurance if they can barely afford that? Seems punitive and short sighted.

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## OPINION

# The Anti-Vaccination Epidemic

By Paul A. Offit

**A**lmost 8,000 cases of pertussis, better known as whooping cough, have been reported to California's

Public Health Department so far this year. More than 250 patients have been hospitalized, nearly all of them infants and young children, and 58 have required intensive care. Why is this preventable respiratory infection making a comeback? In no small part thanks to low vaccination rates, as a story earlier this month in the Hollywood Reporter pointed out.

**Whooping cough, mumps and measles are making an alarming comeback, thanks to seriously misguided parents.**

The conversation about vaccination has changed. In the 1990s, when new vaccines were introduced, the news media were obsessed with the notion that vaccines might be doing more harm than good. The measles-mumps-rubella (MMR) vaccine might cause autism, we were told. Thimerosal, an ethyl-mercury containing preservative in some vaccines, might cause developmental delays. Too many vaccines given too soon, the stories went, might overwhelm a child's immune system.

Then those stories disappeared. One reason was that study after study showed that these concerns were ill-founded. Another was that the famous 1998 report claiming to show a link between vaccinations and autism was retracted by The Lancet, the medical journal that had published it. The

study was not only spectacularly wrong, as more than a dozen studies have shown, but also fraudulent. The author, British surgeon Andrew Wakefield, has since been stripped of his medical license.

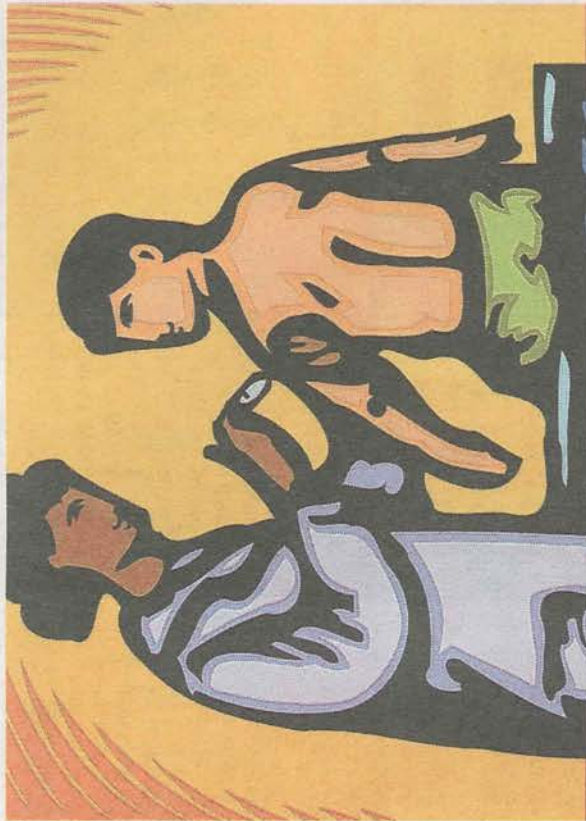
But the damage was done. Countless parents became afraid of vaccines. As a consequence, many parents now choose to delay, withhold, separate or space out vaccines. Some don't vaccinate their children at all. A 2006 study in the *Journal of the American Medical Association* showed that between 1991 and 2004, the percentage of children whose parents had chosen to opt out of vaccines increased by 6% a year, resulting in a more than twofold increase.

Today the media are covering the next part of this story, the inevitable outbreaks of vaccine-preventable diseases, mostly among children who have not been vaccinated. Some of the parents who chose not to vaccinate were influenced by the original, inaccurate media coverage.

For example, between 2009 and 2010 more than 3,500 cases of mumps were reported in New York City and surrounding area. In 2010 California experienced an outbreak of whooping cough larger than any outbreak there since 1947. Ten children died.

In the first half of 2012, Washington suffered 2,520 cases of whooping cough, a 1,300% increase from the previous year and the largest outbreak in the state since 1942. As of Aug. 29, about 600 cases of measles have occurred in the U.S. in 2014; the largest outbreak in 20 years—in a country that the Centers for Disease Control and Prevention declared measles-free in 2000.

Who is choosing not to vaccinate? The answer is surprising. The area with the most cases of whooping



Getty Images

cough in California is Los Angeles County, and no group within that county has lower immunization rates than residents living between Malibu and Marina Del Rey, home to some of the wealthiest and most exclusive suburbs in the country. At the Kabbalah Children's Academy in Beverly Hills, 57% of children are unvaccinated. At the Waldorf Early Childhood Center in Santa Monica, it's 68%, according to the Hollywood Reporter's analysis of public-health data.

These are the kind of immunization rates that can be found in Chad or South Sudan. But parents in Beverly Hills and Santa Monica see vaccines as unnatural—something that conflicts with their healthy lifestyle. And they have no problem finding fringe pediatricians willing to cater to their irrational beliefs.

These parents are almost uniformly

highly educated, but they are making an uneducated choice. It's also a dangerous choice: Children not vaccinated against whooping cough are 24 times more likely to catch the disease. Furthermore, about 500,000 people in the U.S. can't be vaccinated, either because they are receiving chemotherapy for cancer or immune-suppressive therapies for chronic diseases, or because they are too young. They depend on those around them to be vaccinated. Otherwise, they are often the first to suffer. And because no vaccine is 100% effective, everyone, even those who are vaccinated, is at some risk.

Parents might consider what has happened in other countries when large numbers of parents chose not to vaccinate their children. Japan, for example, which had virtually eliminated whooping cough by 1974, suffered an anti-vaccine activist

movement that caused vaccine rates to fall to 10% in 1976 from 80% in 1974. In 1979, more than 13,000 cases of whooping cough and 41 deaths occurred as a result.

Another problem: We simply don't fear these diseases anymore. My parents' generation—children of the 1920s and 1930s—needed no convincing to vaccinate their children. They saw that whooping cough could kill as many as 8,000 babies a year. You didn't have to convince my generation—children of the 1950s and 1960s—to vaccinate our children. We had many of these diseases, like measles, mumps, rubella and chickenpox. But young parents today don't see the effects of vaccine-preventable diseases and they didn't grow up with them. For them, vaccination has become an act of faith.

Perhaps most upsetting was a recent study out of Seattle Children's Hospital and the University of Washington. Researchers wanted to see whether the whooping cough epidemic of 2012 had inspired more people to vaccinate their children. So they studied rates of whooping cough immunization before, during and after the epidemic. No difference. One can only conclude that the outbreak hadn't been large enough or frightening enough to change behavior—that not enough children had died.

Because we're unwilling to learn from history, we are starting to relive it. And children are the victims of our ignorance. An ignorance that, ironically, is cloaked in education, wealth and privilege.

*Dr. Offit is a professor of pediatrics in the division of infectious diseases and director of the Vaccine Education Center at The Children's Hospital of Philadelphia.*

WVA 2014-10-21 10.e.ii. 1



**Directions to Ellis, Li & McKinstry  
Market Place Tower  
2025 First Avenue, PH-A  
Seattle, WA 98121**

Traveling South on I-5:

- Take the **Stewart St/Denny Way exit**
- Continue straight on Stewart St for approximately 13 blocks
- Turn RIGHT onto 1<sup>st</sup> Ave
- Continue north on 1<sup>st</sup> Ave for approximately 2 blocks
- Turn LEFT onto Lenora St
- Turn LEFT into the first gate on Lenora to enter the garage

Traveling North on I-5:

- Take the **Seneca St exit (exit only on left-hand side of freeway)**
- Turn RIGHT onto 1<sup>st</sup> Ave
- Continue north on 1<sup>st</sup> Ave for approximately 7 blocks
- Turn LEFT onto Lenora St
- Turn LEFT into the first gate on Lenora to enter the garage

Traveling West on I-90:

- Connect onto I-5 N
- Take the **Madison St/Convention Pl exit**
- Stay straight onto 7<sup>th</sup> Avenue
- Turn LEFT onto Madison Street (at light)
- Continue straight, down the hill, for approximately 6 blocks
- Turn RIGHT onto 1<sup>st</sup> Ave
- Continue north on 1<sup>st</sup> Ave for approximately 9 blocks
- Turn LEFT onto Lenora St
- Turn LEFT into the first gate on Lenora to enter the garage

Traveling West on Hwy 520:

- Follow exit signs for downtown Seattle/I-5 S
- Exit road becomes Stewart St
- Continue straight on Stewart St for approximately 13 blocks
- Turn RIGHT onto 1<sup>st</sup> Ave
- Go north on 1<sup>st</sup> Ave for approximately 2 blocks
- Turn LEFT onto Lenora St
- Turn LEFT into the first gate on Lenora to enter the garage

To the Penthouse from Parking Garage:

- Use elevator to reach Market Place Tower lobby
- Switch to 1 of the 4 back elevators
- Penthouse is labeled PH on elevator buttons
- Exit left into the lobby