

**Washington Vaccine Association  
Board of Director's Meeting  
November 2, 2017; 2:00-4:00 p.m. PST**

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

Directors

John Sobeck, MD, MBA, Vice-Chair, Cigna  
John Dunn, MD, Kaiser Permanente  
Cathy Falanga, Aetna (T)  
Jason Farber, Esq., Davis Wright Tremaine (T)  
Beth Harvey, MD, South Sound Pediatric  
Associates  
Ed Marcuse, MD  
Chad Murphy, Premera  
Michele Roberts, MPH, MCHES,  
Department of Health

Absent

Pat Kulpa, MD, MBA, Regence  
Derek LeBrun, MBA, Coordinated Care  
Randy Parker, Carpenters Trusts of Western  
Washington

KidsVax®

Fred Potter, MBA, Esq., Managing Member  
Julia Zell, MA, Esq., Executive Director  
Peter Smith, MBA, Financial Analyst (T)  
Norman Roberge, Accountant (T)  
Claire Roberge, MBA, Controller (T)

Others

SheAnne Allen, MPH, MCHES,  
Department of Health  
Anne Redman, Esq., Perkins Coie  
Polly Sidwell, CIMA, CFP, Morgan Stanley  
James G. Flood, Esq., Crowell & Moring, LLP (T)

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

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

1. To approve the minutes of the June 29, 2017 Board Meeting.
2. To approve the minutes of the September 7, 2017 Audit Committee Meeting.
3. To approve the authorization of the Resolution Honoring John H. Pierce for his service as the WVA's Board Chair.
4. To approve additional KeyBank signatories for those individuals on the Executive Committee.
5. To reauthorize the Payer Special Compliance Project for one year with a monthly cap of \$15,000.
6. To reauthorize the Cyber Security Liability Policy.
7. To ratify the action of the Audit Committee in authorizing publication of the 2016/17 Financial Statements and independent auditor's report.
8. To authorize KidsVax® to proceed with publication of the 2016/17 WVA Annual Report in the form as presented to the Board.
9. To affirm the slate of Officers and Committee Chairs with the changes suggested at the meeting.
10. To authorize a one-time catch-up payment to KidsVax® for TRICARE work, as reflected on monthly invoices.

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

1. It was the sense of the Board to refer the development of a Cash Reserve Policy and Investment Policy to the Audit Committee for further report and to bring their recommendations back to the Board at the April 2018 meeting.

**III. Minutes**

Welcome and Introductions

At 2:00 p.m., a quorum having been established, Chairman John Sobeck called the meeting to order. Introductions were made, and Mr. Potter announced that the meeting was being recorded for the benefit of the minute-taker and will be deleted following the final approval of the minutes.

Consent Calendar Items

Chairman Sobeck directed the Board's attention to the consent items submitted for approval, including the Board meeting minutes of June 29, 2017, the Audit Committee meeting minutes of September 7, 2017, and a resolution to honor John Pierce. Further discussion ensued. There being no questions or comments, the following items were put to a vote:

Upon motion duly made and seconded, it was unanimously

1           **VOTED:**           To approve the minutes of the June 29, 2017 Board Meeting.  
2                               To approve the minutes of the September 7, 2017 Audit Committee Meeting.  
3                               To authorize the Resolution Honoring John Pierce for his service as the WVA's Board Chair.  
4

5   Financial Report

6   KV financial analyst, Peter Smith, began the financial update by reviewing the summary of the cashflow projections and analysis.  
7   As of September 30, 2017, the WVA had \$7.1 million in total cash reserves. As of today, there is over \$9.5 million in cash reserves,  
8   which is a good increase. He would like to reach the target of reserve in August 2018 and collections appear on target. Further  
9   discussion ensued with respect to the cash reserve policy. Ms. Zell explained that an investment policy was adopted in 2012, but  
10   that reserve targets have been recommended by KV as three months of vaccine costs plus the flu pre-purchase. Ms. Zell stated that  
11   there is a lag in collections of approximately three months. When the grid is updated for July 1, no change in cashflow is seen until  
12   three months later. Extensive discussion ensued regarding memorializing the reserve and investment policies in the Plan of  
13   Operation (POO). Attorney Redman recommended memorializing the policy on reserves as a document rather than in the POO.  
14   It was the sense of the Board to refer this subject to the Audit Committee for further report and to bring their recommendations  
15   back to the Board at the April 2018 meeting with concrete suggestions on how to proceed.

16   Ms. Zell introduced Polly Sidwell, who is a financial advisor with Morgan Stanley (MS). Ms. Sidwell began with a brief overview  
17   of her background. She presented an overview of the short-term fixed income marketplace, how WVA invested in the past, what  
18   has changed, and then she provided an action plan for what would be done with the funds and how that would function. Further  
19   discussion ensued. Ms. Sidwell proposed that a very easy, straightforward, transparent, and secure solution would be to build a  
20   portfolio along the lines of what is anticipated on the cashflow, keeping in mind things may turn around and there may be a need  
21   to access the money more quickly. She suggested solving this with straightforward FDIC insured Certificates of Deposit (CDs).  
22   MS has a very extensive brokered CD program. It is turnkey and straightforward to go ahead and construct a portfolio with up to  
23   \$250,000 per name of CDs. The money would be in a brokerage account as opposed to a managed fee account, which will save  
24   more for WVA, and there is a built-in commission each time an investment is made into a CD with no other additional fees.  
25

26   At the request of the Audit Committee, a brief historical financial overview was created by KV to summarize the WVA's fiscal  
27   success. Mr. Roberge provided a summary of the chart of financial data over the seven years WVA has been in existence. Further  
28   discussion ensued. Through the beginning of 2013, WVA was paying vaccines 15 days after the month that the vaccines went into  
29   use. CDC announced they wanted the payments 30 days prior to the vaccines going into use. That is when KeyBank negotiated a  
30   \$15 million LOC and WVA immediately withdrew \$10 million from that. The full \$15 million was withdrawn before starting  
31   repayments on it. The grid pricing was adjusted and the LOC was fully paid by January 2017 and the WVA is now in a positive  
32   cash position. Mr. Roberge also reviewed the various items from the historical financial synopsis from May 2010 through June  
33   2017. Further discussion ensued regarding the LOC and administrative fees.  
34

35   There was an authorization change request that came before the Board regarding additional signatories on the KeyBank account.  
36   In the past, the signatories on the account were the Board Chair and Treasurer. Ms. Zell recommended that the entire Executive  
37   Committee, consisting of Dr. John Sobeck, Chair; Dr. Beth Harvey, Vice-Chair; Derek LeBrun, Treasurer; and Dr. Ed Marcuse,  
38   Secretary, be made signatories on the account.  
39

40   Upon motion duly made and seconded, it was unanimously

41  
42           **VOTED:**           To approve additional KeyBank signatories for those individuals on the Executive  
43                               Committee.  
44

45   KidsVax® Updates

46   Ms. Zell introduced Attorney James Flood (participating by telephone), to the new Board members. He is the lead on the  
47   Government Affairs team at Crowell & Moring (C&M) in Washington, DC. Since 2015, Attorney Flood has been working with  
48   Ms. Zell and Mr. Potter on getting a statutory fix to have TRICARE pay into all universal vaccine purchase programs both  
49   prospectively and to pay past-due assessments. Further discussion ensued. Ms. Zell then turned the discussion over to Mr. Flood  
50   to provide the overall update on work in Washington, DC with Congress and supporting staffers.  
51

52   Mr. Flood explained that their work this year started by trying to get a provision in the Appropriations Bill for the Department of  
53   Defense (DOD) and TRICARE that directed the agency to pay the arrears of up to \$50 million owed to all 11 State Vaccine Program  
54   (SVP) states. Further discussion ensued. After anticipated passage of the Defense Appropriations Bill, it will be mandatory that  
55   TRICARE pay the SVPs going forward and will take away the argument TRICARE has used to make the case that they can create  
56   with their own methodology. Further discussion ensued. There was a hearing today where both Senator Murray's office and  
57   Senator Shaheen's office expressed interest in questioning the nominee for the position of Under Secretary of Personnel and  
58   Readiness for the DOD that oversees TRICARE. Attorney Flood expects that either through direct questioning of that individual  
59   today or in follow-up written questioning, those senators were going to ask him if he would personally invest time and energy upon

1 being confirmed by the Senate to help resolve these TRICARE issues. At this point in the year, Attorney Flood expects they will  
2 have to push for the bill to pass, which they will, and then TRICARE as a matter of law will be required to both pay the prospective  
3 payments and the arrears. Further discussion ensued.  
4

5 Ms. Zell continued the meeting with the ED Report. She welcomed new Board members Chad Murphy, Dr. John Dunn, and Randy  
6 Parker, who was unable to join the meeting today. Ms. Zell reported that there was a clean audit and the processes for oversight  
7 are working. There were no deficiencies in internal controls. The focus has been on the TRICARE initiative and the Payer  
8 Compliance Special Project, which was undertaken about six months ago.  
9

10 Ms. Zell provided a brief overview of the Payer Compliance Project. A proposal was brought to the Board six months ago,  
11 requesting that analysis be undertaken to find areas of leakage in the assessment system and to recover assessments that are not  
12 being paid, or are being paid at incorrect levels. Mr. Roberge reviewed the transactions and the survey that was created and sent  
13 out to all provider offices to gain information about their DBA submission process to insurance companies. Through this process  
14 approximately \$630,000 of denials were identified. Further discussion ensued. Ms. Zell strongly recommended to the Board that  
15 this Payer Compliance Project continue.  
16

17 Upon motion duly made and seconded, it was unanimously  
18

19 **VOTED:** To reauthorize the Payer Special Compliance Project for one year with a month cap of  
20 \$15,000.  
21

22 Ms. Zell discussed the Cyber Security Liability Policy that was taken out last year after several payers experienced data breaches.  
23 She noted that although the WVA is not considered a covered entity under HIPAA, it does have protected health information which  
24 is needed so that the WVA assessment system can be monitored and payment errors can be rectified. Ms. Zell noted that KidsVax®  
25 (KV) conducts its own audit of internal policies regarding how that information is maintained and ensures that it maintains best  
26 practices. Ms. Zell recommended to the Board that this liability policy be continued.  
27

28 Upon motion duly made and seconded, it was unanimously  
29

30 **VOTED:** To reauthorize the WVA's Cyber Security Liability Policy.  
31

#### 32 Audit Committee Update

33 Ms. Zell provided a brief recap regarding the 2017 audit conducted by CliftonLarsonAllen.  
34

35 Upon motion duly made and seconded, it was unanimously  
36

37 **VOTED:** To ratify the action of the Audit Committee in authorizing publication of the 2016/17  
38 Financial Statements and independent auditor's report.  
39

40 Upon motion duly made and seconded, it was unanimously  
41

42 **VOTED:** To authorize KidsVax® to proceed with publication of the 2016/17 WVA Annual Report  
43 in the form as presented to the Board.  
44

#### 45 Department of Health Updates

46 Ms. Roberts reported that the full supply of flu vaccine was received earlier than normal this year. She stated there still is  
47 approximately 50% of the whole purchase to be ordered in the provider offices, so that is still being worked on.  
48

49 There was a discussion at the last Board meeting, as well as the Vaccine Committee meeting about reconsidering Washington's  
50 Vaccine Restitution Policy, meaning providers would be required to replace state-supplied vaccine that are lost due to negligence,  
51 not everyday loss. DOH is reconsidering the policy and wants to do it in partnership with the medical community and WVA to  
52 figure out what it should look like over time and how it fits within the very specific requirements CDC asks DOH to operate within.  
53 Further discussion ensued. A workgroup will be assembled to further advance discussion on this matter and inform the policy  
54 making decisions.  
55

56 Ms. Roberts then addressed recent disease outbreaks, including the mumps outbreaks that were happening across the country and  
57 in Washington. The mumps outbreak in Washington is winding down, but there are a few ongoing remaining cases; however, the  
58 numbers have dropped significantly. Further discussion ensued. Dr. Marcuse asked Ms. Roberts to make a brief statement  
59 regarding the impact of mumps on the exclusion policies. She reported that while local health authorities can exclude kids from  
60 attending public schools as one of the ways to control the outbreak, they declined to take those steps since the disease was happening

1 largely in vaccinated kids. Further discussion ensued. The Advisory Committee on Immunization Practices met last week and  
2 they voted to recommend a third dose of MMR vaccine for high risk individuals as defined by Public Health. Extensive discussion  
3 ensued.

#### 4 5 Vaccine Committee Updates

6 Dr. Marcuse noted that as Ms. Roberts reports, there has been extensive conversation offline, in the Vaccine Committee, and with  
7 the DOH regarding a draft Restitution Policy. As mentioned in the meeting before, the policy is intended to cut down on wastage  
8 from returned vaccines or other gross negligence at the provider level so that a provider found in violation of the policy would be  
9 required to replace the vaccine. In short, if they waste a dose, they provide a dose. This type of dose by dose replacement is being  
10 strongly encouraged by the CDC, however, it is not required. Further discussion ensued. For the Board's comfort, Attorney  
11 Redman has been asked to review the draft policy as well. This matter will be brought back to the Board later for their consideration.

#### 12 13 Board Development

14 Chairman Sobeck indicated the 2018 meeting calendar and Conflict of Interest and Code of Ethics forms are included in the Board  
15 packet. He suggested that those individuals attending in-person might want to pull the forms out, sign them, and return them to  
16 Ms. Zell. He requested those who were attending remotely send in the forms to Ms. Zell via e-mail.

17  
18 Ms. Zell moved on to the Election of Officers and summarized the current panel of officers. There are currently two empty  
19 positions. Dr. Sobeck, as Vice-Chair, stepped in when John Pierce no longer had a seat. The slate includes Dr. Sobeck as Chairman,  
20 Dr. Harvey as Vice-Chair, Dr. Marcuse as Secretary, and Mr. LeBrun as Treasurer; officers are elected for one year. In response  
21 to a question, she stated that Board members have three-year terms that are set by statute. She noted that the affirmation votes are  
22 for the new Board appointees and those who had expiring terms in 2017. Lastly, she asked for confirmation and reappointment of  
23 Committee Chairs. Ms. Zell indicated that she chairs the Operations Committee, Dr. Marcuse chairs the Vaccine Committee, and  
24 Dr. Sobeck currently chairs the Audit Committee, but sees that being transferred over to Mr. LeBrun. She asked if there were any  
25 other individuals who wished to be considered for those positions; hearing none, she asked Dr. Sobeck to call for the vote.

26  
27 Upon motion duly made and accepted, it was unanimously

28  
29 **VOTED:** To affirm the slate of Officers and Committee Chairs and the appointment and reappointment of all  
30 Board members with the changes suggested at the meeting.

#### 31 32 Executive Session (All outside personnel were asked to leave except for KV staff).

33 Ms. Zell provided an overview with respect to TRICARE. She noted that while the WVA continues to be paid on some DBAs,  
34 TRICARE has insisted upon limiting the amount to be paid both for the arrears and for the prospective payments due to their  
35 interpretation of Section 719's limitations provision. She stated that though C&M and KV approved of the limitations at the time  
36 it was written, it was meant to serve as a reasonability check, not as a device through which TRICARE could fail to provide SVPs  
37 the full amount of the assessment owed for the vaccines utilized by their beneficiaries. She noted that through recent negotiations  
38 with TRICARE and their contractors tasked with implementing Section 719 of the NDAA FY17, TRICARE proposed a variety of  
39 methods by which they could pay the WVA for assessments owed from December 23, 2010 through the current year. She noted  
40 that one proposed method included creating a per capita assessment rate for the WVA. She explained that TRICARE's failure to  
41 just accept previous calculations performed and accepted by WVA and DHA is a continuing source of contention, but she expressed  
42 optimism that KV was making progress and would report to the WVA's TRICARE Litigation Taskforce. Further discussion  
43 ensued. It is a strong belief of the Government Affairs team that if something is in the congressional record that directs TRICARE  
44 to pay and changed their authority from permissive to mandatory, the WVA would recover assessments. Ms. Zell then noted that  
45 she and Mr. Potter were working on proposals to correct the TRICARE operations manuals. She stated that DHA is in the process  
46 of making an exemption for WVA for the National Drug Code requirement they have decided to implement. Further discussion  
47 ensued. With respect to the TRICARE arrears, work is in progress to obtain an appropriation in Congress that would authorize  
48 TRICARE to pay up \$50 million to all SVPs for past due assessments. Further discussion ensued.

49  
50 On other matters, Ms. Zell informed the Board that about a year and a half ago Mr. Roberge identified an issue with United  
51 Healthcare's payment of DBAs. In short, regardless of what providers submitted for the DBA amount, United Healthcare was  
52 lowering it to the grid rates for 2015, which were 19% lower in aggregate and they were paying at that rate, if at all. United  
53 Healthcare was contacted by the WVA and they said they would fix the problem. They are now paying at the 2016 Grid, but they  
54 have not reprocessed for a year and a half. Extensive discussion ensued. Mr. Roberge would like to work with their internal  
55 auditors to make sure those DBAs are paid appropriately. If resolution isn't reached by April, Ms. Zell recommends moving  
56 forward with stronger measures. It was the sense of the Board that KV is not required at this point to commence formal  
57 enforcement, but should continue to seek to resolve this matter with the internal auditors of United Healthcare prior to the April  
58 2018 WVA Board Meeting. Further discussion ensued. It was the sense of the Board that KV does not need a vote to move forward  
59 with this work.



1 Ms. Zell made a request to the Board for a one-time payment to pay KV carry-over amounts from its monthly invoices for the time  
2 and effort she and Mr. Potter have spent on TRICARE working with Government Affairs and traveling to Washington, DC almost  
3 every month, sometimes multiple times a month, to resolve the TRICARE issue. The \$20,000 monthly cap would remain in place,  
4 but this would be a catch-up payment for what KV has carried forward so that KV and WVA are matching.  
5

6 Upon motion duly made and seconded, it was unanimously  
7

8 **VOTED:** To authorize a one-time catch-up payment to KidsVax® for TRICARE work, as reflected  
9 on monthly invoices.  
10

11 Dr. Marcuse briefly discussed the need to be very cautious about the mention of adult vaccines in a public meeting. This came up  
12 before the Vaccine Committee several years ago when a casual mention of adult vaccines unleashed a major pushback from the  
13 manufacturers. Further discussion ensued.  
14

15 Closing

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



**What:** Board of Directors Meeting  
**Date & Time:** Thursday, November 2, 2017; 2:00-4:00 p.m. (PST)  
**Location:** Alki Conference Room, 2025 1<sup>st</sup> Ave., PH-A, Seattle, WA 98121  
**Conference Line:** (267) 930-4000; Conference ID: 103063718#

Notice: The meeting may be recorded for the benefit of the minute-taker. The WVA intends to delete the recording after the minutes are approved.

Agenda for Board of Directors Meeting			
Approx. Time	Pg.	Topic/Anticipated Action	Presented by:
2:00-2:05 p.m.		1. Welcome & Introductions	J. Sobeck
		a. Notification of Recording	
2:05-2:10 p.m.		2. Consent Calendar Items	J. Sobeck
	2	a. Board Meeting Minutes (June 29, 2017)	
	7	b. Audit Committee Meeting Minutes (September 7, 2017)	
	10	c. Resolution to Honor John Pierce	
2:10-2:25 p.m.		3. Financial Report	P. Smith / N. Roberge
	12	a. Financial Reports – as of September 30, 2017	
		b. Line of Credit and Reserve Targets	
	18	c. Investment Policy	
	32	d. Historical Financial Overview	
		e. Authorization Changes	
		i. Additional Signatories	
		Vote to Approve Additional KeyBank Signatories	
2:25-2:40 p.m.		4. KV Updates	
	36	a. ED Report	J. Zell
		b. TRICARE Report	J. Flood
	39	c. Payer Compliance Special Project Report	N. Roberge
		Vote to Reauthorize Special Project	
	40	d. Cyber Security Reauthorization Policy	
		Vote to Reauthorize Cyber Security Policy	
2:40-2:50 p.m.		5. Audit Committee Update	J. Sobeck
	57	a. Vote to Ratify Publication of 16/17 Audited Financials	J. Zell
	76	b. Vote to Authorize Publication of 16/17 Annual Report	J. Zell
3:05-3:15 p.m.		6. Department of Health Updates	M. Roberts
3:15-3:25 p.m.		7. Vaccine Committee Updates	
	78	a. Restitution Policy Overview	E. Marcuse /
		b. Policy Discussion	A. Redman
3:25-3:40 p.m.		8. Board Development	J. Zell /
	84	a. Election of Officers	A. Redman
		Votes to Elect Chairman, Vice-Chair, Secretary, & Treasurer	
		Vote to Confirm Board Member Terms	
		Vote to Reappoint Committee Chairs	
	85	b. 2018 Meeting Calendar	
	86	c. Conflict of Interest and Code of Ethics Forms	
3:40-3:55 p.m.		9. Executive Session (all staff, KV, guests excluded; outside counsel included)	J. Zell
		a. TRICARE Discussion	
		b. One-time payment to pay KidsVax carry-over amounts from monthly invoices.	
		Vote to Authorize Catch-up Payment to KV	
		c. Payer Compliance and Audit Matter	
3:55-4:00 p.m.		10. Closing	J. Sobeck
		11. Reference Documents	
	96	a. Contact List	
	105	b. Governing Statute	
	114	c. Proposed Form of Votes	
	116	d. Directions to Ellis, Li & McKinstry	



**Washington Vaccine Association  
Board of Director's Meeting  
June 29, 2017; 2:00-4:00 p.m. (PST)**

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

Officers

John Pierce, Esq., Premera - *Chair*  
John Sobeck, MD, MBA, Cigna - *Vice Chair & Treasurer*  
Ed Marcuse, University of Washington -  
*Secretary* – Absent

Others

Anne Redman, Esq., Perkins Coie  
SheAnne Allen, MPH, MCHES, Dept. of Health  
Haley Olligus, Dept. of Health  
Jared Skretvedt, Intern, Cigna  
Jim Flood, Outside Govt. Affairs Consultant (T)

Members

Beth Harvey, MD, S. Sound Ped. Assoc. (T)  
Cathy Falanga, Aetna (T)  
Derek LeBrun, MBA, Coordinated Care  
Jason Farber, Esq., Davis Wright Tremaine (T)  
Michele Roberts, MPH, MCHES, Dept. of Health  
Pat Kulpa, MD, MBA, Regence

KidsVax® (KV)

Fred Potter, MBA, Esq., Managing Member  
Julia Walter Zell, MA, Esq., Executive Director  
Claire Roberge, MBA, Controller (T)  
Heather Rautio, Executive Assistant  
Norman Roberge, Accountant (T)

Absent

David Efroymson, GroupHealth

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

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

1. To approve the minutes of the April 6, 2017 Board Meeting.
2. To approve the minutes of the April 6, 2017 Vaccine Committee Meeting.
3. To approve the minutes of the June 15, 2017 Audit Committee Meeting.
4. To affirm Derek LeBrun as an Audit Committee member.
5. To approve the 2017-2018 WVA Operations Budget.
6. To approve, by unanimous vote, the edits to the Plan of Operation with the changes suggested at the meeting.
7. To accept the 17/18 Performance Goals with the changes suggested at the meeting.
8. To set the Board-designated performance award to KidsVax® for the 16/17 operating year and to authorize payment at this time.
9. To approve Julia Walter Zell's continued service as the WVA Executive Director, notwithstanding her relocation to another Pacific Northwest state.

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

1. Create a summary of the Payer Compliance Special Project Funding Report for review at the September 7, 2017 Audit Committee Meeting.
2. Develop a plan of action for updating the WVA Communications Plan.
3. Board Members are requested to ponder the WVA SWOT Analysis completed in April 2017 with the intent to develop WVA strategic goals.
4. Coordinate a WVA Strategic Goals Workshop.
5. Develop an analytical report outlining DBA Alternate Methodologies for the November 2, 2017 Board Meeting.
6. Quantify current TRICARE interest and penalties owed to the WVA.

### III. Minutes

#### Welcome and Introductions

At 2:05 p.m., a quorum having been established, Chairman John Pierce called the meeting to order. Introductions were made, and Julia Walter Zell announced that the meeting was being recorded for the benefit of the minute-taker and will be deleted following final approval of the minutes.

#### Consent Calendar Items

Chairman Pierce asked if there were any comments regarding the consent calendar items. There being none, the following items were put to a vote:

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

**VOTED:** To approve the minutes of the April 6, 2017 Board Meeting.  
To approve the minutes of the April 6, 2017 Vaccine Committee Meeting.  
To approve the minutes of the June 15, 2017 Audit Committee Meeting.  
To affirm Derek LeBrun as an Audit Committee Member.

#### Financial Report

Ms. Zell reported that financials were reviewed at the June 15, 2017 Audit Committee meeting. Finances are tracking with budget projections and cash reserves are steadily building at approximately \$1-1.2 million per month. The 2017-2018 Assessment Rate goes into effect July 1, 2017. It is anticipated that a review of WVA's cash flow and revenue will be reviewed in the September 7, 2017 Audit Committee meeting and the committee will then make a recommendation to the Board that will also address continuation of the WVA's \$5 million line of credit (LOC).

Ms. Zell reported that the 2016-2017 Audit is scheduled, with no anticipated obstacles. It is expected to be completed in August in time for the Audit Committee meeting September 7, 2017. Mr. Pierce asked if the WVA has had the same auditors since inception. He posited the theory of rotating auditors periodically. Ms. Zell and Mr. Potter explained that while CliftonLarsonAllen (CLA) has been the auditing firm since inception, they believe the WVA is still receiving some of the benefits of the periodic rotation without the expense of going through the proposal & bid process on a periodic basis. CLA management and auditors have changed a few times since WVA's inception. In the interest of due diligence, the WVA compared CLA pricing with other auditing firms and found it was comparable.

Mr. Roberge completed the financial update by noting that \$13,000 of the May legal fees included outside counsel and bank fees for re-authorization of the LOC.

#### Audit Committee Update

##### **2017-2018 Operations Budget**

Audit Committee Chairman, Dr. John Soback, informed the Board that the Committee reviewed and voted to recommend the 2017-2018 Operations Budget to the Board during the June 15<sup>th</sup> Audit Committee meeting. The budget includes an increase for inflation and changes in volume. There is no longer a budget line item for third-party communications support. The function has been brought in-house by KidsVax (KV). He noted that the budget reflects an anticipated decrease in Key Bank Lock Box processing fees. The WVA continues work on TRICARE collections which is paying off.

With regard to finances, Ms. Zell reported the WVA has collected \$1.1 million from TRICARE to date, due to the hard work and support of Department of Health (DOH) staff. An estimated 20% of assessments are still being denied by TRICARE due to lack of National Drug Codes in the submission. The WVA has pressed TRICARE for a work-around, which will be discussed in more detail later.

Dr. Soback plans to review the need for a future LOC, based on cash flow analysis and discussion. The most recent LOC renewal was due to cash flow uncertainty. LOC fees include both a one-time documentation fee as well as an annual fee to keep capital available.

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

**VOTED:** To approve the 2017-2018 WVA Operations Budget.

#### Department of Health Updates

##### **Potential State Shutdown**

Ms. Roberts reported that while a state budget was recently passed, DOH has been preparing for a potential shutdown, and will continue to proceed as if there will be one until the budget document is signed. She assured the WVA Board that all vaccine funding and ordering would continue without interruptions.

Ms. Roberts then asked Ms. Allen, DOH Vaccine Management Section Manager, to proceed with the vaccine updates.

#### **Vaccine Updates**

Ms. Allen referred the Board to the "Vaccine Management Update" presentation and highlighted items of note within it. She also discussed vaccine supply and DOH efforts to reduce waste. Also, her team is working on improving communications to providers and the public with the end goal of increasing vaccine usage and decreasing the number of expired doses.

Ms. Allen then addressed this year's new vaccine. The "2017-2018 Flu Pre-Book" information was presented to the Vaccine Committee. After reviewing remaining doses for the current year, Ms. Allen is confident in the pre-booked numbers.

At the last Vaccine Committee Meeting Dr. Marcuse asked Ms. Allen to review wastage. Ms. Allen compiled a summary of wastage from 2012-2016, based on available data. The data covers all funding sources, including Vaccines for Children (VFC) program funds. Ms. Allen plans to investigate wastage variations in more detail. She and her team's initial theory is that wastage is the result of spoilage and expired vaccines. Mr. Pierce asked if she had a reference point to compare the data to or bench mark numbers for a well-managed program. Ms. Allen stated, based on discussions with other states, Washington's wastage rates are very low, but accountability is very high. Ms. Zell backed up the assertion saying Washington's rate is one of the lowest among state vaccine programs administered by KV. Ms. Roberts noted total vaccines ordered is around \$150 million, so the wastage rate is under 3%. The wastage in other states is approximately 5-10%. Mr. Potter noted the CDC trigger for special review is 5%, which Washington is well below.

Ms. Allen continued with the "2018 Thermometer Requirements" slide of the presentation to help answer a question from Mr. Pierce regarding accountability. CDC is mandating new thermometer requirements, which will be a requirement for all providers purchasing vaccines through the WVA program. Mr. Pierce had questioned what increased accountability might look like and deferred to the CDC after being informed of their new requirement. Dr. Sobeck asked whether DOH tracked excursions, mishandling of vaccines, to determine whether it was an isolated incident or a systemic problem with the provider. Ms. Allen assured her listeners that excursions are tracked and multiple episodes are followed up on by her office staff. Her office offers training and on-site visits to work through the issue.

Ms. Allen asked the Board whether information such as the 2018 thermometer requirement would be of interest to the Board members' health systems, in addition to DOH's list of providers. Ms. Kulpa, an insurance representative, agreed that national requirements could be forwarded for possible inclusion in insurance newsletters.

#### **Plan of Operation**

Ms. Zell prefaced the Plan of Operation ("Plan") revisions by providing background information. The conversation to revise the Plan began last year to clarify assessment language. Ms. Zell stated that internal meetings regarding Plan changes were conducted amongst KV staff, WVA Outside Counsel, DOH, the Washington Attorney General's office, and the TRICARE litigation counsel. Anne Redman, WVA Outside Counsel, then proceeded to summarize the substantive changes as outlined in the "Executive Summary of Proposed Changes to Amended and Restated Plan of Operation" memorandum.

Mr. Farber requested that "shall" be replaced with "must" prior to "agree in writing" (Article VI, Section B, fifth line). Ms. Redman concurred and continued summarizing the changes.

Dr. Sobeck wanted clarification on whether the members (payers) are clear on what their payment obligation is. Ms. Redman and Ms. Zell asserted the assessment obligation is clearly established through the dosage-based assessment (DBA) process. There should be no obligation ambiguity for the payer.

Ms. Redman asked if there were further questions or comments regarding the Plan, beyond the edit request in Article VI, Section B. There were no further questions or discussion.

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

**VOTED:** To approve the edits to the Plan of Operation with the changes suggested at the meeting.

#### **KidsVax Updates**

#### **Executive Director Report**

Ms. Zell stated the WVA cumulative assessments collected as of May 31, 2017 total more than \$380 million. The WVA's cash balance is \$8 million and an LOC is still available if needed. The detailed financial status was reviewed earlier in the meeting, therefore; Ms. Zell moved on to other topics. She introduced Heather Rautio, a new KV Seattle employee.

Ms. Zell reminded the Board that the 2017-2018 Assessment Grid will be going into effect July 1, 2017. WVA processes have been updated to mitigate communication challenges observed last year after posting the new Assessment Grid. DOH is now providing email notification in lieu of a fax. Also, part of the Payer Compliance Special Project, authorized in the last Board Meeting, is to compare DBA filed by the provider with payments received from the payer. The WVA then works with providers to help resolve DBA filing errors to decrease filing denials and subsequent non-payment. The focus is limited because there are over 1,000 provider offices throughout the state, and it is still an open system. WVA obligation and enforcement power is through the payer, therefore effectiveness may be limited working with providers. Despite challenges, efforts are still on-going to improve communications with and training of providers.

Dr. Soback inquired as to whether the WVA had updated payer contacts for the top payers. Ms. Zell replied yes and not that she was rebuilding a current list of POCs through the project.

### **TRICARE**

Jim Flood, the WVA's outside government affairs consultant, provided the following update. The Senate Appropriations Committee staff have favored language provisions in the Fiscal Year (FY) 2018 National Defense Authorization Act (NDAA) which addresses TRICARE arrearages. Overall, Mr. Flood is optimistic of a favorable congressional resolution.

Ms. Zell reintroduced the topic of challenges related to TRICARE's requirement of NDCs. Efforts are on-going with TRICARE to reduce the number of denials due to missing NDC and other factors.

### **Retreat Follow-Up – SWOT Analysis**

Ms. Zell explained that the Executive Committee would like to build on the "Strength, Weaknesses, Opportunities, and Threats (SWOT) Analysis" from the Board Retreat in April to develop strategic goals for the WVA. Reviewing the effectiveness and efficiency of the DBA methodology along with possible alternatives is of special interest to several Board Members and DOH. She noted that KV has initiated research of another system that fits the Washington statute.

Per Chairman Pierce, the question for the Board is how do we build on the SWOT analysis of the WVA completed at the retreat. The Executive Committee believes it would be of value for the Board to discuss themes or key ideas with the intent of defining an additional performance goal or two for KV as well as developing strategic goals for the Association. He requested that members think about the analysis and bring key ideas forward for the Board to address.

Derek LeBrun asked for clarification on the next steps in regards to a review of the DBA methodology. Ms. Zell directed the Board's attention to goal #4 in the draft 2017-2018 Performance Goals for KV, which addresses initial next steps for the review. Chairman Pierce stated he wished to discuss the 2017-2018 Performance Goals, next on the agenda, but postpone voting for the Executive Session.

### **2017/18 Performance Goals**

Ms. Zell began the performance goals discussion by explaining that "Goal #1: Maintain Core Service Metrics" was a standard performance goal related to WVA responsiveness to ad-hoc inquiries and standard reporting requirements.

"Goal #2: Improve WVA Communications" was also a goal last year, however the intent this year is to build on the 2010 "WVA Communications Plan" and further define strategic communications to encompass WVA partners, contributors, and support. Of particular interest, is maintaining materials for providers and payers in order to mitigate the impact of personnel turnovers. Dr. Soback distinguished between KV and Board communication responsibilities and the need for both. Ms. Roberts expounded on the concept by describing the active WVA Communications Working Group efforts directly after legislature was initially passed to form the WVA. She believes each member/group's role in successful WVA communications will be clarified as the "Communications Plan" is updated. Chairman Pierce highlighted the need for the Board to focus on provider communications.

KV's role in "Goal #3: Support Development of 3-5 Year WVA Strategic Plan" would be limited to developing support material and facilitating the discussion, if the goal were to be approved. Development of WVA strategic goals is the purview of the Board.

Similarly, KV's role in "Goal #4: Complete Assessment of Dosage-based Methodology" would be limited to preparing an analytical report and identifying alternative collection methodologies. KV is open to Board recommendations on what to include in the analysis. At a minimum, a SWOT analysis of the current and possible alternate system would be included.



If the Board would like to develop strategic goals for the Association, then Ms. Zell recommends an off-site, extended meeting similar to the Board Retreat. A "WVA Strategic Goals" document would then be published for the benefit of our partners.

For both goals #3 and #4, initial thoughts for the analytical report include compiling data from the DOH and historic information. Ms. Zell requested Board input as to the level of detail desired and presentation format. KV will provide an outline to the Board for review prior to the next meeting.

Chairman Pierce recommended adding verbs in front of Goals 4.a. and 4.b. He also asked for KV to refine Goal 4.b. to include development of pros and cons for each alternative (as well as for the current methodology). Providing a recommendation on the future methodology to be maintained or adopted was considered as part of the goals, however, Chairman Pierce and Ms. Zell both agreed decision authority is at the sole discretion of the Board.

Chairman Pierce asked if there were any further thoughts on or additions to the 2017-2018 Performance Goals to ensure the right goals are agreed on for the year. Derek LeBrun questioned whether it would be possible and worthwhile to add a more detailed goal regarding the collection of approximately 20% of outstanding TRICARE assessments. The intent was to add an operational improvement goal. Ms. Zell asked to defer commenting fully until after the Payer Compliance Special Project update. An open system, such as the WVA DBA system, includes inherent tracking challenges.

#### **Payer Compliance Special Project Update**

Ms. Zell explained that the Payer Compliance Special Project was authorized in the April Board Meeting to address non-compliance issues. Ms. Redman asked what percentage of assessments are received through an alternate payment method. Ms. Zell and Mr. Potter explained there was a DBA variant process and a couple of alternatives to the DBA process adopted shortly after WVA inception. A DBA variant, also referred to as a "settlement report," is automatically generated by a payer (typically all major payers) when a provider submits a medical vaccine administration claim but does not submit an accompanying DBA. The Board approved the process of automatically generating a DBA variant shortly after inception to allow time for training of providers. At that time the Board also approved an alternative payment method or exemptions for payers who provide their own vaccines, on a case-by-case basis. Ms. Zell stated that alternatives to the DBA method, excluding the DBA variant process, make up a small percentage of total assessment received.

Ms. Zell committed to compiling a Payer Compliance Special Project Report for the November 2, 2017 Board Meeting. The report, at Mr. Farber's request, will provide input into a Board decision whether there is value in continuing the project, including the function in the base contract, or determining it was a short-term project only.

Chairman Pierce announced they were ready to go into the Executive Session. Ms. Zell was asked to remain briefly to provide more information on her possible relocation. Mr. Potter asked permission to remain briefly so that he might expound on the TRICARE arrearage issue. Chairman Pierce concurred. All other staff and guests were excused and the Board went into Executive Session.

#### Executive Session

The Board meeting continued in a confidential executive session, with WVA's outside counsel included. Voting results are listed below.

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

**VOTED:** To accept the 17/18 Performance Goals with the changes suggested at the Meeting.

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

**VOTED:** To set the Board-designated performance award to KidsVax® for the 16/17 operating year and to authorize payment at this time.

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

**VOTED:** To approve Julia Walter Zell's continued service as the WVA Executive Director, notwithstanding her relocation to another Pacific Northwest state.

#### Closing

There being no further business, the meeting was adjourned at 4:30 p.m. PST.



**Washington Vaccine Association Audit Committee Meeting  
September 7, 2017; 3:00-4:00 p.m.**

**I. Attendance.** Participating in all or part of the meeting were the following individuals.

Directors:

John Sobeck, M.D., Chairman – Market Medical Executive, Cigna  
Jason Farber, Esq. – Davis Wright Tremaine, LLP  
Derek LeBrun, Director – Finance & Risk Adjustment, Coordinated Care

Department of Health:

Sheanne Allen, MPH, MCHES – Vaccine Management Section Manager

KidsVax®:

Julia Zell, M.A., Esq. – Executive Director  
Claire Roberge – Controller  
Norman Roberge – Accountant  
Peter Smith – Financial Analyst

Others:

Allen D. Gilbert, CPA – Audit Manager, CliftonLarsonAllen

**A. Action Items (votes adopted)**

1. To recommend to the WVA Board the authorization to publication of the FYE 2016/17 Financial Statements and Independent Auditor's Report.
2. To recommend to the WVA Board the authorization of an increase in the signatory requirement on the Imprest Account from \$3,000 to \$5,000.
3. To recommend to the WVA Board the authorization of an increase in the maximum balance in the Imprest account to coincide with each refund request batch total.

**B. Follow Up Tasks**

1. Prior to the WVA's November Board Meeting, Ms. Zell will send a written consent vote to the Board with the Audit Committee's recommendation to increase the Imprest account balance and signatory authority.
2. As follow up, Ms. Zell will circulate the letter she receives from Mr. Gilbert that was not included with the audited financials.

**II. Meeting Minutes**

At 3:00 p.m., a quorum having been established, Chairman John Sobeck called the meeting to order. Ms. Zell announced that the meeting was being recorded for the benefit of the minute-taker and would be deleted following the final approval of the minutes.

Overview of the Draft FYE 2016/17 Audited Financials

Mr. Gilbert directed the Committee to the FYE 2016/17 audited financials. He reported that once again the WVA received a clean audit thanks to the work of Norm and Claire Roberge. The WVA accumulated approximately \$4.4 million increase in cash this year. Estimated collectible assessments had an increase of



\$3.86 million and the prepaid vaccine was down approximately \$1.2 million from the previous year. Total current assets were up by approximately \$7 million. Liabilities and accounts payable are comparable to last year. The line of credit (LOC) maturing December 2016 was fully paid, leaving no balance this year.

The 2017 Statement of Activity reflect an increase of approximately \$8.5 million over last year. Vaccine replenishments were down by \$1.1 million. The primary change unique to the prior year was the large write-down of \$5.7 million, which was a one-time item and is not in this year's financial statement. The total net assessment activity is up substantially from \$2.8 million last year to slightly over \$15 million this year. The net increase is largely the result of the 2016 Grid increase. This year the markup was \$26 million. Actual purchases of vaccines are relatively flat, year over year. The WVA's expenses were consistent with last year's, the biggest variance being the interest expense of \$114,000 due to the LOC having been paid off, compared to the \$428,000 the year before. As a result, the change in restricted net assets is a \$17 million increase to the bottom line for the year. The Statement of Cash Flows shows an increase in cash from operations at \$14 million, \$10 million of that cash was used to pay down the LOC.

The remainder of the financial statements pertain to the footnotes of the organization and are virtually identical to last year, with only a slight difference in the assessments collected. Mr. Gilbert concluded his briefing by reviewing briefly the required communications to the WVA's governance [REDACTED], a copy of which will be provided with the final audit. No deficiencies in internal controls were identified.

Upon motion duly made and seconded, it was unanimously

**VOTED:** To recommend to the WVA Board the authorization of publication of the FYE 2016/17 Financial Statements and independent auditor's report.

#### Review of Refund Checks

Mrs. Roberge provided a brief overview of the refund check process and made a recommendation to the Committee to raise the in-house signatory requirement on the Imprest account from the current limit of \$3,000 to \$5,000. She has recently been receiving refund check requests exceeding the \$3,000 limit creating the need to divide the refunds into multiple batches to cover all requests received. Additionally, Mrs. Roberge described the need to increase the amount held in the Imprest Account to coincide with the aggregate amount of refunds owed per month.

Upon motion duly made and seconded, it was unanimously

**VOTED:** To recommend to the WVA Board the authorization of an increase in the signatory requirement on the Imprest Account from \$3,000 to \$5,000.

Upon motion duly made and seconded, it was unanimously

**VOTED:** To recommend to the WVA Board the authorization of an increase in the maximum balance in the Imprest Account to coincide with each refund request batch total.

#### Financial Update

Mr. Smith provided an overview of the WVA's fiscal position, beginning with the cash reserve analysis summary. As of July 31, 2017, there was approximately \$7.5 million cash on hand. Currently, there is

1 nearly \$10.4 million in cash. He also updated the cash flow projections to incorporate the latest Department  
2 of Health (DOH) projections for vaccine expenditures. He described his modeling of the reserve analysis  
3 with the new projected numbers for the next 18 months. Mr. Smith then led a discussion regarding the  
4 WVA's target reserves using the same methodology used previously—three months of average vaccine  
5 reimbursements recommended plus the anticipated next flu reimbursement, which would put the target  
6 reserve at \$20.7 million; up slightly from the previous \$20 million.

7  
8 Beyond the current needs of cash for the next month, Mr. Smith advised investing the extra funds rather  
9 than leaving it in a noninterest-bearing account. However, he noted there is some credit against the  
10 processing fees from the bank for maintaining a balance in the account. Mr. Smith contacted the group at  
11 Morgan Stanley to request an investment plan. The plan documents will be provided to the Committee and  
12 the Board so the investment strategy can be renewed if the Board deems it appropriate. Mr. Smith suggested  
13 that the Association keep approximately \$10 million in the bank for current cash needs and invest the  
14 additional \$10 million.

15  
16 The LOC renewal was also discussed. As the cash reserves build beyond \$10 million, any funds the  
17 Association invests would be a stopgap for unforeseen cash needs and the LOC would not be needed in the  
18 future, once the full reserve target has been met. The LOC will have been open in its current iteration for  
19 a year in April and that will be a good time to revisit possibly closing that account if the proper reserves of  
20 cash are available at that time. The cash flow projection model has several columns that show the net  
21 liquidity and the credit balance history going back into 2015. Now that the prior LOC has been retired the  
22 WVA's collections are building. The upcoming flu reimbursement this month is expected to be  
23 approximately \$3.6 million with an anticipated \$5 to \$6 million in regular reimbursement requests from the  
24 DOH.

25  
26 A recommendation supported by the Audit Committee will be made at the Board Meeting to move forward  
27 on the investment strategy.

#### 28 29 Historical Financial Comparison Chart

30 Following up upon a request to review the WVA's financial history with relevant events, Mr. Roberge  
31 presented a series of charts and graphs for the Committee's review. A brief discussion ensued concerning  
32 the historical financial comparisons that Dr. Sobeck will review with the Board. Ms. Zell reported that the  
33 reserve target is in line with previous calculations and would be recommended at approximately \$21.5  
34 million based on current vaccine expenditures.

#### 35 36 Other Matters from Committee Members

37 There were no other matters to discuss.

#### 38 39 Executive Committee

40 Dr. Sobeck had nothing to present for the Executive Session.

#### 41 42 Closing

43 There being no further business, the meeting adjourned at 3:31 p.m.



*Ensuring Funds for Childhood Vaccines*

November 2, 2017

John H. Pierce, Esquire  
1010 East Lynn Street  
Seattle, WA 98102

Dear John,

On behalf of the Board of Directors, I would like to thank you for your service for more than seven years to the Washington Vaccine Association (WVA). On November 2<sup>nd</sup>, the Board unanimously passed the attached resolution acknowledging your dedication and service to the WVA. I can assure you the Board's gratitude is heartfelt and reflects a strong unanimous sentiment.

We will greatly miss your support and invaluable contribution to the work and mission of this important public health initiative. You have played a key role in the WVA's commitment to improved services and funding vaccines to support the State of Washington's Universal Childhood Vaccination Program.

We wish you all the very best in your future endeavors.

Regards,

John Sobeck, M.D., Chairman

Enclosure

[WAvaccine.org](http://WAvaccine.org)

P 1.888.928.2224 • F 1.888.928.2242  
PO Box 94002 • Seattle WA 98124-9402



## **BE IT RESOLVED**

**WHEREAS**, the Washington Vaccine Association, created by the legislature in 2010 to provide a funding mechanism for the state's purchase of all recommended childhood vaccines, recognizes that John H. Pierce was instrumental from the beginning in its formation, its success, and its remarkable record of service to residents of the State of Washington;

**WHEREAS**, John H. Pierce served initially as a as member of the formation steering committee and later as a Board member, Chairman, and member of the Executive, Litigation, and Audit Committees with great professionalism, dedication, and distinction, helping to initiate the Association's unique funding methodology;

**WHEREAS**, John H. Pierce led working groups through both independent brainstorming and board retreat processes to clarify mission and build collegiality;

**WHEREAS**, John H. Pierce was particularly instrumental in strong progress toward favorable resolution of TRICARE's initial non-compliance, assisting the Association's work with the state's congressional delegation through two successive federal legislative changes 2017;

**WHEREAS**, John H. Pierce helped guide the Association as it retired debt arising from the challenges of two unexpected changes in federal vaccine funding policies;

**WHEREAS**, John H. Pierce provided valued input as the Association established an assessment strategy which, while continuing to offer savings to payers, retired all indebtedness accrued from those federal cash calls and set the Association on a successful course for rebuilding financial stability and reserves; and

**WHEREAS**, John H. Pierce has been a faithful Board participant and has diligently applied his consummate skills contributing to the success of the Association for the past seven years;

**NOW, THEREFORE**, the Washington Vaccine Association's Board of Directors unanimously acknowledges with gratitude John H. Pierce's outstanding service to the State of Washington and notable contributions to the Association's mission of providing an equitable assessment system to fund Washington's pediatric universal vaccine program, thereby contributing to improve health outcomes for children throughout the State of Washington.

Signed:

John Sobeck, M.D., Chairman



### CASH RESERVE ANALYSIS SUMMARY

Cash on hand as of Sept 30:	\$ 7,145,087
Value of invested funds at Sept 30:	<u>\$ 9,360</u>
Total Cash Reserve:	\$ 7,154,447
LOC Liquidity Requirement:	\$ 4,000,000
Sept Flu pre-purchase:	\$ 3,638,937
Reserve target:	\$ 20,700,000
Projected months to desired reserve:	12

### CASH FLOW PROJECTIONS UPDATE

Attached is the updated internal cash flow projection for WVA as well as the Washington DOH projection for the fiscal years ending 2018 and 2019.

The DOH projections show stable quantities and reimbursement requests for the next two years.

In September, the annual flu vaccine reimbursement was made to the DOH for \$3,638,937. It is expected that the current rates will yield \$1 million in net increased cash flow per month until we reach our reserve target of \$20MM by August of 2018. Former projections had this target being reached in July 2018.

If the cash flows continue according to these projections a WVA grid rate reduction (3-5%) could be possible in July of 2019.

Assumptions include the stability of collections at current relative levels and modest 4% average CDC price increases each April 1<sup>st</sup>. No estimate has been included regarding the outcome of future TRICARE payments or other contingencies.

### TARGET RESERVE ANALYSIS

The methodology for determining the target cash reserve goal is: three months' average reimbursement plus the anticipated annual flu reimbursement. Using the current DOH projections, the monthly average between September 2017 and August 2019 is \$5.6MM and the projected 2018 flu reimbursement is \$3.9MM. Thus, \$5.6MM times three is \$16.8MM, plus \$3.9MM is \$20.7MM.

### INVESTMENT OF CASH RESERVES

As our cash reserves go beyond \$10MM (likely in November 2017), it is recommended that we begin to conservatively invest some of our reserves. A policy for investment activities should be established to set forth the guidelines and milestones for investment and if needed divestment. Cash on hand should remain high enough to meet the next reimbursement request as well as the bank LOC reserve requirement of \$4MM liquidity. Thus, amounts under \$10MM in total cash should be held in the bank, while amounts above \$10MM could be invested.

Similarly, a policy for investment vehicles should be developed to include low tolerance for risk of capital loss and diversity within the portfolio to further mitigate risk.



**WVA Cash Flow Projection Model**  
As of October 21, 2017

Amounts in **BOLD** are actuals.

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)
Nov-15	7,027,691	(4,244,926)	-	(74,693)	(37,750)		2,669,322	4,454,955	15,000,000	(10,545,045)
Dec-15	7,426,578	(4,198,198)	-	(77,905)	(37,500)	(1,000,000)	2,112,975	6,567,930	14,000,000	(7,432,070)
Jan-16	4,834,017	(5,432,469)	-	(115,986)	(38,454)		(752,891)	5,815,038	14,000,000	(8,184,962)
Feb-16	5,893,278	(4,813,588)	-	(81,431)	(38,368)	(2,000,000)	(1,040,109)	4,774,930	12,000,000	(7,225,070)
Mar-16	6,879,529	(4,498,451)	-	(72,223)	(33,646)		2,275,209	7,050,138	12,000,000	(4,949,862)
Apr-16	5,359,159	(5,357,383)	-	(71,266)	(33,485)		(102,975)	6,947,163	12,000,000	(5,052,837)
May-16	5,346,077	(5,041,930)	-	(70,267)	(32,005)	(1,000,000)	(798,125)	6,149,039	11,000,000	(4,850,961)
Jun-16	6,318,973	(6,210,703)	-	(65,812)	(32,336)	(1,000,000)	(989,877)	5,159,161	10,000,000	(4,840,839)
Jul-16	5,626,346	(4,444,198)	(1,263,808)	(123,581)	(29,350)	-	(234,592)	4,924,570	10,000,000	(5,075,430)
Aug-16	7,739,005	(5,615,932)	-	(77,425)	(27,986)	(1,000,000)	1,017,663	5,942,233	9,000,000	(3,057,767)
Sep-16	9,041,533	(5,546,402)	(2,507,129)	(113,138)	(28,064)	(2,000,000)	(1,153,201)	4,789,032	7,000,000	(2,210,968)
Oct-16	7,482,696	(4,748,545)	-	(79,988)	(24,742)	(2,000,000)	629,420	5,418,452	5,000,000	418,452
Nov-16	8,855,104	(4,457,024)	-	(91,560)	(19,783)	(2,500,000)	1,786,737	7,205,189	2,500,000	4,705,189
Dec-16	6,135,734	(5,450,704)	-	(66,989)	(8,982)	(2,500,000)	(1,890,941)	5,314,248	-	5,314,248
Jan-17	5,339,947	(5,318,030)	-	(90,691)	-		(68,774)	5,245,474	-	5,245,474
Feb-17	5,824,066	(4,226,052)	-	(97,429)	-		1,500,584	6,746,058	-	6,746,058
Mar-17	6,844,922	(5,433,956)	-	(80,760)	-		1,330,207	8,076,265	-	8,076,265
Apr-17	5,261,908	(5,334,158)	-	(57,425)	-		(129,674)	7,946,590	-	7,946,590
May-17	5,811,994	(5,286,633)	-	(72,018)	-		453,342	8,399,932	-	8,399,932
Jun-17	6,302,549	(5,014,254)	-	(105,930)	-		1,182,365	9,582,298	-	9,582,298
Jul-17	5,608,570	(7,562,171)	-	(113,526)	-		(2,067,127)	7,515,171	-	7,515,171
Aug-17	7,828,758	(7,225,017)	-	(93,327)	-		510,414	8,025,584	-	8,025,584
Sep-17	8,086,399	(5,249,429)	(3,638,937)	(78,530)	-		(880,497)	7,145,088	-	7,145,088
Oct-17	6,784,269	(5,497,850)	-	(80,380)	-		1,206,039	8,351,127	-	8,351,127
Nov-17	6,660,894	(4,435,849)	-	(80,380)	-		2,144,665	10,495,792	-	10,495,792
Dec-17	6,709,551	(4,585,173)	-	(80,380)	-		2,043,998	12,539,790	-	12,539,790
Jan-18	5,740,374	(4,714,968)	-	(80,380)	-		945,026	13,484,817	-	13,484,817
Feb-18	5,848,210	(4,445,233)	-	(80,380)	-		1,322,597	14,807,414	-	14,807,414
Mar-18	5,665,977	(4,922,060)	-	(80,380)	-		663,536	15,470,950	-	15,470,950
Apr-18	5,941,089	(4,942,603)	-	(80,380)	-		918,106	16,389,056	-	16,389,056
May-18	6,018,538	(4,976,662)	-	(80,380)	-		961,496	17,350,552	-	17,350,552
Jun-18	6,146,102	(5,795,804)	-	(80,380)	-		269,918	17,620,470	-	17,620,470
Jul-18	7,000,848	(6,660,625)	-	(80,380)	-		259,843	17,880,313	-	17,880,313
Aug-18	8,031,068	(7,904,777)	-	(80,380)	-		45,910	17,926,224	-	17,926,224
Sep-18	7,496,331	(5,975,056)	(3,947,015)	(80,380)	-		2,240,538	20,166,762	-	20,166,762
Oct-18	6,794,717	(5,004,066)	-	(80,380)	-		(2,506,120)	17,660,642	-	17,660,642
Nov-18	5,867,046	(5,143,644)	-	(80,380)	-		1,710,271	19,370,913	-	19,370,913
							643,021	20,013,935	-	20,013,935

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

< Weighted average CDC cost increase (in April) was 3.89%

< Adjust Rates as of 7/1 to 130% of current CDC)

< LOC Paid off by 12/31

< Includes estimated 4% CDC rate increase

< Includes estimated 4% CDC rate increase

< Reach Target Reserve \$20.7MM

**WVA Cash Flow Projection Model**  
**As of October 21, 2017**

Amounts in **BOLD** are actuals.

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)
Dec-18	5,891,482	(5,211,053)		(80,380)	-		600,049	20,613,984	-	20,613,984
Jan-19	5,931,579	(4,881,791)		(80,380)	-		969,409	21,583,393	-	21,583,393
Feb-19	5,696,207	(5,396,408)		(80,380)	-		219,419	21,802,811	-	21,802,811
Mar-19	5,883,816	(5,381,769)		(80,380)	-		421,667	22,224,478	-	22,224,478
Apr-19	5,904,898	(5,175,728)		(80,380)	-		648,789	22,873,267	-	22,873,267
May-19	5,749,846	(5,430,563)		(80,380)	-		238,903	23,112,170	-	23,112,170
Jun-19	6,116,423	(6,927,050)		(80,380)	-		(891,007)	22,221,163	-	22,221,163
Jul-19	6,708,223	(8,220,968)		(80,380)	-		(1,593,126)	20,628,037	-	20,628,037
Aug-19	7,710,433	(6,691,899)		(80,380)	-		938,154	21,566,191	-	21,566,191
Sep-19	6,601,608	(6,214,058)		(80,380)	-		307,170	21,873,360	-	21,873,360
Oct-19	5,983,735	(5,204,228)		(80,380)	-		699,126	22,572,486	-	22,572,486
Nov-19	5,166,785	(5,349,390)		(80,380)	-		(262,985)	22,309,502	-	22,309,502
Dec-19	5,188,305	(5,419,495)		(80,380)	-		(311,570)	21,997,932	-	21,997,932
Jan-20	5,223,617	(5,077,062)		(80,380)	-		66,174	22,064,106	-	22,064,106
Feb-20	5,016,337	(5,612,265)		(80,380)	-		(676,308)	21,387,799	-	21,387,799
Mar-20	5,181,554	(5,597,039)		(80,380)	-		(495,866)	20,891,933	-	20,891,933
Apr-20	5,200,120	(5,382,757)		(80,380)	-		(263,018)	20,628,915	-	20,628,915
May-20	5,063,574	(5,647,786)		(80,380)	-		(664,592)	19,964,323	-	19,964,323

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

< Includes estimated 4% CDC rate increase

< Possible lowering of grid rates 3-5%

< Includes estimated 4% CDC rate increase

**Washington Vaccine Association  
Statement of Financial Position  
As of September 30, 2017**

**A****ASSETS**

<b>Current assets</b>		
1	Cash and cash equivalents	\$ 7,135,727.03
2	Investments	9,360.42
3	Members Estimated Collectible Assessments	10,396,046.00
4	Prepaid Vaccine	7,735,682.48
5	Prepaid Administrative Services	-
6	<b>Total current assets</b>	<b>25,276,815.93</b>
7	<b>Total assets</b>	<b>\$ 25,276,815.93</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
8	Accounts payable	\$ 4,300.00
9	Key Bank - Line of Credit	-
10	Payable to Washington Department of Health	-
11	Other accruals	-
12	<b>Total current liabilities</b>	<b>4,300.00</b>
<b>Net assets</b>		
13	Excess Assessments - Vaccines	16,392,948.39
14	Excess Assesments - Administrative Activities	8,879,567.54
15	<b>Total net assets</b>	<b>25,272,515.93</b>
16	<b>Total liabilities and net assets</b>	<b>\$ 25,276,815.93</b>



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

	A	B	C	D	E	F
	Month Ending September 30, 2017			For 3 Months Ending September 30, 2017		
	Administrative Activities	Vaccine Activities	Total	Administrative Activities	Vaccine Activities	Total
<b>Revenues:</b>						
1 Assessments	\$ 1,803,607.02	\$ 7,778,179.00	\$ 9,581,786.02	\$ 4,104,999.95	\$ 18,121,665.00	\$ 22,226,664.95
2 Less: Vaccine expense	-	(8,377,701.11)	(8,377,701.11)	-	(20,954,126.28)	(20,954,126.28)
3 Net Assessment margins	1,803,607.02	(599,522.11)	1,204,084.91	4,104,999.95	(2,832,461.28)	1,272,538.67
4 Investment income	-	-	-	-	-	-
5 Other income	-	-	-	-	-	-
6 Net revenues	1,803,607.02	(599,522.11)	1,204,084.91	4,104,999.95	(2,832,461.28)	1,272,538.67
<b>Expenses:</b>						
7 Administrative services - fixed contract	39,525.42	-	39,525.42	118,576.22	-	118,576.22
8 Adm services - Variable compensation	-	-	-	-	-	-
9 Administrative services - Tricare	20,000.00	-	20,000.00	60,000.00	-	60,000.00
10 Tricare - Legislative Services	-	-	-	-	-	-
11 Legal fees	854.00	-	854.00	7,644.27	-	7,644.27
12 Audit	1,500.00	-	1,500.00	10,500.00	-	10,500.00
13 Annual report / special communications	-	-	-	-	-	-
Special projects:						
14 DOH vaccine order system	-	-	-	-	-	-
15 Denied claims recovery	2,800.00	-	2,800.00	8,400.00	-	8,400.00
16 All other special projects	3,136.94	-	3,136.94	6,236.77	-	6,236.77
17 Insurance	-	-	-	26,917.00	-	26,917.00
18 Bank fees	4,067.14	-	4,067.14	10,464.08	-	10,464.08
19 Investment advisor / manager	-	-	-	-	-	-
20 Other administration expenses	-	-	-	302.05	-	302.05
21 Total administrative expenses	71,883.50	-	71,883.50	249,040.39	-	249,040.39
22 Line of credit - financing costs	-	-	-	-	-	-
23 Total expenses	71,883.50	-	71,883.50	249,040.39	-	249,040.39
24 Increase (decrease) in net assets	\$ 1,731,723.52	\$ (599,522.11)	\$ 1,132,201.41	\$ 3,855,959.56	\$ (2,832,461.28)	\$ 1,023,498.28
25 Excess assessments, beginning of year				5,023,607.98	19,225,409.67	24,249,017.65
26 Excess assessments, end of period				\$ 8,879,567.54	\$ 16,392,948.39	\$ 25,272,515.93

**Washington Vaccine Association  
Statement of Cash Flows  
For the Periods Ending**

WVA Board Meeting 2017-11-02 Pg. 17

	A	B	C	D
	Inception Through 7/31/2017	Month 8/31/2017	Month 9/30/2017	Inception Through 9/30/2017
1 Cash balance - beginning of period	\$ -	\$ 7,515,170.86	\$ 8,025,584.48	\$ -
<b>Inflows:</b>				
2 Principal prepayments	7,800,001.00	-	-	7,800,001.00
3 Vaccine collections	391,936,890.38	7,828,757.72	8,086,399.02	407,852,047.12
4 Interest income	53,408.37	-	-	53,408.37
5 Investment income/ (loss)	149,787.97	-	-	149,787.97
6 Key Bank - LOC advances	-	-	-	-
7 Total inflows	399,940,087.72	7,828,757.72	8,086,399.02	415,855,244.46
<b>Outflows:</b>				
8 Principal repayments	(7,799,908.85)	-	-	(7,799,908.85)
<b>Program</b>				
9 Vaccine remittance State of WA	(377,709,054.87)	(7,225,017.04)	(8,888,366.55)	(393,822,438.46)
10 Vaccine Selection Development	(79,950.00)	-	-	(79,950.00)
11 Public information	(147,626.81)	-	-	(147,626.81)
12 Total program disbursements	(377,936,631.68)	(7,225,017.04)	(8,888,366.55)	(394,050,015.27)
<b>Administration</b>				
13 Administrative services	(3,672,461.86)	(61,250.78)	(62,662.36)	(3,796,375.00)
14 Project management fees	(419,878.90)	-	-	(419,878.90)
15 Denied claims recovery	(112,933.44)	(2,800.00)	(2,800.00)	(118,533.44)
16 Design and advertising	(31,031.38)	-	-	(31,031.38)
17 Claims system development	(26,000.00)	-	-	(26,000.00)
18 Legal fees	(311,379.45)	-	-	(311,379.45)
19 Audit fees	(84,555.00)	-	(9,000.00)	(93,555.00)
20 Website and information technology	(113,993.32)	-	-	(113,993.32)
21 Travel	(1,829.68)	-	-	(1,829.68)
22 Total administration	(4,774,063.03)	(64,050.78)	(74,462.36)	(4,912,576.17)
<b>Office</b>				
23 Bank Fees	(514,668.72)	(3,009.28)	(4,017.14)	(521,695.14)
24 Office supplies	958.92	-	(50.00)	908.92
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	(573,795.90)	(3,009.28)	(4,067.14)	(580,872.32)
<b>Other</b>				
30 Insurance	(202,082.44)	(26,267.00)	-	(228,349.44)
31 Interest Line of Credit	(1,136,610.90)	-	-	(1,136,610.90)
32 Board meetings	(1,824.06)	-	-	(1,824.06)
33 Total Other	(1,340,517.40)	(26,267.00)	-	(1,366,784.40)
34 Total outflows	(392,424,916.86)	(7,318,344.10)	(8,966,896.05)	(408,710,157.01)
35 Cash balance - end of period	\$ 7,515,170.86	\$ 8,025,584.48	\$ 7,145,087.45	\$ 7,145,087.45

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

Wealth Management  
601 Union Street  
Suite 5200  
Seattle, WA 98101  
tel 206 628 4400  
fax 206 628 4425  
toll free 800 426 7837

Morgan Stanley

Oct. 20, 2017

Washington Vaccine Association  
c/o Peter Smith, Financial Analyst

Dear Peter:

Thank you for the opportunity to meet with WVA's Board at your upcoming meeting in Seattle on Nov. 2 about the investment plan for "reactivating" the WVA investment account that we established and managed for WVA beginning in 2012.

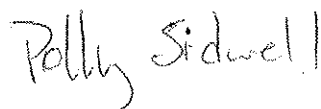
My understanding is that this account will receive up to \$10mm over the next year as part of your overall reserve strategy. I will give a full overview at the meeting, but as a summary:

- Invest consistently with the objectives and guidelines of your Investment Policy;
- Construct a laddered portfolio of high quality money market mutual funds and FDIC insured CD's;
- Maintain structure that matches your conservative risk profile with the goal of minimal risk of loss of principal, including a constant "90 day forward view" of liquidity to address the unforeseen;
- Provide an overview of the current landscape of short term interest rates and the marketplace of securities available;
- Review the costs and potential alternatives in the future, as the Portfolio grows, and if the marketplace changes.

I look forward to meeting with your Board to present materials and context around the design and implementation of a secure investment strategy that meets WVA's priorities, as we have done in the past.

You are a valued relationship and important client to me, to our local presence, and to Morgan Stanley.

Kind regards,



Polly Sidwell, CIMA®, CFP®  
Financial Advisor, Morgan Stanley  
First Vice President  
Senior Investment Management Consultant

# Sample Report with All Pages

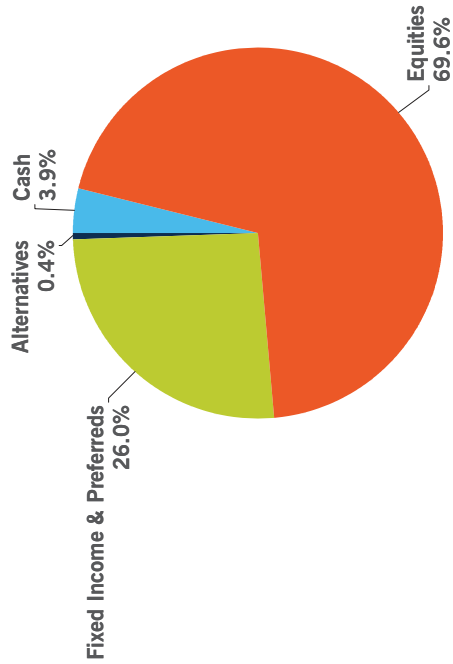
Prepared on May 13, 2016

Prepared For: Sample Client

CHANGE IN VALUE AND RETURN % (NET OF FEES)

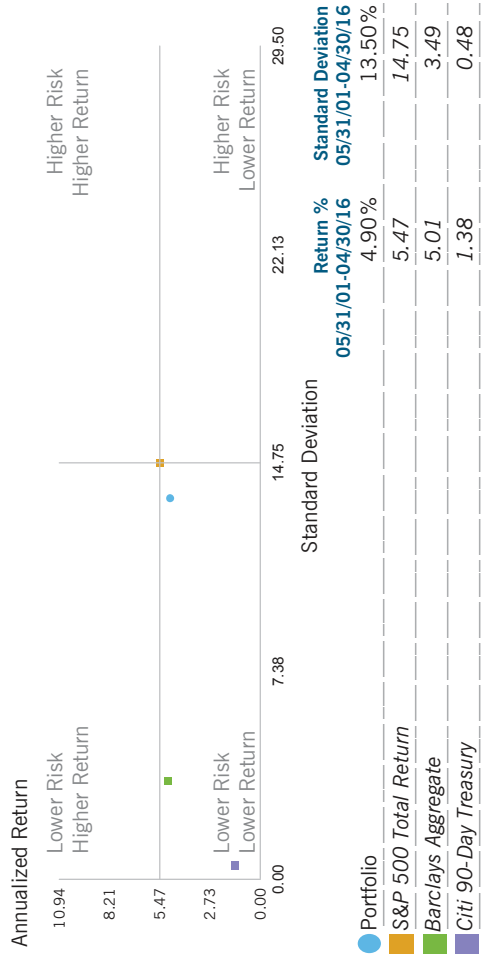
	Quarter to Date 03/31/16-04/30/16	Year to Date 12/31/15-04/30/16	Performance Inception 05/03/01-04/30/16
Beginning Total Value	\$22,304,558.12	\$22,678,679.03	\$7,355,534.00
Net Contributions/Withdrawals	-178,727.92	-735,976.62	801,775.74
Investment Earnings	61,141.61	244,269.40	14,029,662.07
Ending Total Value	\$22,186,971.81	\$22,186,971.81	\$22,186,971.81
TIME WEIGHTED RATE OF RETURN			
Return % (Net of Fees)	0.27%	1.20%	4.93%
S&P 500 Total Return	0.39	1.74	5.39
Barclays Aggregate	0.38	3.43	5.00
Citi 90-Day Treasury	0.02	0.08	1.40

ASSET ALLOCATION



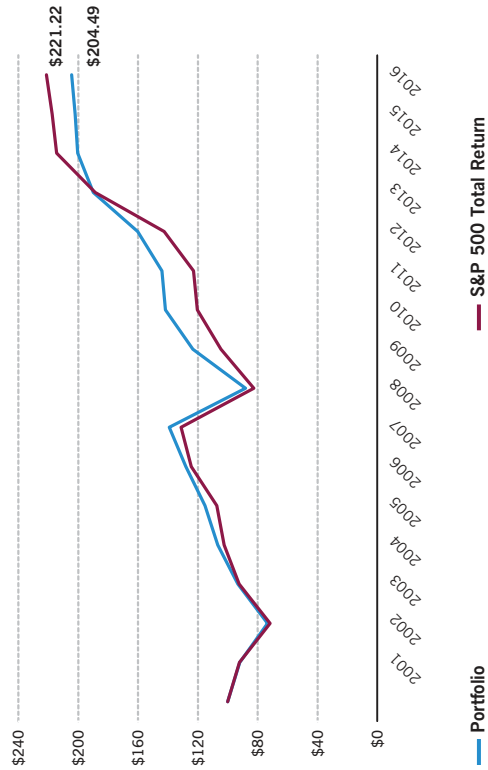
Does not include Performance Ineligible Assets.

RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



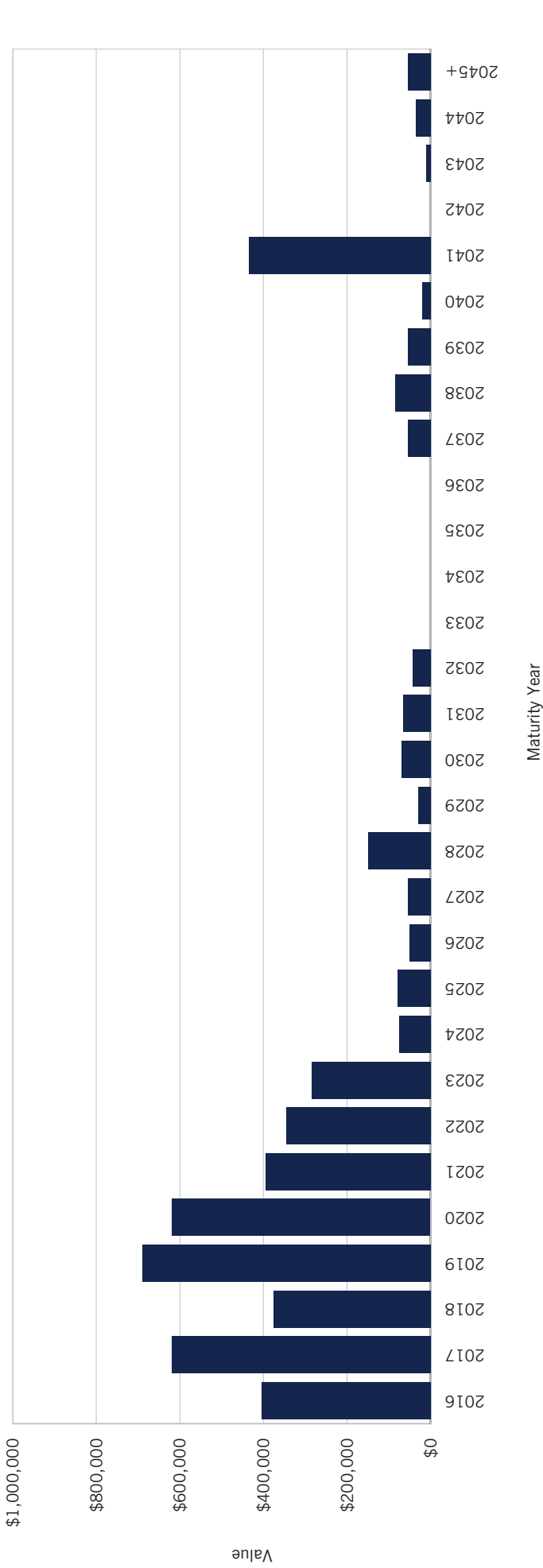
Does not include Performance Ineligible Assets.

GROWTH OF \$100 (PERFORMANCE INCEPTION MONTH END)



Does not include Performance Ineligible Assets.

BOND MATURITY DISTRIBUTION GRAPH



Maturity Year				Maturity Values			
Year	Maturity \$ Values	% of Maturity Value	# of Issues	Year	Maturity \$ Values	% of Maturity Value	# of Issues
2016	404,000	7.92%	6	2026	50,000	0.98%	2
2017	620,000	12.16	12	2027	55,000	1.08	2
2018	375,000	7.35	8	2028	150,000	2.94	6
2019	690,000	13.53	14	2029	30,000	0.59	1
2020	619,000	12.14	10	2030	70,000	1.37	3
2021	395,000	7.75	10	2031	65,000	1.28	2
2022	345,000	6.77	8	2032	42,000	0.82	3
2023	285,000	5.59	7	2033	-	-	0
2024	75,000	1.47	3	2034	-	-	0
2025	80,000	1.57	6	2035	-	-	0
				2036	-	-	0
				2037	55,000	1.08	3
				2038	85,000	1.67	4
				2039	55,000	1.08	3
				2040	20,000	0.39	2
				2041	435,000	8.53	3
				2042	-	-	0
				2043	10,000	0.20	1
				2044	35,000	0.69	2
				2045+	55,000	1.08	3

Sample Client As of April 30, 2016 | Reporting Currency: USD

2016									
Security Description	Coupon Rate	Maturity Date	Call Date / Pre-Refunded Date	Quantity	Maturity Value	Original Cost	Adjusted Cost	Market Value	
J P MORGAN CHASE CO	3.15	07/05/16	-	60,000.00	\$60,000.00	\$63,100.20	\$60,219.58	\$60,252.60	
CUSIP:46625HJA9									
BANK OF NEW YORK MELLON	2.30	07/28/16	-	100,000.00	100,000.00	101,453.00	100,378.17	100,391.00	
CUSIP:06406HBX6									
HERSHEY COMPANY	5.45	09/01/16	-	20,000.00	20,000.00	19,937.40	19,937.40	20,303.20	
CUSIP:427866AP3									
AMERICAN EXPRESS	5.50	09/12/16	-	84,000.00	84,000.00	86,934.16	82,925.43	85,375.08	
CUSIP:025816AW9									
PNC FUNDING CORP	2.70	09/19/16	08/19/16	50,000.00	50,000.00	50,808.50	50,291.77	50,281.50	
CUSIP:693476BM4									
US BANCORP	2.20	11/15/16	10/14/16	90,000.00	90,000.00	90,824.10	90,589.65	90,611.10	
CUSIP:91159HHB9									
2016 Total					\$404,000.00	\$413,057.36	\$404,342.00	\$407,214.48	

2017									
Security Description	Coupon Rate	Maturity Date	Call Date / Pre-Refunded Date	Quantity	Maturity Value	Original Cost	Adjusted Cost	Market Value	
ALABAMA POWER CO	5.55	02/01/17	-	80,000.00	\$80,000.00	\$82,386.40	\$80,240.73	\$82,424.00	
CUSIP:010392EW4									
HONEYWELL INTL	5.30	03/15/17	-	15,000.00	15,000.00	17,740.35	15,528.04	15,566.25	
CUSIP:438516AS5									
COSTCO WHOLESALE CORP	5.50	03/15/17	-	70,000.00	70,000.00	73,493.70	72,862.18	72,874.90	
CUSIP:22160KAC9									
XTRA FINANCE CORP	5.15	04/01/17	-	45,000.00	45,000.00	52,115.85	46,464.41	46,726.20	
CUSIP:984135AB9									

The Bond Maturity Schedule Detail does not include bonds held in mutual funds or ETFs, or bonds for which this information is not available.

PROJECTED 12 MONTH INCOME DETAIL

Sample Client As of May 12, 2016 | Reporting Currency: USD

Cash															
Security Description / Quantity	Total Value 05/12/16	05/13/16 to 05/31/16	12 Month Projected Income ( 06/01/16 - 05/31/17 )												Total
			Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
BANK DEPOSIT PROGRAM															
697,919.35	\$697,924	-	-	-	-	-	-	-	-	-	-	-	-	-	
CUSIP: 061871901															
Cash															
-40,342.11	-40,342	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash	\$657,582	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equities															

Security Description / Quantity	Total Value 05/12/16	05/13/16 to 05/31/16	12 Month Projected Income ( 06/01/16 - 05/31/17 )												Total
			Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
3M COMPANY															
185.00	31,478	0	205	0	0	205	0	0	205	0	0	205	0	0	820
CUSIP: 88579Y101, Next Pay Date: 06/12/16															
ABAXIS INC															
531.00	22,950	0	64	0	0	64	0	0	64	0	0	64	0	0	256
CUSIP: 002567105, Next Pay Date: 06/17/16															
ABBOTT LABORATORIES															
1,800.00	68,868	468	0	0	0	468	0	0	468	0	0	468	0	468	1,872
CUSIP: 002824100, Next Pay Date: 05/16/16															
ABBVIE INC COM															
1,335.00	84,185	761	0	0	0	761	0	0	761	0	0	761	0	761	3,044
CUSIP: 00287Y109, Next Pay Date: 05/16/16															
ABIOMED INC															
543.00	51,189	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CUSIP: 003654100															
ACETO CORP															
885.00	18,443	0	53	0	0	53	0	0	53	0	0	53	0	0	212
CUSIP: 004446100, Next Pay Date: 06/25/16															
ACTELION LTD UNSPON ADR															
970.00	38,947	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CUSIP: 00507G102															
ACTUANT CORP CL A NEW															
723.00	18,863	0	0	0	0	0	29	0	0	0	0	0	0	0	29
CUSIP: 00508X203, Next Pay Date: 10/15/16															
ADOBE SYSTEMS															
1,387.00	133,097	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CUSIP: 00724F101															
AETNA INC (NEW)(CT)															

Projected Income is calculated only for securities where data is available.  
In instances whereby payment frequency and/or last payment date is not available, income is based on the current dividend or coupon rate, and will be displayed in the Total column only.

INCOME

Page 106 of 275



Sample Client January 01, 2016 to April 30, 2016|Reporting Currency: USD

CASH						
Date	Security Description	Taxable Dividends & Income	Non Taxable Dividends & Income	Taxable Interest	Non Taxable Interest	
01/29/16	MORGAN STANLEY BANK N.A. (MSBNK) Cusip: 061870903	-	-	\$5.80	-	
02/29/16	MORGAN STANLEY BANK N.A. (MSBNK) Cusip: 061870903	-	-	5.18	-	
03/31/16	MORGAN STANLEY BANK N.A. (MSBNK) Cusip: 061870903	-	-	3.24	-	
04/29/16	MORGAN STANLEY BANK N.A. (MSBNK) Cusip: 061870903	-	-	3.81	-	
01/29/16	MORGAN STANLEY PRIVATE BANK NA (MSPBNA) Cusip: 061871976	-	-	14.85	-	
02/29/16	MORGAN STANLEY PRIVATE BANK NA (MSPBNA) Cusip: 061871976	-	-	14.56	-	
03/31/16	MORGAN STANLEY PRIVATE BANK NA (MSPBNA) Cusip: 061871976	-	-	13.12	-	
04/29/16	MORGAN STANLEY PRIVATE BANK NA (MSPBNA) Cusip: 061871976	-	-	10.92	-	
Total Cash		-	-	\$71.48	-	
EQUITIES						
Date	Security Description	Taxable Dividends & Income	Non Taxable Dividends & Income	Taxable Interest	Non Taxable Interest	

03/14/16	3M COMPANY (MMM) Cusip: 88579Y101	\$688.20	-	-	-	
03/17/16	ABAXIS INC (ABAX) Cusip: 002567105	58.41	-	-	-	
02/16/16	ABBOTT LABORATORIES (ABT) Cusip: 002824100	614.12	-	-	-	
02/16/16	ABBVIE INC COM (ABBV) Cusip: 00287Y109	760.95	-	-	-	
01/21/16	ACE LTD Cusip: H0023R105	381.90	-	-	-	
03/28/16	ACETO CORP (ACET) Cusip: 004446100	47.64	-	-	-	
01/29/16	AETNA INC (NEW)(CT) (AET) Cusip: 00817Y108	57.50	-	-	-	
04/29/16	AETNA INC (NEW)(CT) (AET)	100.00	-	-	-	

Non-Taxable dividends/interest are not subject to Federal income taxation but may be subject to the Alternative Minimum Tax and state and local taxation. This information is provided for informational purposes only and should not be used for tax preparation. The information reported on your Form(s) 1099 supersedes the information provided above and should be exclusively relied upon for tax preparation.

Sample Client

Prepared on May 13, 2016 | Reporting Currency: USD

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**Additional information about your Floating Rate Notes:** For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

**Important Information About Auction Rate Securities:** For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated as not available by a dash "-". There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

**Important Pricing Information:** Prices of securities not actively traded may not be available, and are indicated by a dash "-".

**Asset Classification:** We classify assets based on general characteristics such as: income generation, underlying capital structure, or exposure to certain market sectors. As many assets contain characteristics of more than one asset class, allocations may be under or over inclusive. Asset allocations may differ from product allocations.

The Other asset class contains securities that are not included in the various asset class classifications. This can include, but is not limited to, non-traditional investments such as some Equity Unit Trusts, Index Options and Structured Investments issued outside of Morgan Stanley. Additionally, investments for which we are unable to procure market data to properly classify them will appear in the Other category.

**Performance:** Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Please contact your Financial Advisor for up to date performance information. Past performance is not a guarantee of future results.

Market values used for performance calculation do not include performance ineligible assets and thus may differ from asset allocation market values. Common examples of performance ineligible assets include life insurance, some annuities and assets held externally. Unless otherwise indicated, performance is a composite calculation on the entire portfolio and may include brokerage and investment advisory accounts, as well as assets for different accounts included in this report. The accounts included in the composite may have (or have had) different investment objectives and strategies, been subject to different restrictions, and incurred different types of fees, markups, commissions and other charges. Accordingly, performance results may blend the performance of assets and strategies that may not have been available in all of the accounts at all times during the reporting period. In addition, accounts in the composite may have changed from brokerage to advisory or vice versa. Accounts may also have moved from one advisory program to another (including from a discretionary program to a non-discretionary program).

Performance information may cover the full history of the account(s) or just the performance of an account(s) since the inception of the current program(s). Performance results on individual accounts

## Fixed Income Proposal

Prepared For: Washington Vaccine Association

Prepared By: Polly Sidwell

Report Date: October 17, 2017

We offer these securities and/or deposits subject to availability. Market price, yield and ratings are subject to change. The market value of securities and/or deposits will fluctuate, and if sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable securities and/or deposits may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Please consult your Financial Advisor regarding applicable call provisions prior to investing. Some issue information is based on data obtained by the firm from external sources deemed to be reliable. However, Morgan Stanley Wealth Management has not independently verified such information and makes no warranty, express or implied, regarding its accuracy or completeness. Bonds rated at less than investment grade may have speculative characteristics and present significant risks beyond those of investment grade securities, including greater credit risk price volatility and limited liquidity in the secondary market. High yield bonds should comprise only a limited portion of a balanced portfolio. Investors should match credit ratings to their risk profiles. Price quoted may not include sales commissions. Please see additional important information and qualifications at the end of this proposal. For additional information on any of the highlighted securities and/or deposits, please contact your Morgan Stanley Financial Advisor or Private Wealth Advisor.

10/17/2017

# Fixed Income Proposal

## Summary

Face Value:	\$3,000,000.00	Avg. YTW:	1.604
Principal:	\$3,000,000.00	Avg. YTM:	1.317
Accrued Interest:	\$0.00	Avg. Maturity:	1.85 Years
Total Cost:	\$3,000,000.00	1st Year Income:	\$43,281.56

## Security Details

Issuer	Qty	Coupon	Maturity Date	YTM	Rating	YTW	Yield To	Offer Price	Duration	Special Features	Total Cost
Citizens (17417QEK5 / DN1M3)	250M	1.250	04/25/2018	1.250	NR	1.250	MAT (04/25/2018)	100.000	0.496		\$250,000.00
home exchange (43711ACC9 / DQ1J7)	250M	1.300	07/27/2018	1.300	NR	1.300	MAT (07/27/2018)	100.000	0.085		\$250,000.00
METRO CITY BK D (59161TAM9 / C6K7V)	250M	1.400	10/30/2018	1.400	NR	1.400	MAT (10/30/2018)	100.000	0.085		\$250,000.00
TOTALBANK MIAMI (89153HDL1 / EES95)	250M	1.450	11/02/2018	0.000	NR	1.450	M (11/02/2018)	100.000	NA		\$250,000.00
WELLS FARGO BK (949763KZ8 / DQ0L5)	250M	1.450	11/27/2018	1.450	NR	1.450	MAT (11/27/2018)	100.000	0.085		\$250,000.00
DISCOVER BK GRE (254673FE1 / DPG01)	250M	1.650	10/25/2019	1.650	NR	1.650	MAT (10/25/2019)	100.000	0.495		\$250,000.00
TCF (872278Q25 / DNS57)	250M	1.600	10/25/2019	1.600	NR	1.600	MAT (10/25/2019)	100.000	0.495		\$250,000.00
INTL BANK CD (45906ABT3 / DQ1K7)	250M	1.600	10/31/2019	1.600	NR	1.600	MAT (10/31/2019)	100.000	0.082		\$250,000.00
LUANA SVGS BK C (5491034G1 / DN53Q)	250M	1.650	04/27/2020	1.650	NR	1.650	MAT (04/27/2020)	100.000	0.495		\$250,000.00
CAPITAL ONE BAN (1404205U0 / EEG87)	250M	2.000	10/26/2020	0.000	NR	2.000	M (10/26/2020)	100.000	NA		\$250,000.00
GOLDMAN SACHS B (38148PRR0 / DPN06)	250M	1.950	10/26/2020	1.950	NR	1.950	MAT (10/26/2020)	100.000	0.494		\$250,000.00
BARCLAYS BANK C (06740KLG0 / DN36M)	250M	1.950	10/26/2020	1.950	NR	1.950	MAT (10/26/2020)	100.000	0.494		\$250,000.00

In "Special Features" column, "C" = Call, "P" = Put, "R" = Refunding, "S" = Sinker, "AMT" = Alternative Minimum Tax. YTM = Yield To Maturity, YTW = Yield To Worst. Rating Column Format: [Moody's/S&P].

Morgan Stanley

We offer these securities and/or deposits subject to availability. Market price, yield and ratings are subject to change. Price quoted may not include sales commissions. Please see additional important information and qualifications at the end of this proposal.

# Fixed Income Proposal

Cd Face Value: \$3,000,000.00	Avg. YTW: 1.604	Total Cost: \$3,000,000.00
Face Value: \$3,000,000.00	Avg. YTW: 1.604	Total Cost: \$3,000,000.00

In "Special Features" column, "C" = Call, "P" = Put, "R" = Refunding, "S" = Sinker, "AMT" = Alternative Minimum Tax. YTM = Yield To Maturity, YTW = Yield To Worst. Rating Column Format: [Moody's/S&P].

Morgan Stanley

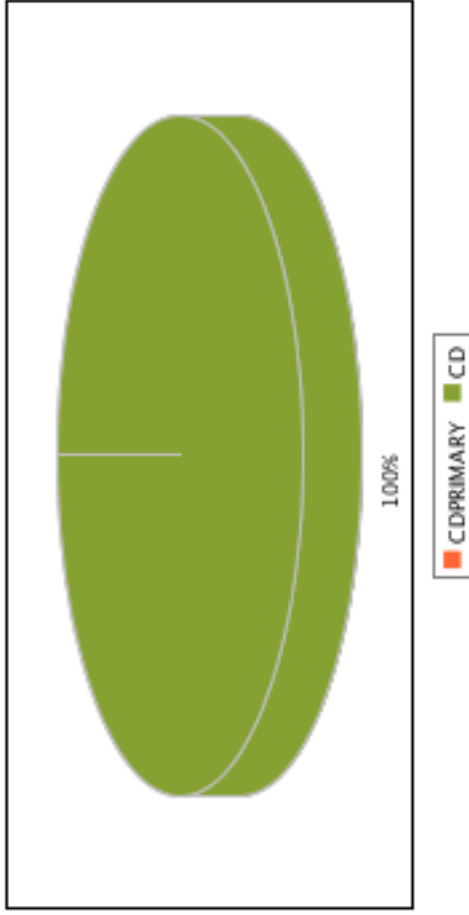
We offer these securities and/or deposits subject to availability. Market price, yield and ratings are subject to change. Price quoted may not include sales commissions. Please see additional important information and qualifications at the end of this proposal.

# Fixed Income Proposal

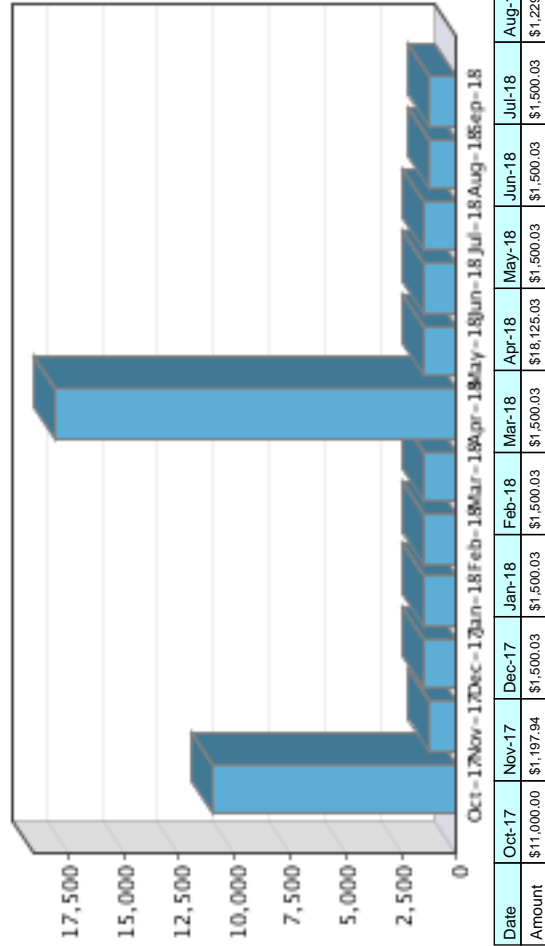
Maturity Distribution



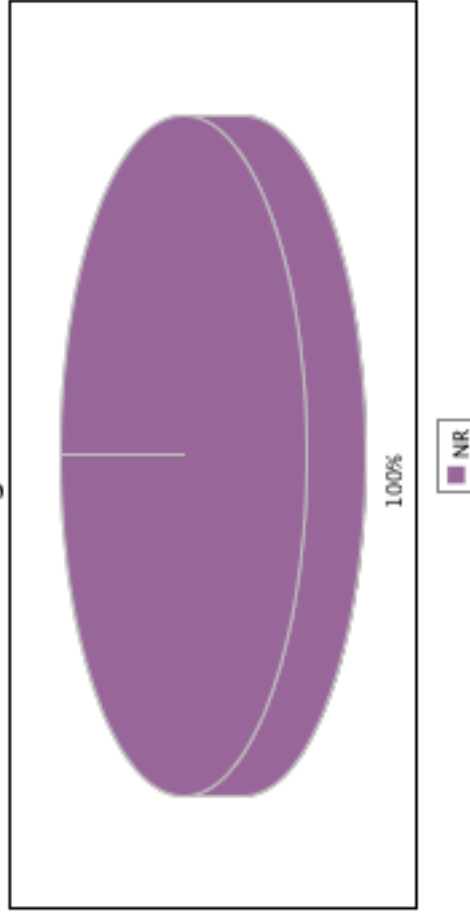
Sector Distribution



Projected Cash Flow



S&P Rating Distribution



Information provided for illustration purposes only. Values are calculated on an anticipated coupon distribution. Calculations assume that bonds are outstanding, held to full maturation and are not subject to early redemption features.



# Fixed Income Proposal

## **Important Information and Qualifications**

We offer these securities and/or deposits subject to availability. Market price, yield and ratings are subject to change. The market value of securities and/or deposits will fluctuate, and if sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable securities and/or deposits may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Please consult your Financial Advisor regarding applicable call provisions prior to investing. Some issue information is based on data obtained by the firm from external sources deemed to be reliable. However, Morgan Stanley Wealth Management has not independently verified such information and makes no warranty, express or implied, regarding its accuracy or completeness. Bonds rated at less than investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility. High yield bonds should comprise only a limited portion of a balanced portfolio. Investors should match credit ratings to their risk profiles.

The annual income and cash flow summaries are based on security and/or deposit terms, and are subject to actual payment by the security and/or deposit issuers. Although the securities and/or deposits may be offered in a proposed group, it is each investor's decision as to which, if any, of the security and/or deposit to buy. Upon purchase, each investor owns, and may sell, each security and/or deposit on an individual basis as he or she desires. There is no portfolio management. Price quoted may not include sales commissions. For additional information on any of the highlighted securities and/or deposits, please contact your Morgan Stanley Financial Advisor or Private Wealth Advisor.

## **Product Summary and Considerations**

### **Certificates of Deposit (CDs)**

CDs are time deposits issued by financial institutions that typically entitle the holder to receive periodic interest and principal at maturity. CDs are insured by the FDIC, an independent agency of the U.S. Government, up to a maximum of \$250,000 (including principal and interest) for all deposits held in the same insurable capacity (e.g. individual account, joint account, IRA, etc.) per CD depository. Investors are responsible for monitoring the total amount held with each CD depository. All deposits at a single depository held in the same insurable capacity will be aggregated for the purposes of the applicable FDIC insurance limit, including deposits (such as bank accounts) maintained directly with the depository and CDs of the depository held through Morgan Stanley Wealth Management. A secondary market in CDs may be limited. CDs sold prior to maturity are subject to market risk and therefore investors may receive more or less than the amount invested or the face value. Callable CDs are callable at the sole discretion of the issuer.

Contingent return (e.g. index-linked) CDs are treated as having original issue discount (OID) for tax purposes. Although interest is not generally received until maturity, the CD is assumed to pay a pre-determined interest rate that will be treated as current income for tax purposes, if held in a taxable account. Investors should be made aware that participation in any index gains is generally on an averaging basis on pre-specified dates, not on the whole index gain, and of any limitation or cap on potential return. You should be aware that the market value of a contingent return CD may not correspond directly to increases or decreases in the underlying index. Interest on contingent return CDs is not eligible for FDIC insurance before the final valuation date. Morgan Stanley Wealth Management is not responsible for any insured or uninsured portion of the CDs.

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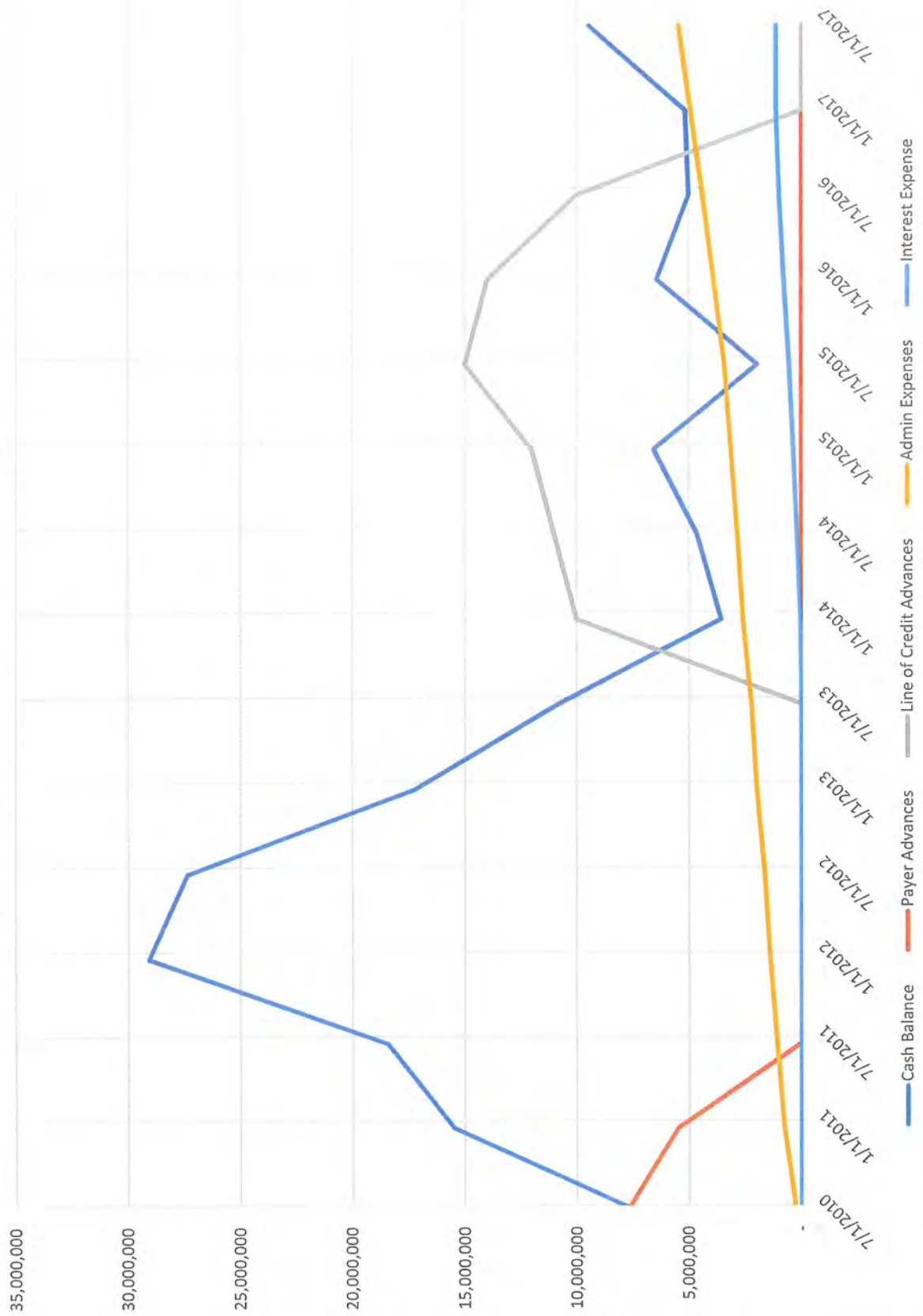
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Washington Vaccine Association  
Thirteen (13) Months of Key Financial Information  
Prepared by Norm Roberge - KidsVax, LLC

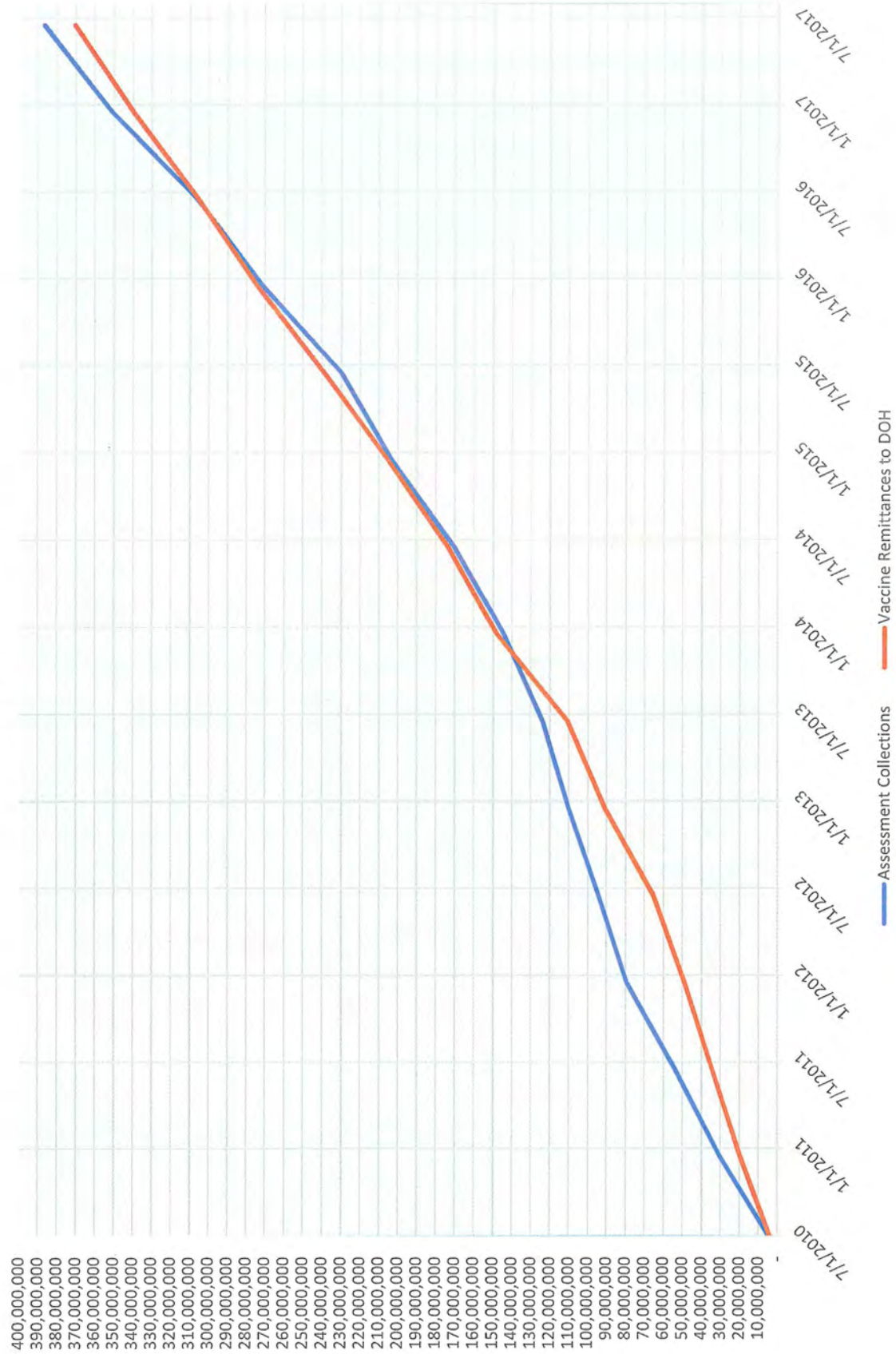
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	12 Months Average
	2016	2016	2016	2016	2016	2016	2017	2017	2017	2017	2017	2017	2017	Average
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Cash Balance	4,915	5,932	4,777	5,408	7,196	5,304	5,235	6,736	8,066	7,935	8,989	9,572	7,505	6,888
Investments	10	10	10	10	10	10	10	10	10	10	10	10	9	10
Prepaid Vaccines	5,708	6,820	8,162	6,099	5,166	5,837	5,523	4,310	5,448	5,339	5,251	5,014	7,562	5,878
Line of Credit Outstanding	10,000	9,000	7,000	5,000	2,500	-	-	-	-	-	-	-	-	1,958
Assessments Collected	5,626	7,739	9,039	7,482	8,855	6,135	5,340	5,824	6,844	5,261	5,811	6,302	5,608	6,687
Payments to DOH (non flu)	4,444	5,615	5,542	4,748	4,457	5,450	5,318	4,226	5,434	5,334	5,286	5,014	7,562	5,332
Payments to DOH - Flu	1,264	-	2,507	-	-	-	-	-	-	-	-	-	-	n/a
Line of Credit Interest	(29)	(28)	(28)	24	19	9	-	-	-	-	-	-	-	(0)



Washington Vaccine Association - Seven (7) Years of Key Financial Data



Washington Vaccine Association - Seven (7) Years of Cumulative Vaccine Collections and Remittances to WA DOH



Washington Vaccine Association						
Historical Financial Synopsis						
For the Period of Inception May 2010 through June 2017						
Date	Description	Cash	Assessments Receivable	Prepaid or (A/P) Vaccines - DOH	Working Cap. Advances	Line of Credit
May-10	Aetna, Cigna, Group Co-op, Group Options, Kaiser, Regence, Premiera, UnitedHealthcare provide \$7,800,000 in working capital advances					
	Began collections from Payers. Average markup over vaccine cost was 37.96%					
	Funds remitted to WA DOH 45 days from beginning of month for vaccine orders	\$ 7,520,000	\$ 2,900,000	\$ (2,423,000)	\$ (7,800,000)	\$ -
Oct-10	Financial information only	\$ 12,720,000	\$ 674,000	\$ (84,000)	\$ (7,800,000)	\$ -
Nov-10	\$2,340,000 of working capital advance is repaid	\$ 12,610,000	\$ 534,000	\$ (60,500)	\$ (5,460,000)	\$ -
Feb-11	\$5,460,000 of working capital advance is repaid	\$ 12,900,000	\$ 1,000,000	\$ (68,000)	\$ -	\$ -
Jun-11	New grid pricing with reduction of vaccine cost . Markup of 37.96% is reduced to Markdown of (4.89%)	\$ 18,426,000	\$ 4,925,000	\$ (1,673,000)	\$ -	\$ -
Dec-11	Financial information only	\$ 29,076,000	\$ 2,275,000	\$ (1,973,000)	\$ -	\$ -
Feb-12	Updated Grid pricing with additional reduction . Markdown of (4.89%) is further reduced to (46.13%)	\$ 30,235,000	\$ 1,326,000	\$ (2,340,000)	\$ -	\$ -
Apr-13	Grid pricing update with increase. The markdown of (46.13%) was reduced to a markdown of (30.40%)	\$ 12,908,000	\$ 2,153,000	\$ (3,313,000)	\$ -	\$ -
Sep-13	Vaccine remittances to WA DOH changes to 30 day prepaid. This change requires that amounts due and prepaid amount had to be met with 30 day notice.	\$ 5,654,000	\$ 5,987,000	\$ (2,734,000)	\$ -	\$ (10,000,000)
	Key Bank approves \$15,000,000 line of credit. WVA draws \$10,000,000 in order to meet cash call for vaccines.					
	Updated Grid pricing with rate increase. The makdown of (30.40%) is replaced with an average markup 9.7%	\$ 3,716,000	\$ 4,649,000	\$ 3,936,000	\$ -	\$ (10,000,000)
Dec-13						
Mar-14	Additional Line of Credit draw of \$1M	\$ 4,611,000	\$ 5,316,000	\$ 4,360,000	\$ -	\$ (11,000,000)
Sep-14	Additional Line of Credit draw of \$1M The large increase in the assessments receivable is due to higher rates and flue vaccines recently remitted to DOH	\$ 2,379,000	\$ 11,099,000	\$ 4,692,000	\$ -	\$ (12,000,000)
May-15	Additional Line of Credit draw of \$2M	\$ 3,428,000	\$ 13,183,000	\$ 5,779,000	\$ -	\$ (14,000,000)

Washington Vaccine Association						
Historical Financial Synopsis						
For the Period of Inception May 2010 through June 2017						
Date	Description	Cash	Assessments Receivable	Prepaid or (A/P) Vaccines - DOH	Working Cap. Advances	Line of Credit
Jun-15	Additional Line of Credit draw of \$1M	\$ 2,112,000	\$ 12,296,000	\$ 6,339,000	\$ -	\$ (15,000,000)
Jul-15	Updated Grid pricing with rate increase. The markup of 9.7% is replaced with an average markup 28.2%	\$ 2,548,000	\$ 15,700,000	\$ 5,107,000	\$ -	\$ (15,000,000)
Dec-15	Paydown (\$1M) of line of credit	\$ 6,558,000	\$ 18,411,000	\$ 4,198,000	\$ -	\$ (14,000,000)
Feb-16	Paydown (\$2M) of line of credit	\$ 4,765,000	\$ 19,889,000	\$ 4,813,000	\$ -	\$ (12,000,000)
May-16	Paydown (\$1M) of line of credit	\$ 6,139,000	\$ 20,934,000	\$ 4,997,000	\$ -	\$ (11,000,000)
Jun-16	Paydown (\$1M) of line of credit Board with concurrence of Auditors authorized writedown of (\$15M) of anticipated assessment receivables	\$ 5,139,000	\$ 5,842,000	\$ 6,207,000	\$ -	\$ (10,000,000)
Jul-16	Updated Grid pricing with rate increase. The markup of 28.2% is replaced with an average markup 30.1%	\$ 4,904,000	\$ 8,201,000	\$ 5,708,000	\$ -	\$ (10,000,000)
Aug-16	Paydown (\$1M) of line of credit	\$ 5,933,000	\$ 9,144,000	\$ 6,820,000	\$ -	\$ (9,000,000)
Sep-16	Paydown (\$2M) of line of credit	\$ 4,767,000	\$ 8,517,000	\$ 8,162,000	\$ -	\$ (7,000,000)
Oct-16	Paydown (\$2M) of line of credit	\$ 5,396,000	\$ 9,557,000	\$ 6,099,000	\$ -	\$ (5,000,000)
Nov-16	Paydown (\$2.5M) of line of credit	\$ 7,196,000	\$ 7,463,000	\$ 5,166,000	\$ -	\$ (2,500,000)
Dec-16	Paydown (\$2.5M) of line of credit. Line of Credit fully paid.	\$ 5,294,000	\$ 7,478,000	\$ 5,837,000	\$ -	\$ -
6/1/2017	No changes to grid - Financial information only	\$ 9,572,000	\$ 9,708,000	\$ 5,014,000	\$ -	\$ -



**November 2, 2017 Executive Director Overview**

Assessment Collections as of 9/30/2017:	\$407 + Million
Remittances to State of WA since inception:	\$393 + Million
Members Estimated Collectible Assessments	10+ Million
Prepaid Vaccine Purchases:	\$7 + Million
Cash Balance:	\$7 + Million
Morgan Stanley	\$9.3 Thousand
Utilized Line of Credit	\$0 Million
Available Line of Credit	\$5 Million

As the Washington Vaccine Association (WVA) closes its eighth year, we are looking forward to continuing a very successful public-private partnership with the Washington State Department of Health (DOH) that is instrumental in supporting the universal purchase of vaccines. Over the past year, we have welcomed several new Board members who have contributed new perspectives and fresh ideas to the organization. We are excited about the WVA's progress and we are looking forward to continuing the precedent of operational excellence.

I am happy to report that the WVA's financial position is strong and cash flows are tracking as projected. The 2016/17 Audit was completed by CliftonLarsonAllen (CLA), and a clean auditors' opinion was issued. The auditors found no deficiencies in internal controls. The total net assessment activity is up substantially from \$2.8 million last year to slightly over \$15 million this year. The WVA's expenses were consistent with last year's, the biggest variance being the interest expense of \$114,000 due to the former \$15 million LOC having been paid off, compared to the \$428,000 the year before. KV's outside analyst, Norm Roberge, has prepared a historical financial overview of the WVA's cash position for the Board's review. The charts demonstrate the WVA's success through a series of events that negatively impacted the Association's cash flow. Given the WVA's growing capital reserve, KV recommends that the Board reevaluate reserve targets and begin considering adoption of an investment policy consistent with the Association's mission.

On the personnel front, I am grateful for the willingness of three additional members who have agreed to serve: Chad Murphy is joining us from Premera, Dr. John Dunn is joining us from Kaiser Permanente, and Randy Parker is joining us from the Carpenters Trusts of Western Washington. While I am optimistic that these new members will bring additional insight and wisdom to the Board, I am deeply appreciative of the contributions of their predecessors, David Efroymson, Dennis Kirkpatrick, and John Pierce. It is clear the Board owes a debt of gratitude to John. John provided sound guidance to the WVA during a period of the time when the Association was in jeopardy of failing to fulfill its obligations to fully fund vaccines purchases. His guidance and stalwart determination to work through problems strongly contributed to the fiscal security that WVA now enjoys.

As the Association has matured, the need for continual investment in stakeholder communications has become apparent as original personnel responsible for WVA Grid updates and general compliance have moved on. The WVA has taken a number of steps to address this issue. First, the on-demand videos posted on the WVA website have decreased the number of general inquiries the WVA receives through its help email and call lines. This reduction has enabled WVA support to focus on more difficult questions and spend more time addressing high-level compliance and systematic issues. Second, the WVA has benefited greatly from the special compliance project initiated six months ago. The project, which is led by Norm Roberge, has enabled KV to identify systematic payer and provider non-compliance, and collect assessments that would have otherwise been considered “leakage.”

With regard to other operational and routine matters, the 16/17 Annual Report is in its final stages of review and has been included in the Board packet for approval. This year, the report has a new look and design, that is similar to other KV administered states’ reports, but customized for Washington. I am confident that the improvements will make the report easier to read, but convey the same amount of information as prior reports. I am also pleased to report that statutory assessment letters went out well in advance of the November 15 deadline. These letters, required by the WVA’s authorizing statute, provide individual payers with an estimate of next year’s vaccine assessment costs based upon that payers’ assessment history.

Lastly, KV continues to work diligently for a resolution with TRICARE. Since the last Board meeting in July, both I and Fred Potter have made numerous trips to Washington, DC to meet with TRICARE’s general counsel, Senator Murray’s office, and other congressional staffers who are supportive of our efforts. As you may recall, last December, we were able to secure language in Section 719 of the National Defense Authorization Act (NDAA) FY 17, which we were led to believe would solve TRICARE’s long-standing non-compliance with universal vaccine purchase programs. The language provided TRICARE with permissive authority to participate in state vaccine programs. Throughout this year, KV met with and offered assistance to TRICARE, hoping to expedite their implementation of Section 719 and settle the matter of the past-due assessment payments, “the arrears.” Unfortunately, KV was unsuccessful in convincing TRICARE to simply adopt each state’s method of determining assessment amounts. Instead, TRICARE has insisted upon creating its own method to report and pay for vaccines utilized by its beneficiaries. While TRICARE has offered to settle the arrears with the WVA, it has not provided a sum certain, nor has it fully complied with the DBA process on an on-going basis. As a result, KV continues to work with outside counsel and the Crowell and Moring government affairs team to seek a congressional solution to these problems. The Senate recently passed its version of the FY18 NDAA, which changes TRICARE’s permissive authorization to participate in vaccine programs to mandatory; while this change alone is not a panacea, it will ensure TRICARE’s future participation and is intended to send a message to the Defense Health Agency (DHA) that their full cooperation with state programs is a congressional priority. Additionally, work continues on securing an appropriation with direction for TRICARE to pay all assessment amounts owed to state vaccine programs. Senator Murray’s office has taken the lead in these efforts and continues to work with us to ensure the WVA receives full compensation for the value of the vaccines utilized by TRICARE beneficiaries.

As always, it is a privilege to serve alongside each of you. Thank you for your commitment to this important public health initiative.

Respectfully submitted,

*Julia G. Zell*

Julia G. Zell, M.A., Esq.  
WVA, Executive Director



## **Payer Compliance Special Project Update**

Executive Overview: The total of identified denials that will be paid is \$630,000. KV has expended \$18,450 from the \$25,000 compliance budget, which gives the WVA a return of 3,414%.

No detailed review has been made of the provider filings since the last report, but a sporadic review of the claims paid and the review of denied claims has shown limited improvement in the providers filing with current grid pricing.

This short coming in the claim system is offset by all of the major payers adjusting the claims filed to the current grid pricing.

Since the last report the 2 major payers that were pricing down to the 2015 grid prices have changed their pricing policies to pricing to the current WVA grid price schedule.

### **Payer Issues Identified and Current Status:**

- 1- Non-payment for lack of NDC code. Payer began denying payment for claims that did not have NDC coding. Identified value approximately \$400,000. Status – claims are being reworked with payments slowly being made. All current claims are being filed with this payer without NDC code are being paid.
- 2- Payer identified paying claims at 2015 grid pricing has identified over 30,000 claims that need to be repriced at either the 2016 or 2017 grid price schedule. The estimated value of this correction is approximately \$200,000 and should be completed by year's end.
- 3- A payer was observed as abruptly stopping all payments. Upon inquiry with the payer the payment stoppage was due to Federal Government order. KidsVax spoke to the agency that had ordered the stoppage and was able to have payments restarted with all back payments being paid. Value of these claims was approximately \$20,000.
- 4- A payer was identified in July 2017 with a new denial code that denied the vaccine as it was considered as one claim with the administrative service and compensated at a fixed amount. This code was pursued with the payer and was found to be in error. WVA then reviewed all claims denied for this code with the first date occurring in October 2016. The payer has been reviewing the denials and paying them. Total amount of these denials was approximately \$10,000.

Submitted,

Norm Roberge



## WHAT TO DO IF YOU HAVE A CLAIM OR POTENTIAL CLAIM OR INCIDENT

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If you have had a network or security breach or suspect a network or security breach, promptly call the:

CapSpecialty Cyber Breach Hotline: (877) 313-3484

Send all notices of claims or potential claim notices, as well as other required material to:

Email (Preferred): [claims@capspecialty.com](mailto:claims@capspecialty.com)

Or Mailing Address: Capitol Specialty Insurance Corporation  
Claims Department  
P. O. Box 5900  
Madison, WI 53705

Or Overnight/Express: Capitol Specialty Insurance Corporation  
Claims Department  
1600 Aspen Commons  
Suite 300  
Middleton, WI 53562

Or Facsimile: (608) 829-7411

Or Toll Free: 800-475-4450 (Select #3 for Claims)

Please reference your policy for complete details relating to reporting requirements in connection with claims or potential claims, including what to include in your notices.

# Declarations

## CPR One Policy

January 11, 2017

Policy No.:	CY20161018-02	Renewal of Policy No:	CY20161018-01
Issuing Company:	Capitol Specialty Insurance Corporation		

**NOTICE: THIS IS A CLAIMS MADE AND REPORTED POLICY. THE COVERAGE OF THIS POLICY IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD AND REPORTED TO US IN ACCORDANCE WITH SECTION IV. CONDITIONS B. OF THIS POLICY.**

**THE LIMIT OF LIABILITY WILL BE REDUCED AND MAY BE EXHAUSTED BY THE PAYMENT OF CLAIM EXPENSES. PLEASE READ THE ENTIRE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER. CERTAIN PROVISIONS RESTRICT COVERAGE. WORDS AND OR PHRASES OTHER THAN TITLES OR CAPTIONS, THAT APPEAR IN BOLD PRINT HAVE SPECIAL MEANING AND ARE DEFINED SEPARATELY.**

In consideration of the payment of the Premium and in reliance on all the statements made and the information contained in the **Application** and subject to all terms and conditions of this Policy, **We** agree with the **First Named Insured**, on behalf of all **Insureds**, to provide the insurance as stated in this Policy.

<b>Item 1. First Named Insured and Mailing Address:</b>	WA Vaccine Association Marketplace Tower 2025 First Avenue Seattle, WA 98121
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<b>Item 2. Other Named Insured(s):</b>	None
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Item 3. Policy Period:	Effective Date	Expiration Date
	January 14, 2017	January 14, 2018

12:01 a.m. standard time at the mailing address of the **First Named Insured** as shown in Item 1. above.

<b>Item 4. Retroactive Date:</b>	January 14, 2016
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<b>Item 5. Limits of Liability:</b>	a.	\$3,000,000	Each <b>Claim</b> or <b>Breach Loss</b>
	b.	\$3,000,000	Aggregate

<b>Item 6. Retention:</b>	\$25,000	Each <b>Privacy Incident</b> , Each <b>Security Incident</b> , Each <b>Media Incident</b> , Each <b>Data Incident</b> or Each <b>Network Extortion Threat</b>
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### Item 7. Premium and Applicable Taxes / Fees:

Policy Period Premium:	\$	\$19,065.00 *
State Surcharge / Tax:	\$	Not Applicable
Surplus Lines Tax:	\$	

\* Premium stated above does not include applicable surplus lines taxes or other taxes/fees. Producing Agent is responsible for determination of such amounts; invoicing insured, collecting, and filing in accordance with WA surplus lines laws and/or insurance regulations.

### Item 8. Forms and Endorsements:

WHAT TO DO IF YOU HAVE A CLAIM OR POTENTIAL CLAIM OR INCIDENT	N-201 (09/16)
Declarations	D-CPR-CW1009 (11/15)
CPR One Policy	P-CPR-CW2009 (10/15)
1 Nuclear Energy Liability Exclusion Endorsement	E-TC-8115 (08/15)
2 Washington - Service of Suit	E-9000F-WA (08/15)
IMPORTANT NOTICE!	N-TC-111 (08/15)
Policy Signature Page	BJP 190 (11/15)

## CPR One Policy

### (Claim Expenses Reduce the Policy Limit of Liability)

**NOTICE: THIS IS A CLAIMS MADE AND REPORTED POLICY. THE COVERAGE OF THIS POLICY IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD, AND REPORTED TO US IN ACCORDANCE WITH SECTION IV. CONDITIONS B. OF THIS POLICY.**

**THE LIMIT OF LIABILITY WILL BE REDUCED AND MAY BE EXHAUSTED BY THE PAYMENT OF CLAIM EXPENSES. PLEASE READ THE ENTIRE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER. CERTAIN PROVISIONS RESTRICT COVERAGE. WORDS AND PHRASES, OTHER THAN TITLES OR CAPTIONS, THAT APPEAR IN BOLD PRINT HAVE SPECIAL MEANING AND ARE DEFINED SEPARATELY.**

In consideration of the payment of the Premium and in reliance on all the statements made and the information contained in the **Application** and subject to all terms and conditions of this Policy, **We** agree with the **First Named Insured**, on behalf of all **Insureds**, as follows:

## I. COVERAGES

### A. INSURING AGREEMENTS

1. **We** will pay on an **Insured's** behalf, those **Damages** and **Claim Expenses** in excess of the Retention and up to the Limit of Liability specified in the Declarations that an **Insured** becomes legally obligated to pay because of a **Claim** which results from an actual or suspected **Privacy Incident**, **Security Incident** or actual or alleged **Media Incident** and which is first made against the **Insured** during the **Policy Period** or any applicable Extended Reporting Period and which is reported to **Us** in accordance with Section **IV. CONDITIONS B. REPORTING REQUIREMENTS AND DUTIES IN THE EVENT OF CLAIM 1.** of this Policy.

A **Claim** will be considered first made when the **Insured** first receives such **Claim** in writing.

It is a condition precedent to coverage under Section **I. COVERAGES A. INSURING AGREEMENTS 1.** that any **Privacy Incident**, **Security Incident** or **Media Incident** upon which a **Claim** is based occurred:

- a. during the **Policy Period**; or
  - b. on or after the **Retroactive Date** and prior to the **Policy Period**, provided that all of the following three (3) conditions are met:
    - 1) the **Insured** did not notify any prior insurer of such **Privacy Incident**, **Security Incident** or **Media Incident**; and
    - 2) prior to the Effective Date of the first Policy issued and continuously renewed by **Us** or any affiliate thereof to an **Insured**, no **Insured** had any basis to foresee that any fact, circumstance, situation, transaction, event or incident might reasonably result in a **Claim**; and
    - 3) there is no other policy that provided insurance to the **Insured** for such **Claim**.
2. **We** will also pay on an **Insured's** behalf for **Breach Loss**, in excess of the Retention and up to the Limit of Liability specified in the Declarations, resulting from a **Privacy Incident** or suspected **Privacy Incident** first discovered during the **Policy Period** and that is reported to **Us** no later than:
    - a. the Expiration Date of this Policy; or
    - b. thirty (30) days after the **Insured's** discovery of the **Privacy Incident**, whichever is sooner.
  3. **We** will reimburse an **Insured** for **Breach Loss**, in excess of the Retention and up to the Limit of Liability specified in the Declarations, incurred by an **Insured** for:
    - a. **Network Extortion Costs** in connection with a **Network Extortion Threat** made during the **Policy Period** and that is reported to **Us** no later than:
      - 1) the Expiration Date of this Policy; or
      - 2) five (5) days after receipt of any **Network Extortion Threat**, whichever is sooner; and
    - b. reasonable costs to restore an **Insured's** data as a result of a **Data Incident** during the **Policy Period** and that is reported to **Us** no later than:
      - 1) the Expiration Date of this Policy; or

2) thirty (30) days after the **Insured's** discovery of the **Data Incident**, whichever is sooner.

## B. DUTY TO DEFEND

**We** have the right and the duty to defend a covered **Claim** against an **Insured** regardless of whether the allegations of the **Claim** are meritless, false or fraudulent. **We** have the right to select counsel to defend the **Insured**. Amounts paid as **Claim Expenses** will reduce, and may exhaust, the Limit of Liability. **Our** duty to defend will cease after the Limit of Liability has been exhausted by payment of **Claim Expenses**, **Damages**, or **Breach Loss** and in such event, **We** will have the right to withdraw from the further defense of any **Claim**.

## C. SETTLEMENT

**We** have the right to settle all **Claims**, subject to the consent of the **First Named Insured**. **We** will not settle any **Claim** without the consent of such **First Named Insured**. However, if such **First Named Insured** refuses to consent to any settlement recommended by **Us**, then **Our** liability for **Claim Expenses** and **Damages** incurred after **We** have indicated **Our** willingness to accept such offer will be limited to an amount equal to fifty percent (50%) of the amount incurred in **Claim Expenses** and covered **Damages** from that point forward, excess of the Retention and subject to the Limit of Liability specified in the Declarations.

The failure of the **First Named Insured** to express consent to a settlement recommended by **Us** will be deemed refusal to consent to the settlement.

## D. EXCLUSIONS

1. The coverage under this Policy does not apply to any **Claim**, **Damages**, or **Breach Loss** based upon, arising out of, resulting from or in connection with actual or alleged:
  - a. **Bodily Injury**, except for infliction of mental anguish, emotional distress, shock or fright when alleged as a result of a **Privacy Incident**, **Security Incident**, or **Media Incident**;
  - b. **Property Damage**;
  - c. Infringement of patent;
  - d. 1) restraint of trade;  
2) violation of antitrust laws; or  
3) unfair competition unless arising from a covered **Media Incident**;
  - e. Misappropriation or theft of trade secrets;
  - f. Unlawful discrimination or harassment, including that based upon race, creed, color, religion, national origin, age, disability, sex, marital status or sexual orientation;
  - g. Employment related practices or policies of an **Insured**;
  - h. Gain, profit or advantage to which an **Insured** is not legally entitled;
  - i. Violation of the Securities Act of 1933 as amended, the Securities Exchange Act of 1934 as amended, any state blue sky or securities law, any similar state or federal law, or any order, ruling or regulation issued pursuant to such laws; violation of the Organized Crime Control Act of 1970, commonly known as Racketeer Influenced and Corrupt Organizations Act or RICO, as amended;
  - j. Failure, interruption, surge, or reduction of any utility, Internet, or telecommunications service, regardless of whether the failure, interruption, surge or reduction was caused by another event or condition;
  - k. Actual or threatened discharge, dispersal or release of any **Pollutant**, or the creation of an injurious condition involving any **Pollutant**, or the existence of any **Pollutant**, or the cleanup, removal, testing, monitoring, containment, treatment, detoxification or neutralization of any **Pollutant**. This exclusion is effective whether or not the pollution was sudden, accidental, gradual, intended, expected or preventable and whether or not an **Insured** caused or contributed to the pollution;
  - l. False, deceptive or misleading advertising about an **Insured** or its goods or services, including any incorrect description of the price of goods, products or services or the failure of goods, products or services to conform with any statement of quality or performance;
  - m. Criminal, dishonest, fraudulent, malicious or knowingly wrongful actions or any intentional violation of any law by any **Insured**. If a **Claim** would invoke **Our** duty to defend but for allegations of such acts, then **We** will defend the **Claim** until there is a finding by a jury, judge, or arbitrator, or an admission by an **Insured**, or by a person who would be an **Insured** if that person had not acted outside the scope of their duties, that there were such acts. **We** will not pay any settlement or judgment associated with such finding or admission, and **We** retain the right to seek reimbursement of **Claim Expenses** paid from the party found to have committed such acts or made such an admission.

However, this exclusion will not apply to an **Insured** in the absence of an admission or if there is no finding by a jury, judge, or arbitrator, that such **Insured** committed, participated in, consented to, acquiesced to or had actual or constructive knowledge of the criminal, dishonest, fraudulent, malicious or knowingly wrongful actions. In no event will **We** defend any **Insured** against or in criminal proceedings, regardless of the allegations;

- n. Liability assumed under any contract or agreement, but this exclusion does not apply to liability an **Insured** would have in the absence of such contract or agreement;
  - o. Breach of warranty or guarantee, except for breach of warranty or guarantee made by an **Insured** to protect the security of **Private Data**;
  - p. Obligation to make licensing fee or royalty payments, including disputes over amounts to be paid or timeliness of such payments, or any action brought by intellectual property licensing bodies or organizations;
  - q. Unlawful gathering, storage, or use of **Private Data** by or with the knowledge or consent of an **Insured**; or the failure to allow individuals to consent or refuse to consent to the gathering, storage or use of **Private Data** when required by law;
  - r. Unsolicited: telephone calls; facsimile transmissions; regular mail, electronic mail or texts, audio or video recordings, wire tapping, telemarketing, or any other form of unsolicited communication made by or on behalf of any **Insured**, including, but not limited to any actual or alleged violation of the Telephone Consumer Protection Act and any amendments thereto, or any other federal, state or local statute, law, rule or regulation prohibiting or otherwise regulating unsolicited communications; or
  - s. Acts, errors or omissions of which an **Insured** had knowledge, including constructive knowledge, prior to the Effective Date of this Policy, if, as of such date, it was reasonably foreseeable that a **Claim** or **Breach Loss** might result. For the purposes of this exclusion, if this Policy is a renewal policy with **Us** or an affiliate thereof, the relevant Effective Date is that of the earliest preceding policy for which **We** have continuously provided the same or similar coverage as provided by this Policy.
2. **We** are not liable for **Claim Expenses**, **Damages**, or **Breach Loss**, or obligated to defend a **Claim** made by or on behalf of the following persons and entities:
- a. Any entity which is a parent, affiliate, subsidiary, or co-venturer of an **Insured** or any other entity over which an **Insured** has greater than a fifteen percent (15%) direct or indirect ownership interest;
  - b. Any entity directly or indirectly controlled, operated or managed by an entity described in Section I. **COVERAGES** D. **EXCLUSIONS** 2.a. above;
  - c. Any provider who has supplied, is supplying or is to supply **Website Content**, goods or services, if the **Claim** arises out of a dispute over fees for, or title, ownership or exercise of rights in, the **Website Content**, goods or services provided; or
  - d. Any **Insured**, except this does not apply to an otherwise covered **Claim** made by or on behalf of any current or former employee of an **Insured** that arises out of a **Privacy Incident**.

## II. WHO IS AN INSURED

- A. The **First Named Insured**. The **First Named Insured** is the person(s) and/or entity(ies) designated as such in the Declarations;
- B. A **Named Insured**. A **Named Insured** includes the **First Named Insured** and the person(s) and/or entity(ies) designated in the Declarations as Other **Named Insured(s)**;
- C. A **Named Insured's** current or former partners, officers, directors, members, managers, or stockholders, but only while acting within the scope of his or her duties on behalf of a **Named Insured**;
- D. A **Named Insured's** current or former employees, including part time, temporary, or leased employees, but only while acting within the scope of his or her duties on behalf of a **Named Insured**;
- E. Independent Contractors, but only for liability arising from performance of their duties as described by a written contract with a **Named Insured**;
- F. The estate, heirs, executors, administrators, assigns and legal representatives of an **Insured** in the event of the death, incapacity, insolvency or bankruptcy of an **Insured**, but only to the extent that an **Insured** would otherwise be provided coverage under this Policy;
- G. The lawful spouse, including any natural person qualifying as a domestic partner under the provisions of any applicable federal, state, or local law in the United States, of an **Insured**, but only with respect to liability incurred vicariously through the actions of a person otherwise qualifying as an **Insured** under this Policy; and

- H. Any organization newly acquired or formed during the **Policy Period** and over which a **Named Insured** maintains more than fifty percent (50%) ownership interest, will qualify as a **Named Insured** if there is no other similar insurance available to the organization; however, coverage for the newly acquired or formed organization applies only if the following conditions are met:
1. coverage under this provision is afforded only until the ninetieth (90<sup>th</sup>) day after the acquisition or formation, or the end of the **Policy Period**, whichever is earlier, provided that within this period a **Named Insured**:

- a. advises **Us** of the acquisition or formation of the new organization;
- b. provides information as requested by **Us** for evaluation; and
- c. pays any additional Premium **We** assess as a result of the change; and

2. **We** issue an endorsement to include the newly acquired or formed organization.

A subsidiary that is acquired or formed, and at the time of such transaction generates less than ten percent (10%) of the total revenue of the **First Named Insured** as reflected in the **First Named Insured's** most recent audited consolidated financial statement, will automatically be considered an **Insured**.

### III. LIMITS OF LIABILITY / RETENTION

#### A. LIMITS OF LIABILITY

1. The Policy Aggregate Limit of Liability specified in the Declarations is the most **We** will pay for **Claim Expenses, Damages or Breach Loss** combined during the **Policy Period** and any Extended Reporting Period, no matter how many:
  - a. **Insureds** this Policy covers;
  - b. **Claims** are made or **Breach Losses** are paid;
  - c. Persons or organizations make **Claims**; or
  - d. **Privacy Incidents, Security Incidents, Media Incidents, or Data Incidents** occur or **Network Extortion Threats** are made.
2. The Each **Claim or Breach Loss** Limit of Liability specified in the Declarations is the most **We** will pay for all **Claim Expenses, Damages, and Breach Loss** combined for the total of all **Claims** made during the **Policy Period** and any Extended Reporting Period arising from any one **Privacy Incident, Security Incident, Media Incident, Data Incident or Network Extortion Threat** no matter how many:
  - a. **Insureds** this Policy covers;
  - b. **Claims** are made or **Breach Losses** are paid; or
  - c. Persons or organizations make **Claims**.

Each payment **We** make for **Claim Expenses, Damages or Breach Loss** reduces the Limit of Liability and the Policy Aggregate Limit of Liability. **We** will not be obligated to pay or reimburse for any **Claim Expenses, Damages or Breach Loss** or to defend any **Claim** after the Policy Aggregate Limit of Liability is exhausted.

#### B. RETENTION

The Retention amount is the amount specified in the Declarations for each **Privacy Incident, Security Incident, Media Incident, Data Incident or Network Extortion Threat**. **Our** obligation to pay **Claim Expenses, Damages or Breach Loss** applies only to sums in excess of the Retention. The application of the Retention will not erode the Each **Claim or Breach Loss** Limit of Liability or the Policy Aggregate Limit of Liability.

If the total of all **Claim Expenses, Damages, and Breach Loss** is within the Retention, **We** will have no duty to pay any **Damages or Claim Expenses** for the **Claim or Breach Loss**, except for payment of reasonable costs of an attorney to determine the applicability and actions necessary by an **Insured** to comply with breach notification laws. If, at **Our** option, **We** have paid part or all of any Retention, the **Insured** will be obligated to reimburse such amounts to **Us** upon demand.

### IV. CONDITIONS

#### A. BANKRUPTCY

The bankruptcy or insolvency of an **Insured** or an **Insured's** estate will not relieve **Us** of **Our** obligations under this Policy nor deprive **Us** of **Our** rights or defenses under this Policy.



## B. REPORTING REQUIREMENTS AND DUTIES IN THE EVENT OF **CLAIM**

Refer to the “WHAT TO DO IF YOU HAVE A CLAIM OR POTENTIAL CLAIM” notice attached to the front of this Policy for Claims Department contact information.

### 1. Notice of Claims

The **Insured** shall provide written notification to **Us** of a **Claim** made during the **Policy Period** as soon as practicable or within thirty (30) days after the Expiration Date or Cancellation Date of this Policy. If a **Claim** is first made within any applicable Extended Reporting Period, the **Insured** shall provide written notification to **Us** of such **Claim** as soon as practicable but in no event later than the termination of the Extended Reporting Period.

### 2. Notice of Circumstances or Incidents

If during the **Policy Period** the **Insured** first becomes aware of a circumstance or incident which may reasonably be expected to be the basis of a **Claim** against an **Insured**, and the **Insured**, as soon as practicable, but in no event later than the termination of the **Policy Period**, gives **Us** written notice of the circumstance or incident, then **We** will treat any subsequently resulting **Claim** as if it had first been made during the **Policy Period**. A **Claim** first made after the end of the **Policy Period** will be deemed to have been made on the last day of the **Policy Period**. All terms and conditions of this Policy in effect on that day will apply to the **Claim**.

The notice must include all of the following information:

- a. the names of all persons and/or organizations involved in the **Privacy Incident**, **Security Incident**, or **Media Incident**;
  - b. the specific person or organization likely to make the **Claim**;
  - c. a description of the time, place and nature of the **Privacy Incident**, **Security Incident**, or **Media Incident**; and
  - d. a description of the potential **Damages**.
3. The **Insured** must send **Us** copies of all demands, notices, settlement offers, summonses or legal papers received in connection with a **Claim** or potential **Claim**.
  4. In the event of a **Breach Loss**, in addition to the reporting requirements specified in Section I. **COVERAGES A. INSURING AGREEMENTS 2.** and **3.**, the **Insured** must provide to **Us** during the **Policy Period**, but no later than thirty (30) days after the Expiration Date or Cancellation Date of this Policy, a proof of loss to include:
    - a. a narrative with complete details regarding the time, place and cause of the **Breach Loss**; and
    - b. if applicable, a description of the potential number of individuals affected by the incident in which their **Private Data** has been subject to theft, loss or unauthorized disclosure.
  5. It is a condition precedent to the payment of any **Breach Loss** under Section I. **COVERAGES A. INSURING AGREEMENTS 2.**, that the **Insured** utilize the services of **Our** approved vendors for such purposes.
  6. In the event of a **Network Extortion Threat**, the **Insured** will:
    - a. use its best efforts to keep confidential the details of the **Network Extortion Threat** coverage afforded by this Policy;
    - b. make every reasonable effort to determine that the **Network Extortion Threat** is not a hoax or is otherwise not credible prior to incurring **Network Extortion Costs**;
    - c. take reasonable steps to limit or avoid **Network Extortion Costs**;
    - d. demonstrate that the **Network Extortion Costs** were surrendered under duress; and
    - e. notify the police or other law enforcement authorities of any **Network Extortion Threat** and file a formal report or notice.
  7. In the event of a **Data Incident**, proof of loss must also include:
    - a. details regarding the time, place and cause of the unauthorized access; and
    - b. a description of the costs necessary to restore the data that was tampered with, damaged, or destroyed.

If **We** receive a sworn statement in a proof of loss from the **Insured**, **We** will reimburse the **Insured** for reasonable costs to restore data within thirty (30) days after **We** and the **Insured** have agreed on the amount that is reasonable and necessary to restore data.
  8. Upon **Our** request, the **Insured** must authorize **Us** to obtain records and other information.
  9. The **Insured** must cooperate with and assist **Us** in the investigation, settlement and defense of the **Claim**.
  10. The **Insured** must cooperate with and assist **Us** upon **Our** request, in enforcing any rights of contribution or indemnity against another party who may be liable to an **Insured**.

11. No **Insured** will, except at the **Insured's** own cost, voluntarily make a payment, assume any obligation, or incur any expense without **Our** consent.

## C. LEGAL ACTION AGAINST US

No person or organization has a right under this Policy:

1. to join **Us** as a party or otherwise bring **Us** into a suit seeking **Damages** from an **Insured**; or
2. to sue **Us**, unless the **Insured** has fully complied with all terms and conditions of this Policy.

## D. OTHER INSURANCE

The insurance afforded by this Policy is excess of any other valid and collectible insurance available to the **Insured**, except insurance specifically arranged by the **First Named Insured** to apply in excess of this insurance.

## E. RELATED CLAIMS, BREACH LOSS AND INCIDENTS

1. All **Claims** and **Breach Losses** arising from the same **Privacy Incident, Security Incident, Media Incident, Data Incident, or Network Extortion Threat** will be considered to have been made on the earlier of the following times:
  - a. the date the first of the **Claims** is made against an **Insured** and/or the date the first incident giving rise to a **Breach Loss** is discovered; or
  - b. the date **We** first receive an **Insured's** written notice of the **Privacy Incident, Security Incident, Media Incident, Data Incident, or Network Extortion Threat**. Such notice must include information as required in Section IV. **CONDITIONS B. REPORTING REQUIREMENTS AND DUTIES IN THE EVENT OF CLAIM**.
2. All **Privacy Incidents, Security Incidents, Media Incidents, Data Incidents, or Network Extortion Threats** that are committed after the **Retroactive Date** and before the Expiration Date of the last Policy issued to an **Insured** by **Us** or any affiliate thereof, and are logically or causally connected by common facts, circumstances, transactions, events and/or decisions will be treated under this Policy as one **Privacy Incident, Security Incident, Media Incident, Data Incident, or Network Extortion Threat** and deemed to have occurred on the date of the first of these.

## F. REPRESENTATIONS

By accepting this Policy the **First Named Insured** agrees:

1. the statements in the **Application**, along with any and all attachments submitted with the same, or in connection with the application process and furnished to **Us** are true, accurate and complete;
2. those statements furnished to **Us** are representations the **First Named Insured** made on behalf of all **Insureds**;
3. those representations are a material inducement to **Us** to issue this Policy;
4. **We** have issued this Policy in reliance upon those representations; and
5. if this Policy is part of the renewal of a Policy issued by **Us**, the **Insured's** representations include representations made in all previous **Applications** for previous Policies issued by **Us**.

## G. CHANGE IN OPERATIONS

1. The **First Named Insured** agrees to notify **Us** of any material changes to any **Insured's** operations or activities. If **We** determine that these changes in operations or activities result in a change to an **Insured's** exposure, **We** have the right to modify the coverage provided and/or make adjustments to the Premium or rates charged for any coverage provided.
2. If during the **Policy Period** the **First Named Insured** consolidates or merges with or is acquired by another entity, or sells substantially all of its assets to another entity, then this Policy will remain in full force and effect, but only with respect to **Privacy Incidents, Security Incidents, Media Incidents, Data Incidents, and/or Network Extortion Threats** that occur after the **Retroactive Date** and prior to the date of the consolidation, merger or acquisition. There will be no coverage provided by this Policy for any **Claim** or **Breach Loss** arising out of **Privacy Incidents, Security Incidents, Media Incidents, Data Incidents, and/or Network Extortion Threats** occurring after the date of consolidation, merger or acquisition.

## H. SUBROGATION

**We** and the **Insured** may have rights to recover all or part of any payment **We** or the **Insured** makes under this Policy from a third-party. If so, the rights of the **Insured** are transferred to **Us**. The **Insured** must do nothing to impair such rights. At **Our** request, the **Insured** will do everything necessary to secure such rights and help **Us** enforce them, including the execution of documents necessary to enable **Us** to effectively bring suit. Any recoveries will be applied as follows:



1. First, to **Us** up to the amount of **Our** payment for **Damages, Claim Expenses or Breach Loss**; and
2. Second, to the **Insured** as recovery of Retention amounts paid by the **Insured**.

## I. TERRITORY

The territory applicable to this Policy is universal.

## J. NO OBLIGATION TO RENEW

**We** will not be obligated or required to renew this Policy. Any offer of renewal terms involving a change of Limit of Liability, Retention, Premium, or other terms and conditions will not constitute, nor be construed as, a refusal by **Us** to renew this Policy. **We** may elect to non-renew this Policy by mailing to the **First Named Insured** at least thirty (30) days advance written notice or notice as otherwise specified by state law. If notice is mailed, proof of mailing will be sufficient proof of notice.

## K. EXTENDED REPORTING PERIOD

### 1. Automatic Extended Reporting Period

- a. If the **First Named Insured** or **We** cancel or non-renew this Policy for any reason, other than for non-payment of Premium and/or Retention or for non-compliance with the terms and conditions of this Policy, then the **First Named Insured** will be entitled to an Automatic Extended Reporting Period of thirty (30) days from the effective date of the cancellation or nonrenewal of this Policy to report **Claims**.
- b. If an Optional Extended Reporting Period described below is purchased, then this Automatic Extended Reporting Period will be included within the Optional Extended Reporting Period and will not extend such Optional Extended Reporting Period.
- c. The Automatic Extended Reporting Period does not apply to any **Breach Loss**.

### 2. Optional Extended Reporting Period

If this Policy is cancelled or non-renewed, for any reason, other than for non-payment of Premium and/or Retention or for non-compliance with the terms and conditions of this Policy, then the **First Named Insured** will have the right to purchase an Optional Extended Reporting Period as follows:

- a. The right to purchase the Optional Extended Reporting Period will terminate unless written notice of the **First Named Insured's** intention to purchase it, together with payment of additional Premium due, is received by **Us** within thirty (30) days after the effective date of the cancellation or non-renewal;
- b. The additional Premium for the Optional Extended Reporting Period will be calculated as a percentage of the annual Premium as listed below:
 

One Year	-	75%
Two Years	-	125%
Three Years	-	150%
Four Years	-	175%
Five Years	-	200%
- c. The additional Premium for the Optional Extended Reporting Period will be fully earned upon inception of the Optional Extended Reporting Period. Once purchased, the Optional Extended Reporting Period may not be cancelled;
- d. A **Claim** made during the Optional Extended Reporting Period will be deemed to have been made on the last day of this Policy. All terms and conditions of this Policy in effect on that day will apply to the **Claim**.
- e. The Optional Extended Reporting Period does not extend the **Policy Period** or change the scope of coverage provided nor does it provide an additional or renewed Policy Aggregate Limit of Liability. It applies only to **Claims** made against an **Insured** during the Extended Reporting Period for **Privacy Incidents, Security Incidents, or Media Incidents** that occur after the **Retroactive Date** and before the Expiration Date of this Policy.
- f. The Optional Extended Reporting Period does not apply to any **Breach Loss**.

## L. PREMIUMS AND RETENTIONS

The **First Named Insured** is responsible for the payment of all Premiums and Retentions and will be the payee for any return Premiums **We** pay.

## M. CANCELLATION

1. The **First Named Insured** may cancel this Policy by mailing or delivering to **Us** advance written notice of cancellation.
2. **We** may cancel this Policy by mailing or delivering to the **First Named Insured** written notice of cancellation at least:
  - a. Ten (10) days before the effective date of cancellation if **We** cancel for nonpayment of Premium; or
  - b. Thirty (30) days before the effective date of cancellation if **We** cancel for any other reason.
3. **We** will mail or deliver notice to the last known mailing address of the **First Named Insured**.
4. Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on that date.
5. If this Policy is cancelled, **We** will send any Premium refund due to the **First Named Insured**. If **We** cancel, the refund will be pro rata. If the **First Named Insured** cancels, the refund will be calculated as ninety percent (90%) of the prorated return Premium. The cancellation will be effective even if **We** have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## N. CHANGES

This Policy contains all the agreements between **Us** and the **First Named Insured** concerning the insurance afforded. The **First Named Insured** is authorized to make changes in the terms of this Policy with **Our** consent. This Policy's terms can be amended or waived only by endorsement issued by **Us** and made a part of this Policy.

## O. TRANSFER OF RIGHTS AND DUTIES UNDER THIS POLICY

An **Insured's** rights and duties under this Policy may not be transferred without **Our** prior written consent except in the case of death of an individual **Named Insured**. If the **Insured** dies, the **Insured's** rights and duties will be transferred to the **Insured's** legal representative but only while acting within the scope of duties as the **Insured's** legal representative.

## V. DEFINITIONS

### A. **Application** means:

1. any application and any supplemental applications submitted to **Us** in connection with the application process;
2. any and all attachments submitted to **Us** in connection with any such application, along with all publicly available material published or disseminated by an **Insured** about an **Insured** that **We** obtain as part of the application process; and
3. if this Policy is a renewal of a Policy issued by **Us**, **Application** also means all previous **Applications** and any and all attachments submitted to **Us** with any such **Application**;

all of which will be kept on file by **Us** and deemed attached to this Policy, as if physically attached.

### B. **Bodily Injury** means physical injury, sickness, disease, or death of any person, as well as any mental anguish, emotional distress, shock or fright resulting in or from physical injury, sickness, disease, or death of any person.

### C. **Breach Loss** means:

1. reasonable costs incurred to discover, investigate, analyze, mitigate and respond to a **Privacy Incident**, including attorney services, network security consultants or forensic investigator services; notification, identity and credit monitoring; call center services, public relations and crisis management services;
2. **Network Extortion Costs**, when requested in writing by an **Insured**; and
3. reasonable costs to restore an **Insured's** data as a result of a **Data Incident**.

**Breach Loss** does not mean costs or expenses:

- a. associated with providing call center services, identity monitoring products, or credit monitoring services pursuant to any foreign statute or regulation;
- b. for internal salaries or overhead expenses of an **Insured**;
- c. incurred to repair, replace or maintain an **Insured's** computer systems, hardware, or components;
- d. incurred to repair, replace, or maintain an **Insured's** data that was not tampered with, damaged or destroyed as a result of a **Data Incident**;
- e. associated with a security self-audit by an **Insured**; or
- f. incurred to restore an **Insured's** data that was tampered with, damaged or destroyed due to unauthorized access to an **Insured's** computer system, if the unauthorized access was perpetrated intentionally by an **Insured**.

D. **Claim** means:

1. a suit, a written demand or a written assertion of a legal right received by any **Insured** for monetary **Damages** or services;
2. a suit for injunctive relief or an arbitration proceeding or other non monetary relief;
3. a written request or agreement to toll or waive a statute of limitations relating to a potential **Claim** described above; or
4. a suit, action or other proceeding brought by or on behalf of a local, state, or federal governmental agency alleging a violation of a privacy law, but does not include a suit, action or other proceeding brought by or on behalf of a foreign governmental agency.

E. **Claim Expenses** means the following expenses incurred by **Us** in the investigation, adjustment, negotiation, arbitration, mediation, settlement and defense of **Claims**:

1. expenses **We** incur, other than salary, wages, or expenses of **Our** regular employees;
2. reasonable fees charged by attorneys selected or pre-approved by **Us** to defend an **Insured**;
3. the cost of appeal bonds or bonds to release attachments, but only for bond amounts within the Limit of Liability. **We** will not apply for or furnish these bonds; and
4. reasonable expenses incurred by an **Insured** at **Our** request.

**Claim Expenses** do not include:

- a. loss of earnings or profit by any **Insured**;
- b. salaries, wages, fees, or other compensation payable to any **Insured**; or
- c. costs to comply with any regulatory orders, settlements or judgments.

F. **Damages** means:

1. amounts which an **Insured** is legally obligated to pay as a result of a covered judgment, award or settlement;
2. costs assessed against an **Insured** in any suit or proceeding defended by **Us** unless such costs are assessed as a sanction for an **Insured's** delay or misconduct in the litigation process;
3. pre-judgment interest and post-judgment interest assessed before **We** have paid, offered to pay or deposited in court the part of the judgment that is covered by this Policy and that is within the Limit of Liability;
4. civil fines or penalties assessed by a federal, state, or local governmental agency as a result of a violation of a privacy law; and
5. punitive, exemplary or multiple damages, where insurable by law. For the purpose of insuring punitive, exemplary or multiple damages under this Policy, **We** and the **Insured** agree that the law of the jurisdiction most favorable to the insurability of punitive, exemplary or multiple damages will control provided such jurisdiction:
  - a. is where the punitive, exemplary or multiple damages were awarded;
  - b. is where the **Insured** is incorporated or has a place of business;
  - c. is where **We** are incorporated or have **Our** principal place of business; or
  - d. is where any **Privacy Incident**, **Security Incident** or **Media Incident** occurred for which such punitive, exemplary or multiple damages were awarded.

**Damages** do not include:

- a. taxes, civil or criminal fines or penalties other than those assessed as a result of a violation of a privacy law as per **V. DEFINITIONS F. Damages** 4. above;
- b. taxes, civil or criminal fines or penalties imposed by a foreign government;
- c. fees or penalties charged by a licensing organization;
- d. production costs, or the cost of reprinting, recalling, recovering, correcting, reprocessing, restoring, repairing, replacing, reproducing or removing **Website Content**;
- e. royalties or restitution paid or payable by an **Insured**; disgorgement of an **Insured's** profits; costs of complying with an order granting injunctive relief; or disputed: fees, charges, or commissions for goods or services;
- f. consideration offered to customers or others in the form of discounts, coupons, vouchers, prizes, or similar awards or benefits;
- g. any change in the monetary value of any account, security, monies, or tangible property, including the monetary value of any electronic funds transfer; or

- h. any theft, unauthorized transfer or other loss of any monies, securities or tangible property of others while in the care, custody or control of an **Insured**.
- G. **Data Incident** means unauthorized access to an **Insured's** computer system such that an **Insured's** data was tampered with, damaged or destroyed.
- H. **Insured** means those persons and/or entities entitled to the protection of this Policy as set forth in Section II. **WHO IS AN INSURED**.
- I. **Media Incident** means any of the following by an **Insured** or by any person or organization for which an **Insured** is legally liable, and which results from the dissemination of **Website Content** via websites owned and operated by an **Insured**:
  - 1. infringement of copyright, false attribution of authorship, passing off, plagiarism, piracy or misappropriation of ideas under implied contract;
  - 2. infringement of trademark, tradename, trade dress, service mark, service name, title or slogan except when alleged in conjunction with advertising about an **Insured** or its goods or services; or
  - 3. libel, trade libel, slander, product disparagement, or any other form of defamation or harm to the character, feelings or reputation of any person or entity.
- J. **Network Extortion Costs** means amounts paid to a third party in response to a **Network Extortion Threat**.
- K. **Network Extortion Threat** means a threat that a third party will:
  - 1. obtain access or control of an **Insured's** computer systems;
  - 2. cause a failure or disruption of an **Insured's** computer systems; or
  - 3. publish or otherwise disclose private information or **Private Data**.
- L. **Policy Period** means the period of insurance specified in the Declarations or a shorter period resulting from cancellation of this Policy.
- M. **Pollutant** means any solid, liquid, gaseous or thermal irritant or containment, including:
  - 1. Smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned or reclaimed; or
  - 2. Hazardous, toxic or radioactive matter or nuclear radiation.
- N. **Privacy Incident** means the compromise of **Private Data** as a result of:
  - 1. a lost or stolen laptop, thumb drive, smart phone or other portable device;
  - 2. physical documents that were misplaced, mis-mailed, stolen, improperly shredded, or otherwise improperly disposed of;
  - 3. a misdirected email or facsimile or other electronic transmission;
  - 4. the failure, whether negligently, intentionally, or otherwise, of a third party vendor to prevent a breach of databases, servers or other storage methods, including the theft of **Private Data** and physical loss of documents; or
  - 5. unauthorized access to, use of, or tampering with data or systems.
- O. **Private Data** means any private information about an individual or third party entity that should not be publically available.
- P. **Property Damage** means physical injury to tangible property, including all resulting loss of use of that property. For the purposes of this Policy, electronic data is not tangible property.
- Q. **Retroactive Date** means the date or dates specified in the Declarations.
- R. **Security Incident** means the failure to prevent:
  - 1. unauthorized access to, use of, or tampering with data or systems;
  - 2. the introduction of a virus or other malicious code into data or systems; or
  - 3. an **Insured's** computer system from participating in a denial of service attack against computer systems of others.
- S. **We / Us / Our** means the Insuring Company named in the Declarations.
- T. **Website Content** means information in electronic form, including words, pictures, graphics, and artwork; however transmitted and however received. **Website Content** also includes advertising about an **Insured** or its goods, products or services but does not include the actual goods, products or services described, illustrated or displayed in **Website Content**. **Website Content** does not include messages sent on an individual basis or other one-to-one communications or computer programs, software or code.

Endorsement No.:	1	WVA Board Meeting 2017-11-02 Pg. 52
Endorsement Effective Date:	January 14, 2017 12:01 a.m. standard time at the address of the <b>First Named Insured</b> as shown in Item 1 of the Declarations.	
Forms a part of Policy No.:	CY20161018-02	
Issued to:	WA Vaccine Association	
Issuing Company:	Capitol Specialty Insurance Corporation	

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **Nuclear Energy Liability Exclusion Endorsement**

This endorsement modifies insurance provided under the following:

CPR One Policy

It is hereby understood and agreed that this Policy is amended as follows:

**I. COVERAGES D. EXCLUSIONS** is changed to add the following at the end thereof:

**We** are not liable for **Claim Expenses, Damages** or **Breach Loss** or obligated to defend **Claims** for:

a. Liability:

- 1) With respect to which an **Insured** under this Policy is also an **Insured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an **Insured** under any such policy but for its termination upon exhaustion of its limit of liability, or
- 2) Resulting from the **Hazardous Properties of Nuclear Material** and with respect to which:
  - i. Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
  - ii. The **Insured** is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America or any agency thereof, with any person or organization.

b. Liability resulting from **Hazardous Properties of Nuclear Material**, if:

- 1) The **Nuclear Material**
  - i. Is at any **Nuclear Facility** owned by, or operated by or on behalf of an **Insured**; or
  - ii. Has been discharged or dispersed therefrom;
- 2) The **Nuclear Material** is contained in **Spent Fuel** or **Waste** at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an **Insured**; or
- 3) The liability arises out of the furnishing by an **Insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **Nuclear Facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion 3) applies only to **Property Damage** to such **Nuclear Facility** and any property thereat.

**V. DEFINITIONS** is changed to add the following at the end thereof:

**Hazardous Properties** means radioactive, toxic or explosive properties.

**Nuclear Material** means **Source Material, Special Nuclear Material** or **By-Product Material**.

**Source Material, Special Nuclear Material, and By-Product Material** have the meaning given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

**Spent Fuel** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **Nuclear Reactor**.

**Waste** means any waste material:

1. Containing **By-Product Material** other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **Source Material** content, and
2. Resulting from the operation by any person or organization of any **Nuclear Facility** included under the first two paragraphs of the definition of **Nuclear Facility**.

**Nuclear Facility** means:

1. Any **Nuclear Reactor**;
2. Any equipment or device designed or used by:

Endorsement No.:	1	WVA Board Meeting 2017-11-02 Pg. 53
Endorsement Effective Date:	January 14, 2017 12:01 a.m. standard time at the address of the <b>First Named Insured</b> as shown in Item 1 of the Declarations.	
Forms a part of Policy No.:	CY20161018-02	
Issued to:	WA Vaccine Association	
Issuing Company:	Capitol Specialty Insurance Corporation	

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **Nuclear Energy Liability Exclusion Endorsement**

**continued**

- a. Separating the isotopes of uranium or plutonium;
- b. Processing or utilizing **Spent Fuel**; or
- c. Handling, processing or packaging **Waste**;
3. Any equipment or device used for the processing, fabricating or alloying of **Special Nuclear Material** if at any time the total amount of such material in the custody of the **Insured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
4. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **Waste**, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

**Nuclear Reactor** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

**Property Damage**, as used in this endorsement, includes all forms of radioactive contamination of property.

If this endorsement is issued after the Policy has been issued, it is deemed to have been added to the list of forms and endorsements on the Declarations.

All other terms and conditions of this Policy remain unchanged.

Endorsement No.:	2
Endorsement Effective Date:	January 14, 2017 12:01 a.m. standard time at the address of the <b>First Named Insured</b> as shown in Item 1 of the Declarations.
Forms a part of Policy No.:	CY20161018-02
Issued to:	WA Vaccine Association
Issuing Company:	Capitol Specialty Insurance Corporation

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **Washington – Service of Suit**

This endorsement modifies insurance provided under the following:

CPR One Policy

It is hereby understood and agreed that this Policy is amended as follows:

It is agreed that in the event of the failure of the Insurers to pay any amount claimed to be due hereunder, we at your request, will submit to the jurisdiction of any Court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such Court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such Court.

It is further agreed that service of process in such suit may be made upon:

### **Washington Commissioner of Insurance**

The above-named is authorized and directed to accept service of process on our behalf in any suit upon your written request to provide you with a written acknowledgement that we will enter a general appearance upon our behalf in the event such suit shall be instituted.

If this endorsement is issued after the Policy has been issued, it is deemed to have been added to the list of forms and endorsements on the Declarations.

All other terms and conditions of this Policy remain unchanged.

## IMPORTANT NOTICE!

This Policy lists the **Named Insureds** on the Declarations. The **First Named Insured** has specific rights and duties which are outlined in **IV. CONDITIONS**. Please make certain that the **First Named Insured** is correct and advise **Us** immediately if there is any change necessary.

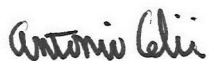
Please read this Policy as there may be difference in coverages, rules and conditions from other insurance policies.



## Capitol Specialty Insurance Corporation

P.O. Box 5900  
Madison WI 53705-0900  
Toll Free: (800) 475-4450

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



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Secretary



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Authorized Representative



CliftonLarsonAllen LLP  
CLAAconnect.com

Board of Directors  
Washington Vaccine Association  
Seattle, Washington

We have audited the financial statements of Washington Vaccine Association (the Association) as of and for the year ended June 30, 2017, and have issued our report thereon dated September 7, 2017. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### **Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2017.

We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### **Accounting estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the balance in accounts receivable is estimated as the amount that has not been collected from members for vaccines purchased by the state of Washington Department of Health through year-end. We evaluated the key factors and assumptions used to develop the balance in accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

##### **Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Board of Directors  
Washington Vaccine Association  
Page 2

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated September 7, 2017.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

This communication is intended solely for the information and use of the board of directors and management of Washington Vaccine Association, and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
September 7, 2017



*Ensuring Funds for Childhood Vaccines*

September 7, 2017

CliftonLarsonAllen LLP  
3000 Northup Way, Suite 200  
Bellevue, WA 98004

This representation letter is provided in connection with your audit of the financial statements of Washington Vaccine Association (the Association), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of September 7, 2017, the following representations made to you during your audits.

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 6, 2017, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge and have fulfilled our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control over the receipt and recording of vaccine assessments.
- We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the



September 7, 2017  
 Catherine Sullivan, CPA  
 Page 2

estimates (including those measured at fair value) and the significant assumptions used in making those accounting estimates are reasonable.

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- No events have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
- We have not identified or been notified of any uncorrected financial statement misstatements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the financial statement date and have been reduced to their estimated net realizable value.
- We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.
- The cost allocation methods used to allocate the entity's expenses to the appropriate functional classification as program services, management and general, and fundraising are properly supported by the entity's books and records. The cost allocation methods used are rational, systematic, and consistently applied. The bases used for allocation of functional expenses are reasonable.
- The Association has collected assessments in excess of amounts required to be paid to the Department of Health 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.

#### Information Provided

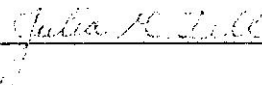
- We have provided you with:
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - Additional information that you have requested from us for the purpose of the audit.

September 7, 2017  
 Chiffon L. L. L. P.  
 Page 3

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
- We have not identified or been notified of any uncorrected financial statement misstatements.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Washington Vaccine Association; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

September 7, 2017  
 CliftonLarsonAllen LLP  
 Page: 4

- Washington Vaccine Association is an exempt organization under Section 501c3 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the entity's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- The Association has collected assessments in excess of amounts required to be paid to the Department of Health 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.
- Although now permissible by Washington law, there has been no board action to and is no present intent to consider termination of the Association.
- As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- In regards to the financial statement preparation services performed by you, we have:
  - Made all management judgments and decisions and assumed all management responsibilities.
  - Designated an individual who possesses suitable skill, knowledge, or and/or experience to understand and oversee the services.
  - Evaluated the adequacy and results of the services performed.
  - Accepted responsibility for the results of the services.

Signature:  Title: CEO, Northwest Region

Signature:  Title: Controller

**WASHINGTON VACCINE ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING





**WASHINGTON VACCINE ASSOCIATION  
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YEARS ENDED JUNE 30, 2017 AND 2016**

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CliftonLarsonAllen LLP  
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## 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, 2017 and 2016, 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 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, 2017 and 2016, 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  
September 7, 2017

**WASHINGTON VACCINE ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 9,582,053	\$ 5,159,161
Estimated Collectible Assessments	9,708,870	5,842,522
Prepaid Vaccines to Washington Department of Health	<u>5,014,254</u>	<u>6,207,953</u>
Total Current Assets	<u>\$ 24,305,177</u>	<u>\$ 17,209,636</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 56,159	\$ 72,511
Bank Line of Credit, Current Portion	<u>-</u>	<u>10,000,000</u>
Total Current Liabilities	56,159	10,072,511
<b>ASSESSMENTS COLLECTED IN EXCESS OF VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES</b>	<u>24,249,018</u>	<u>7,137,125</u>
Total Liabilities	24,305,177	17,209,636
<b>NET ASSETS - UNRESTRICTED</b>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 24,305,177</u>	<u>\$ 17,209,636</u>

*See accompanying Notes to Financial Statements.*

**WASHINGTON VACCINE ASSOCIATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

	Administrative Activities	Vaccine Funding Activities	Total
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>			
Assessment Activity:			
Assessments	\$ 18,622,617	\$ 65,514,758	\$ 84,137,375
Vaccine Replenishments	-	(65,835,583)	(65,835,583)
Net Assessment Activity	18,622,617	(320,825)	18,301,792
Expenses:			
Public Information	12,875	-	12,875
Administrative:			
Administrative Services	491,957	-	491,957
Special Projects Services	410,583	-	410,583
Legal and Accounting	55,233	-	55,233
Office	52,567	-	52,567
Interest	114,461	-	114,461
Other	52,223	-	52,223
Total Expenses	1,189,899	-	1,189,899
Total Change in Unrestricted Net Assets	17,432,718	(320,825)	17,111,893
<b>VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED</b>	(17,432,718)	320,825	(17,111,893)
<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, 2016**

	Administrative Activities	Vaccine Funding Activities	Total
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>			
Assessment Activity:			
Assessments	\$ 16,579,594	\$ 59,032,500	\$ 75,612,094
Write-Down of Assessments	(127,000)	(5,631,000)	(5,758,000)
Vaccine Replenishments	-	(66,992,123)	(66,992,123)
Net Assessment Activity	16,579,594	(13,590,623)	2,861,971
Expenses:			
Public Information	12,809	-	12,809
Administrative:			
Administrative Services	492,624	-	492,624
Special Projects Services	378,140	-	378,140
Legal and Accounting	27,244	-	27,244
Office	59,812	-	59,812
Interest	428,122	-	428,122
Other	43,519	-	43,519
Total Expenses	1,442,270	-	1,442,270
Total Change in Unrestricted Net Assets	15,137,324	(13,590,623)	1,419,701
<b>VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED</b>	(15,137,324)	13,590,623	(1,419,701)
<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  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Assessments Collected	\$ 80,271,027	\$ 76,308,160
Cash Remittances to Washington Department of Health for Vaccines	(64,641,884)	(66,860,517)
Administrative Expenses Paid	(1,019,279)	(977,703)
Cash Paid for Interest Expense	<u>(186,972)</u>	<u>(433,109)</u>
Net Cash Provided by Operating Activities	14,422,892	8,036,831
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Line of Credit Repayments	<u>(10,000,000)</u>	<u>(5,000,000)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,422,892	3,036,831
Cash and Cash Equivalents - Beginning of Year	<u>5,159,161</u>	<u>2,122,330</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 9,582,053</u></u>	<u><u>\$ 5,159,161</u></u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ -	\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in:		
Estimated Collectible Assessments	(3,866,348)	6,454,066
Prepaid Vaccines to Washington Department of Health	1,193,699	131,606
Increase (Decrease) in:		
Accounts Payable	56,159	36,445
Vaccine Fees Payable to Washington Department of Health	(72,511)	(4,987)
Assessments Collected in Excess of Vaccine Funding and Administrative Activities	<u>17,111,893</u>	<u>1,419,701</u>
Net Cash Provided by Operating Activities	<u><u>\$ 14,422,892</u></u>	<u><u>\$ 8,036,831</u></u>

See accompanying Notes to Financial Statements.



**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**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 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, 2017 AND 2016**

**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, 2017 and 2016.

**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, 2017 and 2016.

**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.

**Estimated Collectible Assessments**

Estimated collectible assessments 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%. Interest is added to the assessment for payments received after the due date of the assessment.

**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.



**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**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 payor. The per-vaccine assessment amounts are established by the Association periodically. The payor 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.

**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 (UVP) established pursuant to RCW 43.70.720. Funds transferred to the UVP 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.

**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, 2017 and 2016, assessments collected in excess of vaccine funding and administrative activities totaled \$24,249,018 and \$7,137,125, 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.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Income Taxes (Continued)**

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.

**Subsequent Events**

The board of directors and management have evaluated subsequent events through September 7, 2017, the date the financial statements were available to be issued.

**NOTE 3 REMITTANCE TO THE STATE OF WASHINGTON**

Pursuant to the Association's statutory purposes, transfers of \$64,641,884 and \$66,860,517 were made by the Association to the state of Washington's UVPA during the years ended June 30, 2017 and 2016, respectively.

**NOTE 4 LINE OF CREDIT**

In September 2013, the Association accepted a commitment from KeyBank National Association for a \$15 million line of credit (LOC) that expired in December 2014. The Association renewed the LOC on December 1, 2014. The maximum available balance on the renewed LOC was \$15 million until January 31, 2016, reduced to \$10 million until August 31, 2016, and finally reduced to \$5 million until January 1, 2017. The LOC was renewed on April 6, 2017 with a maximum available balance of \$5 million for one year. The Association may elect to pay interest on the LOC at either the adjusted LIBOR rate or Bank Prime rate (3.5% at June 30, 2017). The LOC is secured by the general assets of the Association.

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 on December 1, 2013, April 1, 2015, July 1, 2015, and again July 1, 2016 so that it should have sufficient funds both (i) to repay the LOC, and (ii) to rebuild liquidity reserves.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 5 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.





# Annual Report



## Dear Friends and Colleagues,

As the Washington Vaccine Association (WVA) closes its eighth year, we are looking forward to continuing a very successful public-private partnership with the Washington State Department of Health (DOH) that is instrumental in supporting the universal purchase of vaccines. Over the past year, we have welcomed several new Board members that have contributed new perspectives and fresh ideas to the organization. We are excited about the WVA's progress and we are looking forward to continuing the precedent of operational excellence.

During the past two years, the WVA Board of Directors focused its attention on setting long-term, strategic goals as well as improving short-term operational processes. While our mission remains clear—facilitating the universal purchase of vaccines for Washington's children in partnership with DOH, the WVA seeks to continually improve systems to ensure the best public health outcomes for Washington residents.

John A. Sobek, MD, MBA  
Interim Chair

### A Powerful Model

Vaccine costs continue to rise nationally. The WVA's role in stabilizing vaccine funding has played a crucial role in ensuring all Washington children have access to recommended vaccines. Our model has powerful benefits:

- **No Provider Financing Costs.** Instead of fronting significant dollars to keep vaccines on hand, providers receive and administer pediatric vaccines from the DOH and use their existing billing system to trigger WVA's collection of funding from health plans.
- **Consolidated Storage and Ordering.** Clinic staff can avoid both navigating complex ordering systems and keeping separate storage inventories for vaccines based on who paid for them or which kids they will immunize. The DOH provides support for one vaccine ordering process, regardless of the patient's insurance status.
- **Stable Vaccine Supply.** Providers can focus on patient needs and have supply on hand to immunize kids.
- **Healthcare Savings.** The DOH bulk purchase of all pediatric vaccines provides significant cost savings versus the private market.

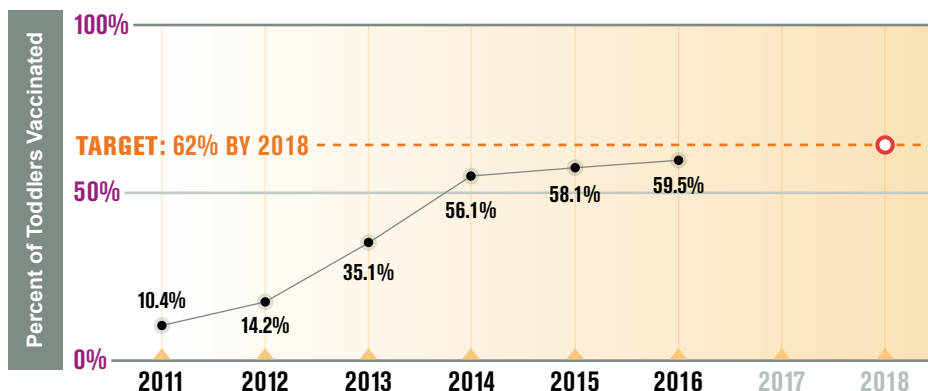
### Stable Childhood Vaccine Funding Achieved

Since 2010, the WVA has aided the universal purchase of vaccines for all children in Washington State. With funding collected from health plans the WVA remits payments to the DOH for the purchase of childhood vaccines, supporting the infrastructure that ensures all children have access to vaccines at no cost to the patient. As the WVA enters its ninth year, compliance from both payers and providers is nearly perfect and we expect all payers to complete timely payments by mid-2018.





## WASHINGTON IMMUNIZATION AT A GLANCE (children 19-35 months)



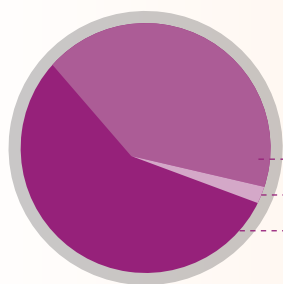
Source: <https://data.results.wa.gov/reports/G4-1-2-Y-a-Childhood-Vaccines>



**The CDC 2016 National Immunization Survey** shows almost two in every three Washington teens (65%) received at least one dose of HPV vaccine – a significant increase over 2015 (56%).

## FINANCIALS

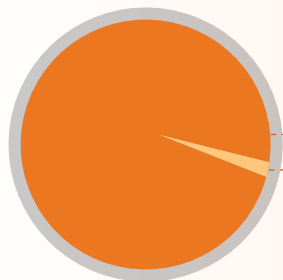
July 1, 2016 - June 30, 2017



### Childhood Vaccine Funding Sources

Estimated Total: \$161,860,073

- 40% | State Funds (Assessments collected by WVA)
- 2% | State-funded Health Insurance Programs
- 58% | Federal Funds



### WVA Program Expenditures

Total: \$67,025,482

- 98% | Remittance to WA for Vaccine Costs\*
- 2% | Operating Costs

\*This chart reflects funding for WVA-funded vaccines. To view the complete FY2016 financial analyses, please see the complete audited financials at [www.wavaccine.org/audit/2016](http://www.wavaccine.org/audit/2016).



## WVA Board of Directors

**John Pierce, Esq., Chairman**  
Senior VP and General Counsel,  
Premera Blue Cross

**John Sobeck, MD, MBA, Vice-Chair**  
PNW Market Medical Executive, Cigna

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Medical Director, Washington,  
Regence BlueShield

**David Efroymson**  
Executive Director, Supply Chain,  
Group Health Cooperative

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Insurance Company

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South Sound Pediatric Associates

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Centene-Coordinated Care

**Edgar K. Marcuse, MD, MPH**  
Emeritus Professor of Pediatrics,  
University of Washington

**Michele Roberts, MPH, MCHES**  
Director, Office of Immunization and  
Child Profile, State Department of Health

[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

**Julia G. Zell, MA., Esq.**  
Executive Director

**Fred L. Potter, MBA, Esq.**  
Managing Member

**Peter Smith, MBA**  
Financial Analyst

**Claire M. Roberge, MBA**  
Controller





## Childhood Vaccine Restitution Policy 2017 Washington State Childhood Vaccine Program Office of Immunization and Child Profile

### Introduction

Proper vaccine storage, handling, and accountability are vital components to the success of the Washington State Childhood Vaccine Program. This policy outlines conditions to replace publicly supplied childhood vaccine.

### Scope

This policy applies to all providers that receive publicly supplied childhood vaccine.

### Definitions

- **Provider:** An individual, partnership, private organization, or public organization enrolled in the State Childhood Vaccine Program.
- **Negligence:** Failure to take reasonable action to prevent vaccine storage and handling incidents.
- **Dose-for-dose replacement:** Private purchase of vaccine to equally replace the publicly supplied childhood vaccine doses lost.

### Restitution Policy

The Washington State Department of Health (DOH) will require providers to be responsible for dose-for-dose replacement restitution when doses of publicly supplied childhood vaccine have been lost due to the provider's negligence, resulting in failure to properly receive, store, or use vaccines if:

- A. This is the 1<sup>st</sup> incident and the total loss is \$5,000 or more, or
- B. This is the 2<sup>nd</sup> incident (or greater) – regardless of total value, or
- C. It is due to a failure to immediately open a vaccine shipment from McKesson or Merck resulting in damaged vaccine, regardless of total value, or
- D. It is due to failure to store refrigerated vaccine in a refrigerator or failure to store frozen vaccine in a freezer.

Restitution will require the provider to replace the vaccine lost on a dose-for-dose basis, as required by the Vaccines for Children (VFC) requirements. Negligence and reasons for restitution include but are not limited to the following:

- Failure to open vaccine shipments from McKesson or Merck immediately, resulting in damaged and non-viable vaccines.
- Failure to rotate vaccine stock, resulting in preventable expired vaccine.
- Failure to alert the Local Health Jurisdiction (LHJ) three months prior to vaccine expiration to determine vaccine transfer options.
- Not requesting prior approval from the LHJ and/or DOH to transfer vaccines and/or transferring vaccines inappropriately, thereby potentially impairing vaccine viability.
- Using publicly supplied childhood vaccine for unapproved populations.
- Freezing vaccines intended to be refrigerated and/or refrigerating vaccines intended to be frozen.
- Failure to maintain proper refrigeration and/or freezer temperatures.
  - ▶ Refrigerator or freezer left unplugged.
  - ▶ Electrical breaker switched off by provider staff, contractors or any other individual.
  - ▶ Refrigerator or freezer door left open or ajar by staff, contractors, or any other individual.
  - ▶ Any power outages in which the provider fails to act according to their vaccine storage back up plan.
  - ▶ Not having correct/certified thermometers and/or incorrect placement in each vaccine refrigerator and freezer compartment.
  - ▶ Failure to read and record refrigerator and freezer temperatures, and/or failure to take immediate corrective action when temperatures are determined to be out of range.
- Vaccine left out of the refrigeration unit and becomes non-viable (always call Vaccine Management Unit at 360-236-2829 to determine if vaccine can be identified as viable).
- Failure to notify LHJ/DOH when provider office hours change or the provider address changes, resulting in vaccines not being delivered and consequently becoming non-viable.
- Discarding non-expired vaccine prior to stated expiration date.
- Failure to follow an emergency response plan.
- Any other preventable handling and storage incidents made by provider.

Note: Beginning January 2018, the Centers for Disease Control and Prevention (CDC) and DOH requires all providers receiving publicly supplied childhood vaccine to use continuous temperature monitoring devices (data loggers) to monitor vaccines during routine onsite



## Childhood Vaccine Restitution Policy 2017 Washington State Childhood Vaccine Program Office of Immunization and Child Profile

storage of vaccine, during transport of vaccine, during mass vaccination clinics and provider required back-up thermometers.

### Vaccine Loss and Wastage Reimbursement

The following guidelines outline the process to determine if the provider is responsible for dose-for-dose replacement of publicly supplied childhood vaccine.

1. In accordance with the Provider Agreement and Vaccine Management Plan, all providers will sign the restitution policy, acknowledging and agreeing that DOH may require dose-for-dose replacement of publicly supplied childhood vaccine lost due to negligence, excluding influenza vaccines.
2. In accordance with the provider agreement, providers agree to report to their LHJ using the "Vaccine Incident Report and Return Form" (see Appendix A) when vaccine has been lost due to reasons outlined in the **Restitution Policy** section above.
3. LHJs will notify the DOH's Office of Immunization and Child Profile (OICP) at [WACHildhoodVaccines@doh.wa.gov](mailto:WACHildhoodVaccines@doh.wa.gov) when an incident has occurred. The DOH will work in partnership with the LHJ to determine if negligence occurred and if restitution for any doses is required.
4. If negligence is identified, LHJs will provide a letter to the provider requesting dose-for-dose replacement (see Appendix B).
5. Providers will work with vaccine manufacturers to privately purchase vaccine to equally replace the publicly supplied childhood vaccine doses lost. All replacement doses should have at least a 1-year expiration date.
6. Providers will have 90 days upon receiving the letter to privately purchase replacement doses. The provider must submit to their LHJ a copy of the invoice showing the vaccines purchased, lot numbers, and the number of doses purchased. Proof of payment will also be required.
7. Providers must show that all replacement doses have been transferred appropriately into the provider's publicly funded inventory and that the privately purchased replacement vaccine is used to vaccinate only eligible patients. These doses should be entered into the Washington State Immunization Information System (IIS). The DOH may ask to see records documenting administration of these replacement doses to eligible children.

### Acknowledgment of Receipt and Agreement to Restitution Policy

Provider Name:	VFC Pin No.:	Telephone:
Street Address:		
City:	State:	Zip:

I have read, and agree to adhere to the Washington State Department of Health, Office of Immunization and Child Profile's Vaccine Restitution Policy, and to the provisions of this policy.

I understand that failure to adhere to this policy may result in suspension of our clinics participation in the Washington State Childhood and/or Adult Vaccine Programs.

I, the signatory on the Provider Agreement, accepts responsibility of adherence to this policy.

Print Name of Signatory:	
SIGNATURE of Signatory:	Date



**Childhood Vaccine Restitution Policy 2017**  
**Washington State Childhood Vaccine Program**  
**Office of Immunization and Child Profile**

**Appendix A – Vaccine Incident Report and Return Form**

Healthcare providers participating in the Washington State Childhood Vaccine Program are required to report all vaccine incidents that result in unusable vaccine (See Vaccine Restitution Policy). Use this form for incidents and returns of childhood vaccines (except influenza).

DATE:	VACCINE ORDERING PROVIDER PIN:		
PROVIDER/CLINIC NAME:			
ADDRESS:			
CITY:	STATE: WA	ZIP:	
CONTACT NAME:	TELEPHONE:		
LHJ NAME:	DATE CONTACTED LHJ:		

**Step 1:** [For all incidents, except influenza] Record the number of doses, vaccine product details, and the reason for the vaccine incident. Use page 5 as needed for additional lot numbers.

Vaccine	Number of Doses	Manufacturer	NDC Number	Lot Number	Expiration Date	Incident Code (see below)
DT						
DTaP						
DTaP-Hep B-IPV						
DTaP-IPV-Hib						
DTaP-IPV						
Hep A						
Hep B						
Hib						
HPV						
IPV						
MCV						
MMR						
MMR-V						
PCV						
PPSV						
Rotavirus						
Td						
Tdap						
Varicella						
<b>Vaccine Incident Codes:</b>						
1. Expired			4. Lost or missing			
2a. Spoiled: Too warm refrigerator storage			5a. Transfer from state to private due to private order delay			
2b. Spoiled: Too cold refrigerator storage			5b. Transfer from state to private due to non-viable delivery			
2c. Spoiled: Too warm freezer storage			5c. Transfer from state to private due to other (specify)			
3. Wasted (spillage, breakage, etc.) – LHJ will determine if this form is required for each wasted vaccine incident.						

**Step 2:** [For all incidents] Have you already submitted a return or reconciled your inventory for this incident in the IIS?:

YES ☐

NO ☐



## Childhood Vaccine Restitution Policy 2017 Washington State Childhood Vaccine Program Office of Immunization and Child Profile

**Step 3:** [For all incidents] Describe the reason for the vaccine incident that results in vaccine being expired, spoiled, or unusable and the corrective action to prevent future incidents.

Date of incident:
Reason for incident:
Corrective Action to prevent future incidents (include date vaccine returned to publicly supplied childhood stock for transfer incidents):

**Step 4:** [For spoiled vaccine incidents – reasons 2a-2c] Please answer the following questions for vaccine that is spoiled due to exposure to out-of-range temperatures.

1. Was the spoiled vaccine known to have been exposed to more than one out-of-range storage temperature?  
*Answer "Yes" if the decision to waste the vaccine was based upon a history of more than one improper storage incident involving the vaccine.*  
 YES ☐ NO ☐
2. How long was the vaccine outside of proper temperature range? **In hours:** \_\_\_\_\_  
*Refrigerated vaccine range: 36°F to 46° F (2°C to 8°C). Freezer stored vaccine range: below -15°C/+5°. Report the actual time out of range in hours; if known, report the time from the most recently recorded in-range temperature until the discovery of the problem (in hours). (1 day = 24 hrs; 2 weeks=336 hrs; 60 days=1440 hrs)*
3. Was the out-of-range temperature the result of the vaccine being left outside of the refrigerator or freezer?  
 YES ☐ NO ☐
4. What type of refrigerator was involved? (Select all that apply)

<input type="checkbox"/> Combination refrigerator / freezer with <input type="checkbox"/> separate thermostats OR <input type="checkbox"/> single thermostat OR <input type="checkbox"/> Unknown
<input type="checkbox"/> Stand-alone refrigerator, household style
<input type="checkbox"/> Stand-alone refrigerator commercial style
<input type="checkbox"/> Stand-alone refrigerator, "purpose-built" for storage of vaccines (e.g. laboratory or pharmacy grade)
<input type="checkbox"/> "Dormitory style" refrigerator (small, typically with interior freezer-box that has no external door)
<input type="checkbox"/> Type of refrigerator unit is unknown

**Childhood Vaccine Restitution Policy 2017  
Washington State Childhood Vaccine Program  
Office of Immunization and Child Profile**

Please print or type legibly

[illegible]

**Step 5:** Please FAX completed form to your Local Health Jurisdiction and to the Washington State Department of Health at 360.236.3597. If you have a disability and need this document in a different format, please call 1-800-525-0127 (TDD/TTY call 711). DOH 348-154 July 2016



**Childhood Vaccine Restitution Policy 2017**  
**Washington State Childhood Vaccine Program**  
**Office of Immunization and Child Profile**

**Appendix B – Sample Restitution Letter sent from LHJ to Provider (include copy of incident report)**

[Insert Provider Name]  
 [Insert Provider Pin No.]  
 [Insert Provider Address]

[Insert Date]

Dr. [Insert Name],

The Washington State Department of Health (DOH), Office of Immunization and Child Profile (OICP) appreciates your support and participation in the Washington State Childhood Vaccine Program. Your office recently experienced a loss of vaccine due to negligence as reported on the Vaccine Incident Report and Return Form attached to this letter. You will be responsible for dose-for-dose replacement of the publicly supplied childhood vaccine lost.

Please work directly with vaccine manufacturers to privately purchase vaccine to equally replace the publicly supplied childhood vaccine doses lost. All replacement doses should have at least a 1-year expiration date. Doses that are in need of replacement are listed in table below.

*Table below will be prefilled by DOH in based on Incident Report Form.*

Vaccine	Number of Doses	Manufacturer	NDC Number	Lot Number	Expiration Date	Incident Code (see below)

**Vaccine Incident Codes:**

1. Expired	4. Lost or missing
2a. Spoiled: Too warm refrigerator storage	5a. Transfer from state to private due to private order delay
2b. Spoiled: Too cold refrigerator storage	5b. Transfer from state to private due to non-viable delivery
2c. Spoiled: Too warm freezer storage	5c. Transfer from state to private due to other (specify)
3. Wasted (spillage, breakage, etc.) – LHJ will determine if this form is required for each wasted vaccine incident.	

You will have 90 days upon receiving the letter to privately purchase replacement dose(s). You must submit to your LHJ ([insert LHJ name and email here](#)) a copy of the invoice showing the vaccines purchased, lot numbers, and the number of doses purchased. Proof of payment will also be required.

You must also show that all replacement doses have been transferred appropriately into your publicly funded inventory and that the privately purchased replacement vaccine is used to vaccinate only eligible patients. These doses should be entered into the Washington State Immunization Information System. The DOH may ask to see records documenting administration of these replacement doses to eligible children.

If you have any questions, please contact your LHJ ([insert LHJ name and email here](#)) or email [WACHildhoodVaccines@doh.wa.gov](mailto:WACHildhoodVaccines@doh.wa.gov).

Thank you,

[Insert signature]

Name of LHJ  
 Phone number



Ensuring Funds for Childhood Vaccines

### 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.

Name	Organization	Statutory Authority RCW 70.290.030	Year Term Ends	Officers	Executive Committee	Audit Committee	Vaccine Committee RCW 70.290.050
Murphy, Chad	Premiera BlueCross	Sec. (3)(a)	2020		C		
Dunn, John	Kaiser Permanente	Sec. (3)(b)	2018				
Farber, Jason	Davis Wright Tremaine	Sec. (3)(e)	2019			X	
LeBrun, Derek	Coordinated Care (AWHP election)	Sec. (3)(c)	2018				X
Harvey, Beth	South Sound Pediatric Associates	Sec. (3)(f)	2019	Board Vice President	X		
Randy Parker	Northwest Association of Administrators	Sec. (3)(d)	2020				
Marcuse, Ed	University of Washington	Sec. (3)(f)	2018	Board Secretary			C
Roberts, Michele	Department of Health	Sec.(3)(g)	•		X		X
Kulpa, Pat	Regence BlueShield	Sec. (3)(a)	2019				
Falanga, Cathy	Aetna	Sec. (3)(a)	2019		X		X
Sobeck, John	Cigna	Sec. (3)(a)	2020	Board Chair & President		X	

#### Legend:

("C") = Chairperson

("X") = Member

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

#### Vaccine Committee:

- In addition to the above board members, the following individuals have been named to serve on the Vaccine Committee:
  - Appointed by the Secretary RCW 70.290.050 (1): Jeff Gombosky (non-voting)
  - Appointed by the Board and non-voting: Sheanne Allen  
(Note: Not required by statute) Mary Kay O'Neill
- As of November 2017, an open position exists on the Vaccine Committee.
- As of March 2017, an open position exists on the Audit Committee.

#### Audit Committee:

- 

WAvaccine.org

P 1.888.928.2224 • F 1.888.928.2242

PO Box 94002 • Seattle WA 98124-9402





## 2018 WVA Corporate Governance Calendar

(Board Meeting and Committee Meeting Schedules)

Month	Board Planning Meeting 2-3:30 PM (Held if needed)	Board Meeting 2-4 PM	Vaccine Committee 12:30-1:30 PM	Audit Committee 3-4 PM	Operations Committee 12:30-1:30 PM
January					
February				X February 22	
March	X March 15				
April		X April 5	X April 5		
May				X May 24	X May 3
June	X June 7	X June 28			
July					
August					
September				X September 6	
October	X October 18				X October 11
November		X November 8	X November 8		
December					

**\*All times are Pacific Standard Time**

- In-person WVA Board meetings are from 2:00 – 4:00 PM at the offices of Ellis, Li & McKinstry, generally on Thursdays.
- 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.

## **Conflict of Interest Policy**

**Policy:** Washington Vaccine Association (the “Association”) has been established by act of the Washington Legislature 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 the state of Washington. The Association will comply fully with all laws that relate to the conduct of its activities, including all tax law.

**Purpose:** The purpose of this policy is to protect the Association’s interests when it is contemplating entering into a transaction or arrangement, or making a decision, that might benefit the private interest of an officer or board member of the Association or member of a committee with board delegated powers or might result in a possible excess benefit transaction as defined by the Internal Revenue Code. The Association intends to conduct its affairs consistent with the requirements of tax-exempt status under the Internal Revenue Code.

### **Definitions:**

**Interested Person:** Any board member, principal officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, or a duality of interest, as defined below, is an interested person.

**Financial Interest:** A person has a financial interest in a transaction or arrangement or decision if the person has, directly or indirectly, through business, investment or family: (a) an ownership or investment interest in any entity with which the Association has a transaction or arrangement; or (b) a compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement; or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement or which will be affected by a decision of the Association. A “family member” includes a spouse, siblings (half or whole), children, grandchildren, and in-laws. “Business” includes those businesses which the person owns or controls at least 35%, or disregarded entities.

**Duality of Interest:** An interested person has a duality of interest with regard to a decision or action where in addition to the obligations of the interested person to the Association, the interested person has an obligation with regard to another organization or enterprise involved or implicated in the action of the Association. For instance, an interested person may serve as a board member of the Association and also as a board member of an organization engaging in a transaction with the Association. A duality of interest will be dealt with in the manner of a conflict of interest.

**Conflict of Interest:** A conflict of interest exists where an interested person has a financial interest or a duality of interest, in a proposed transaction or arrangement with the Association or decision by the Association. Examples of conflicts of interest include the following:

- a. Where an interested person makes a decision or does an act or is required to make a decision or perform an act that also involves an entity with which the person has a financial relationship and that benefits financially from the sale, marketing, re-selling, or distribution of vaccines; examples of such relationships include direct employment or an investment interest, a consultancy or other contractor relationship, serving on a speakers bureau, receiving honoraria, research and/or travel support;
  - b. Where an interested persons personally contracts with the Association or where he/she is a board member of another organization which is contracting with this Association;
  - c. Where an interested person has any direct or indirect interest in, or a relationship with, any individual or organization that proposes to enter, or has entered, into any transaction or arrangement with the Association involving the sale, re-sale, purchase, marketing, or distribution of any goods or services (including vaccines) or involving the investment or deposit of any funds of the Association;
  - d. Where an interested person in his or her capacity with the Association learns of an opportunity for profit or benefit which may be valuable to him/her personally or to another organization of which he/she is a member, or to other persons known to the interested person;
  - e. Where an interested person will receive compensation, directly or indirectly, from the Association for services; and,
  - f. Where a family or business relationship exists between the interested person and another interested person, consultants, or with staff of the Association.
- (This is not an exhaustive list.)

### **Procedures:**

1. **Duty to Disclose:** An interested person will disclose any conflict of interest, be it real, potential, or apparent, *which is not immediately obvious* with regard to any matter being discussed in the person's presence during a meeting.

- a. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the board members or members of committees with board delegated powers considering the proposed transaction or arrangement or decision.
- b. Disclosure involving board members should be made to the board chair, who shall bring these matters, if material, to the board.
- c. Disclosure in the Association should be made to the chief executive (or if she or he is the one with the conflict, then to the board chair), who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the board chair.
- d. The Washington law establishing the Association provides that board membership of the Association includes members selected from health carriers, third-party administrators, health plans, physicians, and a delegate of the Secretary of the Department of Health. A potential conflict of interest arises between the

obligations of a board member of the Association and the board members' obligations to the organization or profession or position represented by the board member. The representative capacities and experience of board members are valuable to the Association board of directors. Under these circumstances, board members are not required to specifically disclose their represented relationships in each instance so long as such relationships are obvious in the situation. The board member should annually disclose any such financial interest on the disclosure form required by this policy.

## 2. **Determining Whether a Conflict of Interest Exists**

After disclosure of the interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The board shall determine whether a conflict exists and is material, and in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Association. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare of the Association and the advancement of its purpose and *will be documented in the minutes*.

## 3. **Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement or decision involving the possible conflict of interest.
- b. The chair of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement or make the proposed decision.
- c. After exercising due diligence, the board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested board members whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

## 4. **Violations of the Conflicts of Interest Policy**

- a. If the board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, or duality of interest, it shall

inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the board member's response and after making further investigation as warranted by the circumstances, the board or committee determines the member has failed to disclose an actual or possible conflict of interest, or duality of interest, it shall take or not take such disciplinary and/or corrective action as it, in its sole discretion, determines to be appropriate.

## **5. Records of Proceedings**

The minutes of the board and all committees with board delegated powers shall contain:

- i. The names of the persons who disclosed or otherwise were found to have a financial interest or duality of interest, the nature of the financial interest or duality of interest, any action taken to determine whether a conflict of interest or duality of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
- ii. The names of the persons who were present for discussions and votes relating to the transaction or arrangement or decision, a brief summary of the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **6. Annual Statements**

Each board member and member of a committee with board delegated powers shall annually sign a statement which affirms such person:

- i. Has received a copy of the conflicts of interest policy;
- ii. Has read and understands the policy;
- iii. Has agreed to comply with the policy; and,
- iv. Understands the Association is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **7. Periodic Reviews**

To ensure the Association operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- i. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- ii. Whether partnerships, joint ventures, and arrangements with management of the Association conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods

and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

8. **Use of Outside Experts**

When conducting the periodic reviews, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.



## **Conflict of Interest Disclosure Statement**

The Washington Vaccine Association (the “Association”) has adopted a conflict of interest policy to protect the Associations interest when it is contemplating entering into a transaction or arrangement or making a decision that might benefit the private interests of an officer or director or committee member of the Association. The existence of a conflict does not imply wrong doing on anyone’s part. But when conflicts do arise, they must be recognized and disclosed. Some relationships may create an appearance of conflict; those too, are important to manage so that the Association may maintain public confidence in the integrity of the Association’s activities and to maintain federal tax exempt status.

Thank you for your cooperation.

Please complete the following information, date and sign this statement below.

A. Name and position (e.g. director, officer, member of a committee with board delegated powers): \_\_\_\_\_

B. Occupation: \_\_\_\_\_

C. Current employer, if any: \_\_\_\_\_

D. Affirmation:

(1) I have received a copy of the Policy;

(2) I have read and understand the Policy;

(3) I agree to comply with the Policy; and

(4) I understand that the Washington Vaccine Association (the “Association”) is a tax-exempt organization (or intends to apply for tax-exempt status) and that in order to maintain the federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

E. Financial Interests:

The Policy requires that if you have a financial interest in a proposed transaction or arrangement with the Association, you must disclose the existence and nature of your financial interest to the board or board committee with board delegated powers considering the proposed transaction or arrangement. Please identify any such financial interest which you have disclosed in the past 12 months. If there is a financial interest you believe you should have disclosed, please describe any such interest here as well.



A person has a financial interest in a transaction or arrangement if the person has, directly or indirectly, through business, investment, or family<sup>1</sup>: (a) an ownership or investment interest in any entity with which the Association has a transaction or arrangement, or (b) a compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.

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The Policy also requires you to report family or business relationships you may have with other members on the board, or with officers, with consultants, or with staff of the Association. The reportable relationships include: (a) whether you are employed by, or you employ, a board member, an officer, a consultant, or staff; (b) a business in which you and any one of the above-listed persons holds a key position or an aggregate of 10% ownership in the assets or income; (c) transactions between you and any of the above-listed persons individually, or through their 35% owned business, which exceeds \$5,000 in aggregate during the reporting year; and (d) family relationships with any of the above-listed persons. Describe any such relationship in detail below.

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I affirm the accuracy and completeness of the information provided above.

Signature

Date

{2543.00001/M0171086.DOC; 5}

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<sup>1</sup> Family members include spouse, siblings (half or whole), ancestors, children, grandchildren, and in-laws. Businesses include those in which you own or control at least 35%, or disregarded entities.



## **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:\_\_\_\_\_



## 2018 Washington Vaccine Association Directory

As of 10/26/2017

Conference Call information  
 Conference Line: (267) 930-4000  
 Conference ID: 103063718

### Board of Directors

#### Payer Representatives

**Catherine "Cathy" Falanga**  
*Director of Provider Relations*  
 Aetna Life Insurance Co.

Phone: 206.701.8036  
 Cell: 206.992.1293  
[FalangaC@aetna.com](mailto:FalangaC@aetna.com)

**Randy Parker**  
 Carpenters Trusts of Western Washington  
 2200 Sixth Avenue, Suite 300  
 Seattle, WA 98121-1839

Phone: 206.441.6514  
[randyp@ctww.org](mailto:randyp@ctww.org)

**John B. Dunn, MD, MPH**  
*Medical Director for Preventative Care*  
 Kaiser Permanente  
 Capitol Hill Campus  
 201 16<sup>th</sup> Ave E (West Bldg) – 3<sup>rd</sup> Floor  
 Seattle, WA 98112-5260

Phone: 206.326.3343  
[dunn.jb@ghc.org](mailto:dunn.jb@ghc.org)

**Derek LeBrun**  
*Director, Finance & Risk Adjustment*  
 Coordinated Care

Phone: 503.516.6738  
[DLEBRUN@coordinatedcarehealth.com](mailto:DLEBRUN@coordinatedcarehealth.com)  
[lebrun\\_derek@yahoo.com](mailto:lebrun_derek@yahoo.com)

**Chad Murphy, Vice President, Pharmacy Contracting & Consulting**  
 Premera Blue Cross  
 7001 220th St. SW  
 Mail Stop 316  
 Mountlake Terrace, WA 98043

Phone: 425.918.3392  
 Cell:  
[Chad.Murphy@PREMERA.com](mailto:Chad.Murphy@PREMERA.com)  
 Assistant: Amy Testa  
[Amy.Testa@PREMERA.com](mailto:Amy.Testa@PREMERA.com)  
 Phone: 425.918.5499

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

Phone: 206.625.8861  
[john.sobeck@cigna.com](mailto:john.sobeck@cigna.com)  
 Assistant: Kayla Campbell  
[Mikaela.Campbell@Cigna.com](mailto:Mikaela.Campbell@Cigna.com)  
 Phone: 206.539.4876  
 Fax: 855.712.7230

**Patricia "Pat" Kulpa, MD***Medical Director, Washington*The Regence Group-Healthcare Services  
Seattle/Tacoma

1800 Ninth Ave., M/S S425

Seattle, WA 98101

Phone: 206.332.3802

Cell: 253.370.2103

[Pat.Kulpa@regence.com](mailto:Pat.Kulpa@regence.com)Assistant: Dale Nash[Dale.Nash@regence.com](mailto:Dale.Nash@regence.com)

Phone: 206.332.3608

**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](mailto:jasonfarber@dwt.com)Assistant: Natasha Hovanski[natashahovanski@dwt.com](mailto:natashahovanski@dwt.com)

Phone: 206.757.8505

**Physician Representatives****Beth Harvey, MD**

South Sound Pediatric Associates

3516 12th Ave. NE

Olympia, WA 98506

Phone: 360.456.1600

Cell: 360.561.9125

[betheharvey@comcast.net](mailto:betheharvey@comcast.net)**Ed Marcuse, MD, MPH, FPIDS***Emeritus Professor of Pediatrics*

University of Washington

9515 Northeast Shipping Lane

Kingston, WA 98346

Phone: 360.638.2588 (Home)

Cell: 206.660.1132

[ekmarcuse@gmail.com](mailto:ekmarcuse@gmail.com)**Government Representatives****Michele Roberts, MPH, MCHES***Director, Office of Immunization and Child Profile*

Washington State Dept. of Health

PO Box 47843

Olympia, WA 98504

Phone: 360.236.3568

Cell: 360.791.6724

Fax: 360.236.3590

[michele.roberts@doh.wa.gov](mailto:michele.roberts@doh.wa.gov)Assistant: Cicely Bacon[cicely.bacon@doh.wa.gov](mailto:cicely.bacon@doh.wa.gov)**Non-Voting Vaccine Committee Members****Appointed by the Board of Directors to the Vaccine Committee**

**SheAnne Allen**

*Vaccine Management Section Manager*  
 Washington State Dept. of Health  
 PO Box 47843  
 Olympia, WA 98504

Phone: 360.236.3578

[Sheanne.allen@doh.wa.gov](mailto:Sheanne.allen@doh.wa.gov)**Vaccine Manufacturer Representative****Jeff Gombosky**

*Non-voting Vaccine Committee member*  
 Representative to Committee under HB 2551 sec.  
 5(1)

[jeffgombosky@gmail.com](mailto:jeffgombosky@gmail.com)**Volunteer Vaccine Committee Member****Mary Kay O'Neill, MD, MBA**

*Partner*  
 Mercer  
 1305 5<sup>th</sup> Avenue, Suite 1900  
 Seattle, WA 98101

Phone: 206.214.3503

Fax: 201.214.3501

Mary.Kay-ONeill@mercer.com

Assistant: Colleen Hale[Colleen.Hale@mercer.com](mailto:Colleen.Hale@mercer.com)

Phone: 206.214.3631

**Operations Committee Only Members**Aetna**Susan Comer**

Aetna

[ComerS@Aetna.com](mailto:ComerS@Aetna.com)Cigna**Joshua Walker**

Cigna

[Joshua.Walker@cigna.com](mailto:Joshua.Walker@cigna.com)Kaiser Permanente**Maureen Brooks**

Kaiser Permanente

[brooks.ma@ghc.org](mailto:brooks.ma@ghc.org)**Tammy Blair**

Kaiser Permanente

[blair.t@ghc.org](mailto:blair.t@ghc.org)





Premera

**Chad Murphy**

*VP of Pharmacy, Contracting, & Consulting*  
Premera Blue Cross

[chad.murphy@premera.com](mailto:chad.murphy@premera.com)

**Tom Messick**

*Vice President & General Manager*  
Premera Blue Cross

Providence

**Angela Wilson**

Providence

**Bill Wong**

*Sr. Coding/Compliance Auditor/Educator*  
Providence Health & Services  
2201 Lind Ave, SW, Suite 200  
Renton, WA 98057

Phone: 425-525-6719

Fax: 425-917-4055

[William.Wong@providence.org](mailto:William.Wong@providence.org)

**Lisa Johnson**

Providence

[lisa.johnson@providence.org](mailto:lisa.johnson@providence.org)

Regence BlueShield

**Walter Kuiee**

*Project Manager*  
Regence BlueShield  
1800 9th Avenue, M/S S365  
Seattle, WA 98101

Phone: 206.332.6486

[Walter.Kuiee@regence.com](mailto:Walter.Kuiee@regence.com)

United Healthcare

**Brandon Jensen**

*Network Account Manager*  
United Healthcare, Physician Contracting  
1111 3rd Avenue  
Seattle, WA 98101

Phone: 206-926-6520

[brandon.jensen@uhc.com](mailto:brandon.jensen@uhc.com)

**Stephanie Crook**

*Provider Relations Consultant NW Region*  
United Healthcare  
1111 3rd Avenue  
Seattle, WA 98101

Phone: 952.406.3394

[stephanie\\_p\\_crook@uhc.com](mailto:stephanie_p_crook@uhc.com)

Zenith American Solutions

**Jeri Trice**

*Client Services Executive*  
 Zenith American Solutions  
 201 Queen Anne Avenue North, Suite 100  
 Seattle, Washington 98109-4896

Phone: 206.284.5387 VoIP 475387  
 Cell: 206 276-7252  
 Fax: 206.285.1701  
[jtrice@zenith-american.com](mailto:jtrice@zenith-american.com)

## Outside Professionals

**Allen D. Gilbert, CPA**

*Audit Manager*  
 CliftonLarsonAllen  
 3000 Northup Way, Suite 200  
 Bellevue, WA 98004-1446

Phone: 425.250.6022  
 Fax: 425.250.6050  
[allen.gilbert@cliftonlarsonallen.com](mailto:allen.gilbert@cliftonlarsonallen.com)

**Anne Redman**

*Outside Legal*  
 Perkins Coie LLC  
 1201 Third Ave., Suite 4900  
 Seattle, WA 98101-3099

Phone: 206.359.6750  
 Fax: 206.359.7750  
[aredman@perkinscoie.com](mailto:aredman@perkinscoie.com)  
*Assistant:* Cindy Hanna  
[CHanna@perkinscoie.com](mailto:CHanna@perkinscoie.com)

**Lisa Cargill**

*Senior Account Director*  
 Desautel-Hege Communications  
 315 W. Riverside Avenue, Suite 200  
 Spokane, WA 99201

Phone: 509.444.2350  
 Cell: 509.290.2967  
[lisac@desautelhege.com](mailto:lisac@desautelhege.com)

**Matthew O'Haren**

*Investment Manager*  
 Morgan Stanley Smith Barney  
 555 California St., 35th FL  
 San Francisco, CA 94104

Phone: 415.955.1577  
[matthew.j.oharen@mssb.com](mailto:matthew.j.oharen@mssb.com)

**Polly Sidwell**

*Investment Manager*  
 Morgan Stanley Smith Barney  
 601 Union St., Suite 5200  
 Seattle, WA 98101

Phone: 206.628.4885  
[polly.j.sidwell@mssb.com](mailto:polly.j.sidwell@mssb.com)

## KidsVax®

WVA Executive Director:



**Julia G. Walter Zell**  
*CEO, Northwest Region*  
 2025 First Ave.  
 Market Place Tower – PH-A  
 Seattle, WA 98121

Phone: 855.556.4104  
 Cell: 206.735.2233  
[jzell@kidsvax.org](mailto:jzell@kidsvax.org)

WVA Support Staff:

**Claire Roberge**  
*Controller*  
 PO Box 1885  
 Concord, NH 03302-1885

Phone: 855.556.4102  
[croberge@kidsvax.org](mailto:croberge@kidsvax.org)

**Fred L. Potter**  
*Advisor*  
 PO Box 1885  
 Concord, NH 03302-1885

Phone: 855.556.4101  
 Cell: 603.491.2389  
[fpotter@kidsvax.org](mailto:fpotter@kidsvax.org)

**Nicole G. Price**  
*CEO, Northeast Region*  
 PO Box 1885  
 Concord, NH 03302-1885

Phone: 855.543.7829  
 Cell: 844.459.9102  
[nprice@kidsvax.org](mailto:nprice@kidsvax.org)

**Terry Mills**  
*Executive Assistant*  
 PO Box 1885  
 Concord, NH 03302-1885

Phone: 855.556.4103  
 Cell: 603.344.7051  
[tmills@kidsvax.org](mailto:tmills@kidsvax.org)

**Norm Roberge, CPA**  
*Assessment Monitoring and Internal Control*  
 PO Box 1885  
 Concord, NH 03302-1885

Phone: 603.496.7907  
[nroberge@kidsvax.org](mailto:nroberge@kidsvax.org)

**Peter Smith, CPA**  
*Financial Analyst*  
 7856 Rysdale St.  
 Niagara Falls, Ontario, Canada L2H 1G4

Phone: 703.598.9975  
[psmith@kidsvax.org](mailto:psmith@kidsvax.org)

**SolutionWorx**  
*IT Services*  
 Mike Mazan  
 Kevin Sparger  
 Ryan Cich

Phone: 703.961.1840 x115  
[mmazan@solutionworx.com](mailto:mmazan@solutionworx.com)



## Others

### **Meghan Crandall**

Kick Spark Creative LLC  
10728 20th Ave NE  
Seattle, WA 98125

Phone: 206.417.8989

[m@kicksparkcreative.com](mailto:m@kicksparkcreative.com)

### **Terese "Terri" Ristem**

Advanced Medical  
290 Broadway, Suite 395  
Methuen, MA 01844

Tel: 978.683.5115

Cell: 978.423.1269

Fax: 978.683.7337

### **Timothy Mansfield**

*Vice President & Senior Relationship Manager*  
Key Bank  
Mailcode: WA-31-01-0210  
1101 Pacific Avenue 2nd Floor  
Tacoma, WA 98402

Phone: 253.305.7387

Cell: 253.686.1186

## Provider Relations

### Aetna

#### **Catherine "Cathy" Falanga**

*Director of Provider Relations*  
Aetna Life Insurance Co.

Phone: 206.701.8036

Cell: 206.992.1293

[FalangaC@aetna.com](mailto:FalangaC@aetna.com)

### Cigna

**TBD**

### Kaiser Permanente

**TBD**

### Premiera

**TBD**

### Providence

**TBD**



Regence BlueShield

**Linda Proett**

*Director of Provider Relations, WA Market*  
Regence BlueShield

Phone: 253.382.7108

[Linda.Proett@regence.com](mailto:Linda.Proett@regence.com)

United Healthcare

**Stephanie Crook**

*Provider Relations Consultant NW Region*  
United Healthcare  
1111 3rd Avenue  
Seattle, WA 98101

Phone: 952.406.3394

[stephanie\\_p\\_crook@uhc.com](mailto:stephanie_p_crook@uhc.com)



## Board Governance Roles & Committees

### Executive Committee

Chair & President: John Sobeck, MD  
 Vice-Chair: Beth Harvey, MD  
 Treasurer: Derek LeBrun  
 Secretary: Ed Marcuse, MD  
 Members: Michele Roberts

### Audit Committee

Chair: John Sobeck, MD  
 Members: Derek LeBrun  
 Jason Farber

### Vaccine Committee

Chair: Ed Marcuse, MD  
 Members: *(Open Position)*  
 Catherine “Cathy” Falanga  
 Michele Roberts  
 Volunteer Member: Mary Kay O’Neill, MD *(public member)*  
 Non-Voting Members: Sheanne Allen, Ex-Officio  
 Jeff Gombosky, *representative to Committee under HB 2551 sec. 5(1)*

### Vaccine Committee Consultants

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

### Operations Committee

Chair:	Julia Walter Zell	
Members:	DOH – Michele Roberts	Providence – Angela Wilson
	DOH – Sheanne Allen	Providence – Bill Wong
	Aetna – Catherine “Cathy” Falanga	Providence – Lisa Johnson
	Aetna – Susan Comer	Regence – Walter Kuiee
	Cigna – Joshua Walker	United Healthcare – Brandon Jensen
	Kaiser Permanente – Maureen Brooks	United Healthcare – Stephanie Crook
	Kaiser Permanente – Tammy Blair	United Healthcare – Trevor Hammond
	Premera – Chad Murphy	Zenith Administrators – Jeri Trice
	Premera – Tom Messick	



**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

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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 RCW 70.290.075.
- (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

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- 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

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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

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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

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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 70.290.050. 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.

*WVA Statutes***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 70.290.075. Third-party administrators—Registration and reporting**

(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 70.290.080. 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



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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.

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**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.



## November 2, 2017 WVA 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 the Board of Directors.

### Items under Agenda Section 2:

VOTED: To approve the minutes of the June 29, 2017 Board Meeting.

[To approve the minutes of the June 29, 2017 Board Meeting with the changes suggested at the meeting.]

VOTED: To approve the minutes of the September 7, 2017 Audit Committee Meeting.

[To approve the minutes of the September 7, 2017 Audit Committee Meeting with the changes suggested at the meeting.]

VOTED: To authorize the Resolution Honoring John H. Pierce for his service as the WVA's Board Chair.

[To authorize the Resolution Honoring John H. Pierce for his service as the WVA's Board Chair with the changes suggested at the meeting.]

### Item under Agenda Section 3:

VOTED: To approve WVA Officers as additional signatories on KeyBank accounts.

[To approve WVA Officers as additional signatories on KeyBank accounts with the changes suggested at the meeting.]

### Item under Agenda Section 4:

VOTED: To reauthorize the Payer Special Compliance Project for 1 year with a monthly cap of \$15,000.

[To reauthorize the Payer Special Compliance Project for 1 year with the changes suggested at the meeting.]

VOTED: To reauthorize Cyber Security Liability Policy.

[To reauthorize Cyber Security Liability Policy with the changes suggested at the meeting.]

### Item under Agenda Section 5

VOTED: To ratify the action of the Audit Committee in authorizing publication of the 2016/17 Financial Statements and independent auditor's report.

[To ratify the action of the Audit Committee in authorizing publication of the 2016/17 Financial Statements and independent auditor's report with the changes suggested at the meeting.]



VOTED: To authorize KidsVax® to proceed with publication of the 2016/17 WVA Annual Report in the form as presented to the Board.

[To authorize KidsVax® to proceed with publication of the 2016/17 WVA Annual Report with the changes suggested at the meeting.]

#### **Item under Agenda Section 8:**

VOTED: To affirm John Sobeck, M.D. as the Chairman of the WVA Board of Directors for a one-year term.

VOTED: To affirm Beth Harvey, M.D. as the Vice-Chair of the WVA Board of Directors for a one-year term.

VOTED: To affirm Ed Marcuse, M.D. as the Secretary of the WVA Board of Directors for a one-year term.

VOTED: To affirm \_\_\_\_\_ as the Treasurer of the WVA Board of Directors for a one-year term.

VOTED: To affirm the continuation of Board Member Chad Murphy, whose term renews in 2020 pursuant to RCW 70.290.030 (3)(a).

VOTED: To affirm the continuation of Board Member John Sobeck, whose term renews in 2020 pursuant to RCW 70.290.030 (3)(a).

VOTED: To affirm the nomination of Board Member John Dunn, whose term renews in 2018 pursuant to RCW 70.290.030. (3)(b).

VOTED: To affirm the nomination of Board Member Randy Parker, whose term renews in 2020 pursuant to RCW 70.290.030 (3)(d).

VOTED: To approve the individuals listed on the WVA Committees 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 Committees 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.]

#### **EXECUTIVE SESSION**

VOTED: To authorize a one-time catch-up payment to KidsVax for TRICARE work, as reflected on monthly invoices.

[To authorize a one-time catch-up payment to KidsVax for TRICARE work with the changes suggested at the meeting.]

**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