

**Washington Vaccine Association
Board of Directors' Meeting
November 8, 2018; 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:

II.

Directors

John Sobeck, MD, MBA, Chair, Cigna (T)
John Dunn, MD, MPH, Kaiser Permanente
Cathy Falanga, Aetna
Jason Farber, Esq., Davis Wright Tremaine (T)
Beth Harvey, MD, South Sound Pediatric Associates
Derek LeBrun, MBA, Coordinated Care
Ed Marcuse, MD, Emeritus Professor of Pediatrics, University of Washington
Laura McKenna, CPhT, Regence (T)
Chad Murphy, PharmD, Premera
Randy Parker, Carpenters Trusts of Western Washington (T)
Michele Roberts, MPH, MCHES, Washington Department of Health

KidsVax®

Fred Potter, MBA, Esq., Managing Member
Norman Roberge, Accountant (T)
Claire Roberge, MBA, Controller (T)
Peter Smith, MBA, Financial Analyst (T)
Terry Mills, Executive Assistant (T)

Others

SheAnne Allen, MPH, MCHES, Washington Department of Health
Anne Redman, Esq., Perkins Coie
Polly Sidwell, CIMA, CFP, Morgan Stanley
David Keller, CPM, CFP, CIMA, Morgan Stanley
Breelyn Young, GlaxoSmithKline
Julie Bertuleit, GlaxoSmithKline

WVA

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

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

A. Actions Taken (votes adopted)

1. To approve the minutes of the June 28, 2018 Board Meeting.
2. To approve the minutes of the September 18, 2018 Finance Committee Meeting.
3. To approve WVA Officers as additional signatories on WVA Morgan Stanley accounts.
4. To adopt the recommended alternate settlement report plan with the changes suggested at the meeting.
5. To authorize the formation of a workgroup to engage KidsVax® (**KV**) in a 12-month special project to perform requested work to develop and implement an alternative settlement report process, with a monthly cap not to exceed \$5,000.
6. To authorize the Executive Director (ED) to renew, approve, and authorize all routine WVA financial transactions including but not limited to refund checks, imprest account transactions, board-authorized contractor invoices, and insurance premiums.
7. To authorize the ED to renew and keep current all WVA insurance policies in consultation with general counsel.
8. To ratify the action of the Finance Committee in authorizing publication of the 2017/2018 Financial Statements and independent auditor's report.
9. To authorize KidsVax® to proceed with publication of the 2017/2018 WVA Annual Report with the changes suggested directly following the meeting.
10. To have the Board authorize the approval of the annual operations budget at the Executive Committee level to conform the ED and administrator agreements.
11. To affirm the slate of officers for the WVA Board of Directors, the WVA Committee chairs, and the renewal terms of the WVA Board members as presented at the meeting.
12. To authorize payment of the Chair's travel-related expenses incurred to travel to Washington D.C. with Julia Zell for TRICARE work.
13. To authorize payment of the fee of \$50,000 due to Ellis, Li, and McKinstry (ELM) following receipt of the settlement amount from DHA accepted by the Board in this meeting.
14. To re-elect Ms. Zell to the position of the Executive Director of the WVA.
15. To authorize the Chair in consultation with the Executive Committee to complete negotiation of the Employment Agreement for Ms. Zell as Executive Director of the Association on the terms described at this meeting, and for the Chair to execute the same on behalf of the Association.
16. To cause an amendment to the Amended and Restated Plan of Operation to be prepared under the direction of the Chair in consultation with the Executive Committee to permit employment of an Executive Director, and other persons as may be approved by the Board; to submit such

amendment to the Secretary of the Department of Health for approval and execution; and to execute the amendment approved by the Secretary of the Department of Health.

17. To authorize the Chair in consultation with the Executive Committee to complete negotiation of an Administrative Services Agreement for KV on the terms described at this meeting and to execute the same on behalf of the Association.
18. To authorize the Association to enter into an agreement with ELM for the occasional use of their offices in Seattle for board and committee meetings and use by the Executive Director and KV staff who may be in Seattle on WVA work and to provide a mailing address for WVA for the amount of \$5,000 per year.

B. Follow up Tasks/Action Items

1. Ms. Zell will discuss the special project concerning an alternate Settlement Report Process (SRP) with Mr. Roberge and an alternative plan will be brought back to the Board for review and feedback at the April 2019 meeting.
2. Ms. Zell will contact TRICARE general counsel's office with respect to being mentioned in the WVA letter on page one of the Annual Report.
3. Ms. Zell will ensure the Conflict of Interest and Code of Ethics Forms are sent to Board Members, Committee Members, and contractors.
4. Ms. Zell will have official thank yous and a resolution prepared and sent to Senator Murray's office, Senator Cantwell's office, and the WA representatives.

IV. **Minutes**

Welcome and Introductions

At 2:00 p.m., a quorum having been established, Vice-Chair Beth Harvey, MD, stepped in for Chairman John Sobek for the beginning of the meeting. Dr. Harvey called the meeting to order. Introductions were made, and Ms. Zell announced that the meeting was being recorded for the benefit of the minute-taker and would be deleted following final approval of the minutes.

Consent Calendar Items

Vice-Chairman Harvey directed the Board's attention to the consent items submitted for approval, including the Board meeting minutes of June 28, 2018 and the Finance Committee meeting minutes of September 18, 2018. There being no questions or comments, the following items were put to a vote:

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the minutes of the June 28, 2018 Board Meeting.
To approve the minutes of the September 18, 2018 Finance Committee Meeting.

Financial Report

KV financial analyst, Peter Smith, began the financial update by reviewing the Statement of Financial Position as of September 30, 2018. There is currently \$12.6MM in cash in the bank, which is an updated number. Additionally, there is \$25MM, plus interest, accruing in the Morgan Stanley (MS) operational reserve investment accounts. The Statement of Activities shows the changes in net assets and provides more detail of the Association's expenses. Mr. Smith referred to notes on page 13 of the audited financials to explain the \$25MM that was transferred to the Morgan Stanley investment account and the \$20,000 received from New Hampshire Vaccine Association to aid in TRICARE expenses. The 13-month cash flow was presented in a simplified format. It shows where the cash balances are tracking on assessments collected and payments to the Department of Health (DOH). Mr. Smith briefly outlined the cash flow projection model which is updated monthly. Mr. Smith reminded the Board that the model is used to project WVA collections and balance those against funds transfers to the DOH for vaccine purchases. Additionally, the model also helps measure where the WVA is in relation to its reserve requirements. With this information, Mr. Smith explained he is able to analyze how changes in the assessment grid would affect the cash balance.

Ms. Zell noted that following the Finance Committee's September meeting, she was asked to make a recommendation to the Board regarding a possible off-schedule grid change to lower WVA's operating capital. Mr. Smith prepared the cashflow model providing three scenarios. Ms. Zell briefly reviewed them for the Board as follows: 1) Having no change and waiting until next year; 2) Having an off-cycle grid change January 1, 2019 at 1%, and 3) Reducing the grid further January 1, 2019 by 2%. Page 18 of the Board packet shows the three options suggested by Mr. Smith depending on the direction the Board wants to go with possibly reducing the overall cash balance. Mr. Smith suggested not making off-schedule changes because waiting until April 1st when the CDC posts new pediatric rates helps to lock in the cash flow model and it takes 60 to 90 days to implement a grid change. Any large changes in the grid on the short-term lead to unpredictable collections models. Ms. Zell concurred, noting that the Operations Committee also expressed a desire that

the grid changes remain as minimal as possible at the scheduled July 1 date. After a brief discussion, it was the sense of the Board that there should not be an off-cycle grid change.

Ms. Zell requested Mr. Smith stay on the call for Ms. Polly Sidwell's investment update.

Investment Update

Ms. Sidwell of Morgan Stanley provided a summary about the marketplace, the overall WVA portfolio strategy, short term bond rates, how the funds are being invested. In September, the WVA transferred \$25MM to Morgan Stanley, which built a portfolio. Ms. Sidwell explained that the WVA could expect around a 3.5% return. David Keller, also from Morgan Stanley stated the portfolio is built and set to generate slightly over \$700,000 in terms of annual interest. Mr. Keller and Ms. Stanley went over in detail how the WVA's reserves conformed to the approved Investment Policy. After some questions and discussion, Ms. Zell thanked the pair and dismissed them from the meeting.

Additional Signatories

Ms. Zell requested the Board approve the WVA officers as additional signatories on the Morgan Stanley accounts to be certain there are enough signatories so that whoever becomes elected in the officer slate would also be added to those accounts. It was also requested that the Finance Committee be added to the authorization. Ms. Zell reported that Mr. Farber has requested that he not be added as a signatory. Mr. LeBrun and Dr. Sobeck would be approved along with Dr. Harvey and Dr. Marcuse who could be added as well in the event they are needed.

Upon motion duly made and seconded, it was unanimously

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

ED Updates

Ms. Zell stated that a few years ago, the association struggled with payer and provider non-compliance and cash issues but is now in a great position as many of those issues have been resolved. WVA had a clean audit, as in prior years. The Annual Report is included in the packet for review. There is a new communications piece initiated by Dr. Marcuse, which is the cover letter included in the materials behind the Report. This piece gives more information about what is going on in the organization. Ms. Zell welcomed feedback from Board members.

Next, Ms. Zell went over the existing settlement report process (SRP) as well as the proposed alternative. The SRP was created during the WVA set-up and has been maintained by the major insurance carriers. They agreed to auto-generate a payment to the WVA at the correct assessment rate if a provider only submitted a vaccine administration claim. The current system of having some payers submit assessments through the SRP, but not others creates an assessment inequity. One suggested alternative is to have payers that either cannot or will not participate in the SRP pay a flat, annual assessment that equals the average of assessments collected by the payers that continue to submit the settlement reports. An exemption should be made for payers that remit less than \$10,000 annually in assessments to the WVA. WVA could send notification of the additional assessment with the annual, statutory assessment letters that are sent out in November. KV would handle collections and compliance work.

There are payers that complete the SRP voluntarily, but there are also payers that want to do it but need to have a policy in place. Ms. Zell suggested the Board authorize a workgroup to develop an alternate way to resolve the assessment inequity concerns over the next year. This would provide the time necessary to ensure that the system works and would be cleared with the state, and then come back to the Board with a recommendation. Further discussion ensued. Ms. Zell committed to developing a policy and implementation plan for the Board's review and approval at the April Board meeting. If KV is asked to do this work, it would be a special project. Further discussion ensued.

Upon motion duly made and seconded, it was unanimously

VOTED: To adopt the recommended alternate settlement report plan with the changes suggested at the meeting.

VOTED: To authorize the formation of a workgroup and to engage KidsVax® in a twelve-month special project to perform requested work to implement an alternative Settlement Report Process, with a monthly cap not to exceed \$5,000.

Ms. Zell then gave an update on the payer special compliance project. She stated that the provider special project was started approximately two years ago when a KV study revealed that providers and payers were using outdated grids. The WVA has been working with the DOH and KV to make sure providers are using the correct grid. The DOH sent out a survey to providers to gather information regarding their submissions to payers. Mr. Roberge is working with both payers and providers to sort through the inconsistencies that have been noted and to make corrections as needed.

After an annual review of WVA financial procedures and taking into consideration comments from various Board members, Ms. Zell suggested a change in routine transaction approval procedures. After speaking with the auditors and Attorney Redman about this, Ms. Zell asked the Board to authorize her to approve routine WVA transactions. Further discussion ensued.

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize the ED to renew, approve, and authorize all routine WVA financial transactions including but not limited to refund checks, imprest account transactions, board-authorized contractor invoices, and insurance premiums.

Ms. Zell also requested the Board authorize her to renew and keep current the various WVA insurance policies if there is no material change in coverage. The premiums are paid through the WVA accounts. This will ensure that these policies do not lapse due to items waiting for an appropriate signatory.

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize the ED to renew and keep current all WVA insurance policies in consultation with general counsel.

Finance Committee Update

Mr. LeBrun opened the discussion and gave a brief review of recent events. He reported that the recommendation from the Finance Committee is to approve the annual Audited Financial Statements and auditor's report and publish them. Ms. Zell supported Mr. LeBrun's comment and requested that the Board authorize publication of the Audited Financials and the cost savings memo, as has been done annually in the past.

Upon motion duly made and seconded, it was unanimously

VOTED: To ratify the action of the Audit Committee in authorizing publication of the 2017/2018 Financial Statements and independent auditor's report.

Ms. Zell provided a brief overview of the 2017/2018 Annual Report, and she expressed how proud the WVA is to be a strategic partner of the DOH. The Department has received many awards this year, but notably the Office of Immunization and Child was recognized at the National Immunization Conference for its outstanding progress toward Healthy People 2020 targets for adolescent immunization coverage. The Department was also awarded a Bull's-Eye Award at the Association of Immunization Managers' Conference for their strategies in outreach and the different ways they are using communication mediums to impact immunization rates. After Ms. Zell summarized the content of the Annual Report, she deferred to Ms. Allen to introduce the content on the back page. Ms. Allen then summarized the graphic that captures vaccination rates for certain key childhood immunizations given at 19 to 35 months. Further discussion ensued. Dr. Marcuse and Ms. Roberts stated they would provide a few non-substantive suggestions to Ms. Zell at the end of the meeting. Further discussion ensued. Ms. Zell agreed to contact TRICARE's general counsel with respect to being mentioned in the WVA letter on page one of the Annual Report.

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize KidsVax® to proceed with publication of the 2017/2018 WVA Annual Report with the changes suggested directly following the meeting.

Ms. Zell provided a summary of the annual operations budget. The budget is usually adopted by the June meeting, but due to the recent restructuring, the Board decided to postpone this work until the ED and administrative contracts were finalized. Mr. Potter provided a brief overview of the budget. Following discussion, the Board agreed to allow the Executive Committee to finalize the budget.

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize the approval of the annual operations budget at the Executive Committee level to conform the new ED and administrator agreements.

Department of Health Updates

Ms. Roberts introduced the idea of changing the administration charge that the DOH currently places on WVA funds transfers. A lot of the work that DOH performs on behalf of the WVA program is not covered by the charge. Some of the work involves making sure DOH is safeguarding the investment WVA has in vaccines, providing support to the

provider community, and following through on reducing vaccine waste. Ms. Roberts stated that many of the universal states charge anywhere from a 3-15% on the money they receive from vaccine assessments, and right now DOH has only a 1.2% indirect pass-through rate. The DOH will be revisiting this issue in the future.

Ms. Allen updated the Board on the work DOH is undertaking to reduce vaccine waste. A workgroup was developed last year that consists of members of the Board, local health jurisdictions, DOH, and tribal representatives. The workgroup is very close to having a final policy on best provider practices on vaccine storage and handling that focuses on education and training, empowering the providers and getting them to understand why certain safety precautions are necessary, and help them to avoid excursions and improve wastage rates. The policy is currently being reviewed by the workgroup with final edits due November 9. The policy will be shared with the Vaccine Advisory Committee and the Board and hopefully will be communicated beginning in early 2019. Depending on what the workgroup decides, it will most likely go into effect three to six months later.

Dr. Marcuse commented that vaccine wastage was discussed at length at the recent Vaccine Committee meeting. There is often great variation in vaccine storage practices, but this policy will provide an opportunity to save vaccines through an enhanced program. Dr. Marcuse is hopeful that the limited resources available to the Department can be enhanced to reduce waste. Dr. Harvey stated that the policy includes all the right educational points and helps support people in getting better provider transparency. Extensive discussion ensued.

Vaccine Committee Update

Dr. Marcuse reported that the Vaccine Committee reviewed public health initiatives, including the provider survey, which indicated the vast proportion of providers are very satisfied or satisfied with the DOH's processes and support. This year the flu vaccine, which has been a perpetual problem in the past, was available in mid-August. For the first time, the DOH has included in the ordering list the MenB vaccine and it is likely there will be an increased uptake of MenB for several reasons.

Board Development

Ms. Zell reported that the officer slate is the same as last year, consisting of Dr. Marcuse as Secretary, Dr. Harvey as Vice-Chair, Dr. Soback as Chair, and Mr. LeBrun as Treasurer. Emails regarding nominations were sent to each Board member prior to the meeting. She also asked that the Board affirmation of the continuation of Dr. Marcuse, Mr. Murphy, and Ms. Falanga as Board members. Affirmation is also needed to appoint/reappoint committee chairs; currently, Dr. Marcuse chairs the Vaccine Committee, Ms. Zell chairs the Operations Committee, and Mr. LeBrun will now chair the Finance Committee as their positions were uncontested. Ms. Zell suggested approving this slate of officers unless someone has other recommendations.

Upon motion duly made and seconded, it was unanimously

VOTED: To affirm the slate of officers for the WVA Board of Directors and WVA Committees as presented at the meeting.

VOTED: To affirm the re-appointment of Dr. Marcuse, Mr. Murphy, and Ms. Falanga as Board members. Ms. Zell will be emailing the Conflict of Interest and Code of Ethics Forms to the Board members. Ms. Zell requested that these forms be scanned and mailed or emailed back to her upon completion.

Executive Session

Executive Session with counsel Anne Redman present, the board acted upon several items of business. Ms. Zell and Mr. Potter were present for the agenda items "TRICARE Settlement; Chair Travel Expenses; Ellis Li Fee."

TRICARE Settlement; Chair Travel Expenses; Ellis Li Fee.

Ms. Zell described the proposed settlement offer received that morning from Defense Health Agency (DHA) on the arrearage for the period May 2010 through December 22, 2010 in the amount of \$935,261. The offer had been reviewed by Ms. Zell with analytic support from KidsVax. After discussion and upon motion duly made and seconded, it was unanimously voted:

VOTED: To accept DHA's November 8, 2018 settlement offer in the amount of \$935,261 for the period May 2010 through December 22, 2010 for assessments owed to WVA and to authorize execution of the TRICARE Payment Acceptance Form by either the Chairman or Vice Chairwoman.

The Board members thanked Dr. Sobeck for taking the time to travel to Washington D.C. with Ms. Zell for meetings with DHA and congressional staffers.

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize payment of the Chair's travel-related expenses incurred to travel to Washington D.C. for TRICARE work.

Upon payment of the authorized settlement amount, Mr. Potter noted that the agreed fee of \$50,000 would be due pursuant to the contingent fee agreement between WVA and ELM.

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize payment of the fee of \$50,000 due to ELM following receipt of the settlement amount from DHA accepted by the Board in this meeting.

Retention of Executive Director; KidsVax Administrative Services Agreement

The Chair summarized the work of the Executive Committee and himself since the Board's approval at its June 2018 meeting to engage its current executive director by contract directly and renegotiating terms for continuing to purchase less comprehensive services from KidsVax. A transition summary was included in the meeting materials. The Chair reported that Ms. Zell had been retained as executive director under an interim arrangement beginning September 1, 2018. KidsVax compensation was reduced effective October 1, 2018 to reflect the cessation of executive director services and notice of termination of the KidsVax contract was also given in view of the contingency of negotiations. It was noted that the Plan of Operation would need to be amended to clarify that WVA can have employees.

The Chair asked counsel to summarize the terms of proposed agreements for Ms. Zell and KidsVax. Counsel distributed a written summary of a proposed employment agreement for Ms. Zell as Executive Director and an accompanying agreement with Avitus, a professional employment organization (PEO) to provide payroll, tax filings and other services, and a revised administrative services agreement for KidsVax. The board discussed proposed terms and asked questions.

Upon motions duly made and seconded, it was

VOTED: To re-elect Ms. Zell as the Executive Director of the WVA.

VOTED: To authorize the Chair in consultation with the Executive Committee to complete negotiation of the Employment Agreement for Ms. Zell as Executive Director of the Association on the terms described at this meeting, and for the Chair to execute the same on behalf of the Association.

VOTED: To cause an amendment to the Amended and Restated Plan of Operation to be prepared under the direction of the Chair in consultation with the Executive Committee to permit employment of an Executive Director, and other persons as may be approved by the Board; to submit such amendment to the Secretary of the Department of Health for approval and execution; and to execute the amendment approved by the Secretary of the Department of Health.

VOTED: To authorize the Chair in consultation with the Executive Committee to complete negotiation of an Administrative Services Agreement for KidsVax LLC on the terms described at this meeting and to execute the same on behalf of the Association.

VOTED: To authorize the Association to enter into an agreement with Ellis Li for the occasional use of their offices in Seattle for board and committee meetings and use by the Executive Director and KidsVax staff who may be in Seattle on WVA work and to provide a mailing address for WVA for the amount of \$5,000 per year.

What: Board of Directors Meeting
Date & Time: Thursday, November 8, 2018; 2:00-4:00 p.m. (PST)
Location: Ellis, Li & McKinstry, Alki Conference Room, 2025 First 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 a. Notification of Recording	J. Sobeck
2:05-2:10 p.m.	3* 7*	2. Consent Calendar Items a. Board Meeting Minutes (June 28, 2018) b. Audit Committee Meeting Minutes (September 18, 2018)	J. Sobeck
2:10-2:25 p.m.	10*	3. Financial Update a. Financial Reports – as of September 30, 2018 b. Investment Update c. Additional Signatories i. Vote to Authorize additional MS signatories	P. Smith/ P. Sidwell
	18*	d. Assessment Grid Recommendation	J. Zell
2:25-2:35 p.m.	19* 22*	4. ED Updates a. ED Report b. Special Projects Report c. Settlement Report Proposal i. Vote to Adopt SRP Plan and Authorize KV Work d. Change to ED Approval of Routine WVA Transactions i. Vote to Authorize ED to Keep Current Insurance Policies ii. Vote to Authorize ED Approval of Routine Transactions	J. Zell N. Roberge
2:35-2:45 p.m.	24*	5. Finance Committee Update a. Audit Report i. Vote to Ratify Publication of 17/18 Audited Financials & Report	J. Sobeck/N. Roberge
	36*	b. Annual Report and Annual Summary i. Vote to Authorize Publication of 17/18 Annual Report	J. Zell
	40*	c. Operations Budget Review i. Vote to Approve Operations Budget	F. Potter
2:45-2:55 p.m.		6. Department of Health Updates a. Administration Fee b. Best Practices in Storage and Handling	M. Roberts/S. Allen
2:55-3:10 p.m.		7. Vaccine Committee Update a. Status Report	E. Marcuse
3:15-3:25 p.m.		8. Board Development a. Annual Officer/Committee Chair Election & Reappointment i. Votes to Elect Chairman, Vice-Chair, Secretary, & Treasurer ii. Vote to Confirm Board Member Terms iii. Vote to Appoint/Re-appoint Committee Chairs b. Conflict of Interest and Code of Ethics Forms	J. Zell

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|----------------|--|-----------|
| 3:25-3:55 p.m. | 9. Executive Session (Board Members and GC only) | J. Zell |
| | a. TRICARE Discussion | |
| | i. Vote to Authorize Dr. Sobeck's TRICARE-related Expenses | |
| 41* | b. ED/Administrative Contracts | A. Redman |
| | i. Vote to Authorize Chair to Execute ED Contract | |
| | ii. Vote to Authorize Chair to Execute KV Contract | |
| | iii. Vote to Engage Outside Counsel for Necessary Bylaws and Operational Changes Work | |
| | iv. Vote to Authorize Engagement with ELM | |
| 3:55-4:00 p.m. | 10. Closing | J. Sobeck |
- Reference Documents
- a. Contact List
 - b. Governing Statute
 - c. Proposed Form of Votes
 - d. Directions to Ellis, Li & McKinstry
 - e. 2019 Meeting Calendar

**Washington Vaccine Association
Board of Directors' Meeting
June 28, 2018; 2:00 p.m. - 4:30 p.m. PDT**

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, Cigna - Chair (T)
Beth Harvey, MD, S. Sound Ped. Assoc.
Vice Chair
John Dunn, MD, Kaiser Permanente
Chad Murphy, PharmD, Premera
Edgar Marcuse, MD
Randy Parker, Carpenters Trust of Western WA
Laura McKenna, Regence (T)
Michele Roberts, MPH, MCHES,
Department of Health

KidsVax®

Fred Potter, Managing Member
Julia Zell, Executive Director
Peter Smith, Financial Analyst (T)
Norman Roberge, Accountant (T)
Claire Roberge, Controller (T)
Heather Veen, Sr. Executive Assistant (T)
Charlene Stryker, Executive Assistant (T)

Others

SheAnne Allen, MPH, MCHES,
Department of Health
Anne Redman, Esq., Perkins Coie

Absent

Catherine Falanga, Aetna
Derek LeBrun, MBA, Coordinated Care

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. Approved:
 - a. Special Purpose Meeting Minutes held on February 16, 2018.
 - b. Board Meeting Minutes held on April 5, 2018.
 - c. Vaccine Committee Meeting held on April 5, 2018.
 - d. Vaccine/Operating Committee Meeting Minutes held on May 3, 2018.
 - e. Audit Committee Meeting Minutes held on May 30, 2018.
2. With respect the TRICARE collection project:
 - a. Approve the TRICARE Settlement for the period of Oct. 1, 2017 through March 31, 2018.
 - b. Authorize the Chair or Vice-Chair to sign the Payment Acceptance Form on WVA's behalf.
 - c. Authorize one-time catch-up Payment to KV for amounts owed through June 2018.
3. Authorize Dr. John Sobeck or Dr. Beth Harvey to execute the United Healthcare settlement on behalf of WVA.
4. Accept the proposed 2018/2019 KV Performance Goals.
5. Adopt the WVA Communications Plan as presented by Executive Director.
6. Potential administrative / ED Contract restructuring:
7. (Board Only) Score KidsVax for the 2017/2018 operating year holdback award resulting in an authorized payment.
8. Authorize the Executive Committee to finalize the 2018/2019 WVA Operations Budget pending finalization of the KV and ED Services Contracts.
9. Approve the changes to the Audit Committee Charter as presented at the meeting.
10. Adopt the Capital Reserve and Investment Policy.
11. Approve WVA 2018/2019 Strategic Goals as presented by J. Zell.

B. Follow Up Tasks/Action Items

1. Ms. Zell to work on improving partner relationships and re-visit this topic, affording updates to the Board at its November meeting.
2. Ms. Zell to work on a 2018/2019 WVA Communications strategy, with the Board member's input, during the summer and come back with a further recommendation at the November meeting.
3. Chairman Sobeck to work with Mr. Potter to follow up on TRICARE project reimbursement requests to other KidsVax managed-states.
4. Ms. Zell to develop an alternative settlement report proposal for recommendation to the Board by November.
5. Ms. Zell to supplement WVA's Annual Report with an executive summary to distribute to WA government officials and stakeholders on an annual basis.

III. Minutes

Welcome and Introductions

At 2:00 p.m., a quorum having been established, Chairman Sobeck called the meeting to order. Introductions were made. Mr. Fred Potter announced that the meeting was being recorded for the benefit of the minute-taker and that KidsVax (KV) anticipates deleting the recording following the final approval of the minutes.

Consent Calendar Items

Chairman Sobeck asked if there were any objections to approving all of the minutes that had been distributed in the pre-meeting packet. There being no questions or comments

Upon motions duly made and seconded, it was unanimously

VOTED:	To approve the minutes of the Special Purpose Meeting of February 16, 2018 as presented.
VOTED:	To approve the minutes of the Board Meeting of April 5, 2018 as presented.
VOTED:	To approve the minutes of the Vaccine Committee Meeting of April 5, 2018 as presented.
VOTED:	To approve the minutes of the Vaccine/Operations Meeting of May 3, 2018 as presented.
VOTED:	To approve the minutes of the Audit Committee Meeting of May 30, 2018 as presented.

KidsVax Updates

Executive Director (ED) Report:

Ms. Zell gave a brief overview of her executive report which was included in the Board packet. Ms. Zell stated that WVA has over \$33 million in the bank. Ms. Zell reflected on the last 3- ½ years and was happy to say that the WVA is in a great position as an organization. Ms. Zell went on to inform the Board they will be asked to approve a United Healthcare arrearage settlement. This work was part of the payer compliance project that started two years ago when Mr. Roberge discovered United Healthcare was applying downwards adjusting all assessments by a 2013 grid. Due to time restraints, she highlighted salient point, and then suggested that the Board consider other topics.

TRICARE Settlement:

Ms. Zell reported that WVA did get the statutory authorization fix drafted by KV into the U.S. Senate's version of NDAA FY19, but no similar provision was included in the House version. She noted that the congressional effort is viewed as necessary to guarantee that TRICARE pays at the correct grid level. Ms. Zell then further advised the Board concerning KV's anticipated follow up steps. Ms. Roberts asked if TRICARE is now paying 100% of assessments? Ms. Zell confirmed they purport they are, but KV is working on getting credentials to verify.

Mr. Potter informed the Board that as of April 1st the WVA has begun receiving assessments from TRICARE at 101.8 percent of WVA's standard assessment grid rates to account for their failure to produce settlement reports. He went on to commend Ms. Zell for her leadership in managing the TRICARE project.

Future TRICARE Settlement offer to WVA Ms. Zell reported that from the period of May 2010 through Dec. 22, 2010, TRICARE owes the WVA approximately \$1.0 - \$2.1 million, exclusive of interest and penalties. Ms. Zell went on to report that KV has developed a legal argument concerning TRICARE's position based on the statute of limitations. That argument was accepted by DHA for New Hampshire. TRICARE has resisted payment for vaccine administered more than 6-years prior to December 23, 2016, (when the first statute resulting from this work was signed into law). The core of KV's argument is that vaccines administered on December 23 and after were funded prior to that date, thus should be covered. Based on delays inherent in WVA's assessment methodology, WVA has a reasonable argument that even under TRICARE's legal theory, it should pay 100% of WVA's assessments from inception.

Mr. Potter stated KV chose New Hampshire as the first state to advance this argument because of the clarity of this issue for that state. New Hampshire was the only other state with assessments over 6-years past due. Ms. Zell that explained that WVA dosage-based assessments are for replenishment of vaccine administered. Ms. Zell went on to observe that since a precedent has been established in the New Hampshire offer from TRICARE, WVA should be able to piggyback on that concession in principle. Ms. Zell explained that the New Hampshire memo can be revised for WVA's unique dosage-based system.

Ms. Redman inquired as to how many months prior to the statutory cut-off date were recovered by New Hampshire? Mr. Potter responded that NHVA went back for the quarterly funding before TRICARE'S asserted December 23, 2010 cutoff. Due to state statutory issues, that was all that could be argued for New Hampshire. Mr. Potter advised that WVA has more gain potential in this legal argument given its unique system. Ms. Zell then gave further background on this strategic approach and how it might affect any suit to collect the remaining balance from TRIWEST. Chairman Sobeck commented he believes it is reasonable for the Board to look at the total cost, including human capital, in evaluating the merits of any strategy. He concurred with Ms. Zell in exploring the statute of limitations argument.

Chairman Sobeck asked if there were any objections to approving the second TRICARE settlement offer presented for all remaining amounts other than those affected by TRICARE's statute of limitations position from the period of October 1, 2017 through December 31, 2018. There being no further questions or comments:

Upon duly made and seconded, it was unanimously

VOTED: To approve the TRICARE Settlement for the period of October 1, 2017 through March 31, 2018 and to authorize the Chair or Vice Chair to sign the Payment Acceptance Form on WVA's behalf.

Mr. Potter and Ms. Zell requested the Board approve a catch-up payment for all KV services and expenses to date regarding the TRICARE project. Ms. Zell estimated that the total outstanding amount approximated \$70,000. Chairman Sobeck asked if there were any objections to approving KV's request for catch-up payments for work on the TRICARE project. There being no questions or comments:

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize a one-time catch up payment to KV for all amounts owed by TRICARE through June 2018.

Mr. Potter suggested to the Board that as states such as Maine, Vermont, and Alaska receive cash or settlement proposals, it would be a good time to renew WVA's request for equitable contributions to the expenses which generated those TRICARE offers. Dr. Marcuse inquired how such amounts would be calculated. Mr. Potter responded stating the suggestion is to take the respective amounts TRICARE has offered or paid to each state and request project-expense sharing in the same proportion. He offered a draft sheet of allocations for review by directors in attendance through June 30, 2018.

Chairman Sobeck stated that he and Mr. Potter had discussed this matter earlier in the week. Taking the whole amount and dividing exactly to the dollar with exactly the percent that has been offered to each state might be taken as an unreasonable request as it would be voluntary contributions at best. Chairman Sobeck offered the thought that something smaller than the exact allocated cost might be received better. It was the sense of the Board that Chairman Sobeck should proceed as he thinks best. Dr. Sobeck will make requests from other SVPs receiving TRICARE offers as a result of WVA funded work.

Mr. Potter went on to inform the Board that NHVA had authorized a \$20,000 a month contribution to off-set WVA TRICARE expenses through December 30, 2018. The NHVA Chairwoman already has signed three of the checks, totaling \$60,000, for July 1, August 1 and September 1, which will be deposited into a WVA account.

Ms. Zell then provided an update and summary on the UnitedHealthcare arrearage settlement offer. She stated that United Healthcare had been denying all dosage-based assessments without NDC coding accumulating a total denied amount of about \$500,000 dollars. That matter was resolved administratively. Ms. Zell advised further of a second issue whereby United was repricing assessments to a 2013 grid, which is about 19% lower than then current grid. After negotiation United calculated the amount owed from the repricing. It is the recommendation of KV the Board accept the settlement offer of \$316,00.

Chairman Sobeck asked if there were any objections to approving the item listed above. There being no questions or comments:

Upon motion duly made and seconded, it was unanimously

VOTED: To authorize Dr. Sobeck, Chair or Dr. Harvey, Vice-Chair to execute and agree to the UnitedHealthcare settlement agreement.

KidsVax®'s Proposed 2018/19 Performance Goals:

Ms. Zell reviewed KV's proposed 2018/2019 goals. After briefly reviewing the core metrics she suggested KV develop an alternative settlement report proposal. Ms. Zell will have a plan of recommendation to the Board by November. Ms. Zell reviewed the settlement payment process and would like to promote greater payer fairness to ensure all payers are assessed equally. Ms. Zell suggested to the Board to consider the added 1.8% approach TRICARE has accepted. Ms. Zell continued to express she would like to Maintain Core Services Metrics by responsiveness. Ms. Zell put forward that all telephone inquiries be answered within 1-2 days and emails answered no longer than 5-business days. Ms. Zell added that monthly financials would be required to be completed within 15-business days, annual financials within 40-business days and quarterly financials within 25 business days. Ms. Zell proposed 100 percent of State funding be in place on or before the due date and annual regulatory reports received on or before the due date. Ms. Zell recommended developing a 3-5year WVA Strategic Plan; whereas a strategic planning meeting would be facilitated to compile and publish the WVA Strategic Goals. Additionally, she would like to Improve on WVA Communications by bringing the WVA 2010 Communications Plan up to date with the existing literature and administering a liaison to guide new members through the process for a better understanding on policies and procedures. Ms. Zell ended with her proposal of completing an assessment of Dosage-based Methodology by creating an analytical report and alternate collection of methodologies. Further discussion ensued after general discussion on the goals.

Board members expressed an interest in moving past the KV contractual holdback performance by rolling that amount back into regular monthly payments. Then the board would move more toward the spot bonus approach it used to recognize KV's remarkably successful outcome in the TRICARE work for WVA. Chairman Sobeck suggested that the discussion to restructure the whole bonus program be revisited at the annual meeting.

Chairman Sobeck then asked if there were any objections to approving the proposed KV 2018/19 performance goals.

Upon motion duly made and seconded, it was unanimously

VOTED: To accept the proposed 2018/19 KV Performance Goals with the changes suggested at the meeting.

WVA Communications Plan

Ms. Zell reviewed the Communications Policy, stating that no new changes were recommended to the draft Communication Policy that had been presented at the April 2018 meeting. Mr. Potter recommended the Board adopt this policy as is and make changes in the future should the board want to consider further refinements. WVA would then gain these added protections immediately. Discussion ensued regarding annual updates to appropriate stakeholders and the public so they remain aware of any WVA updates, how it is working, and to keep communication open.

Chairman Sobeck asked if there were any objections to the WVA Communications Plan as presented. There being no questions or comments,

Upon motion duly made and seconded, it was unanimously

VOTED: To adopt the WVA Communications Plan as presented.

Ms. Zell discussed with the Board future WVA communications strategies. Ms. Zell believes the policy adopted is a good policy not only for herself, but also for the Board when representing other organizations and speaking with stakeholders. Ms. Zell would like to work on this topic with any interested Board members during the summer and come back with a firm recommendation for the November meeting.

Adjourned to Executive Session

These decisions were summarized after conclusion of the executive session in the open meeting.

The Board called KV back into the meeting. At that point, Acting Chair, Beth Harvey requested Mr. Potter to provide the form for the KV evaluation. She then advised KV of the results of the evaluation scoring.

Upon motion duly made and seconded, it was unanimously

The Board called KV back into the meeting. At that point, Acting Chair, Beth Harvey requested Mr. Potter to provide the form for the KV evaluation. She then advised KV of the results of the evaluation scoring.

VOTED: To score KV, with respect to WVA 2017/2018 holdback, as documented in the spreadsheet delivered to Mr. Potter.

This resulted in a calculated amount of \$50,987.25 payable to KV.

In response to questions about any other items needing attention at this meeting, Mr. Potter and Ms. Zell recommended action on two remaining votes.

Upon motion duly made and seconded, it was unanimously

VOTED: To adopt the Capital Reserve and Investment Policy.

VOTED: To approve WVA 2018/2019 Strategic Goals as presented.

Closing

There being no further business, the meeting was adjourned at approximately 4:35 p.m. PDT.

Washington Vaccine Association
Finance Committee Meeting
701 5th Ave, Suite 4900, Seattle, WA
September 18, 2018, 3:00-4:00 p.m. PST

I. Attendance. The following individuals participated:

Directors

John Sobeck, MD, Chair - In-person
Jason Farber, Esq., Davis Wright Tremaine,
LLC
Derek LeBrun, Sr. Director, Coordinated
Care

KidsVax®

Peter Smith, Financial Analyst
Norman Roberge, Accountant
Claire Roberge, Controller
Charlene Stryker, Executive Assistant

Executive Director

Julia Zell, WVA ED - In-person

Others

Anne Redman, Esq. Perkins Coie
SheAnne Allen, Vaccine Manager, WA
DOH
Allen D. Gilbert, Audit Manager,
CliftonLarsonAllen - In-person
Polly Sidwell, Morgan Stanley - In-person
David Keller, Morgan Stanley - In-person
Stephanie Crook, Provider Advocacy, NW
Region UnitedHealthcare

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the July 10, 2018 WVA Finance Committee Meeting minutes.
2. To recommend to the WVA Board the authorization of publication of the FYE 2017/18 Financial Statements and Independent Auditor's Report.
3. To adopt the proposed Investment Strategy with Morgan Stanley as outlined by Peter Smith's Memo included in the packet.

B. Follow Up Tasks/Action Items

1. Ms. Zell and Ms. Roberge will review and sign the management representation letter which they will receive from Mr. Gilbert that was not included with the audited financials.
2. Ms. Sidwell (Morgan Stanley) will send Ms. Roberge (KV) money wire instructions for transferring funds.
3. Ms. Redman, Ms. Zell and Mr. LeBrun will set a meeting date to review KV and Ms. Zell's reporting and approval procedures for expenditures. Mr. LeBrun agreed to serve as final reviewer of Ms. Zell's and KV expenses with Ms. Zell providing the first approval level for KV expenses.
4. Ms. Zell will provide the WVA Board with collection forecasts for various assessment grid options.

III. Meeting Minutes

At 3:00 p.m., a quorum having been established, Chairman John Sobeck called the meeting to order. Chairman Sobeck 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. The Committee considered calendar consent items.

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the July 10, 2018 WVA Finance Committee Meeting Minutes.

Overview of the Draft FYE 2017/18 Audited Financials

Mr. Gilbert directed the Committee to the FYE 2017/18 audited financials. He reported that once again the WVA received a clean audit. He summarized key financial figures for this year, comparing them to last year's audited financials. The WVA accumulated approximately \$24 million increase in cash this year. Estimated collectible assessments had a decrease of \$3.4 million and prepaid vaccine numbers were down approximately \$1.2 million from the previous year. Total current assets were up by approximately \$20 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 2018 Statement of Activity reflects an increase in assessments of approximately \$3.1 million over last year, though the total net assessment activity is up \$1.8 million from last year to slightly over \$21 million this year. The net increase is largely the result of the TRICARE settlement of \$12.7 million and improved payer compliance. 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 legal expense of \$306,000. As a result, the change in restricted net assets is a \$20 million increase to the bottom line for the year. The Statement of Cash Flows shows an increase in cash from operations at \$24 million.

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 Board and the governance letter, 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 2017/18 Financial Statements and independent auditor's report.

Review of Refund Checks

Ms. Roberge provided a brief overview of the refund check process and recent transactions.

Financial Update

Mr. Smith provided an overview of the WVA's fiscal position, beginning with the cash reserve analysis summary. As of July 31, 2018, there was approximately \$34.5 million cash on hand. Currently, there is nearly \$38.5 million in cash. He also updated the cash flow projections to incorporate the latest Department of Health (DOH) projections for vaccine expenditures.

Ms. Zell commented on Mr. Smith's financial update, noting that she has scheduled an Operations Committee in October with an agenda item including the option of lowering the assessment rates for 2019. Dr. Sobeck noted that having various options for a reduction of the WVA's cash reserves would be beneficial and suggested that Ms. Zell provide the Board with different collection forecasts based on an additional grid reduction at various, logical times and their potential impacts. Mr. LeBrun agreed, and Ms. Zell agreed to provide the information at the November 8th Board meeting.

Beyond the current needs of cash for the next month, Mr. Smith advised investing the \$25 million rather than leaving it in a noninterest-bearing account or an account with a minimal return.

Investment Program Strategy

Mr. Smith stated, based on the guidance of the Finance Committee, he and Ms. Zell researched options for active portfolio management to avoid the WVA appointing a WVA officer having to approve and authorize individual trades. This structure places individual buying and selling decisions in the hands of the portfolio manager. No individual buy and sell authorizations would be needed by the WVA Board, WVA agent, or designee; therefore, it is his recommendation based on the Committee's desire to outsource the management of the portfolio a cash management plan that incorporates KeyBank Money Market funds for short term monthly operational funds (approximately \$10MM). After researching various options with entities that provide the type of investment structure compatible with the WVA's Reserve Policy, he found five viable options. Mr. Smith summarized each, providing the benefits

1 and the opportunity costs, concluding that due to the WVA's long-term relationship with Polly Sidwell and Morgan
2 Stanley and their favorable pricing, he suggests retaining Polly Sidwell as portfolio manager to be authorized to
3 execute investments according to our Reserves Investment Policy.

4
5 Ms. Sidwell along with Mr. Keller, from Morgan Stanley, gave a brief review of the Investment Strategy. Ms. Sidwell
6 stated that 80% of the portfolio would be in a 2 to 3-year range and only 20% would to a 4 to 5-year range. Ms.
7 Sidwell commented this is a very secure and stable investment.

8
9 Ms. Zell recommended that the Committee adopt the investment strategy outlined whereby \$25 million will be placed
10 in a portfolio with Morgan Stanley and \$10 million in a money market with KeyBank.

11
12 Upon motion duly made and seconded, it was unanimously

13
14 **VOTED:** To authorize the adoption of the Investment Program Strategy with Morgan Stanley in the
15 amount of \$25MM for immediate transfer and to keep \$10MM in a Money Market account
16 with KeyBank, and to authorize all necessary paperwork to accomplish the implementation
17 with attorney Redman's review.

18
19 KV and J. Zell Expenditures

20 Ms. Zell, with the approval from Ms. Redman, suggested designating a Board Member to oversee and authorize
21 payments and expenditures for KV and for herself. Ms. Redman stated that while WVA is moving in a direction of
22 engaging a WVA Director, Ms. Zell is considered, at this time, an independent contractor and KV continues to perform
23 their services for WVA; therefore, they are trying to establish a reporting relationship for expenses. KV monthly
24 service fee compensation along with the TRICARE Project and Special Payer Compliance will continue, but all
25 invoices will be directed, first to Ms. Zell for approval and then to Mr. LeBrun for authorization. Ms. Zell's expenses
26 for special projects on behalf of WVA including TRICARE along with a monthly fixed income while she is acting
27 ED of WVA will be reviewed and authorized by Mr. LeBrun. A meeting between Ms. Redman and Mr. LeBrun will
28 also be made off-line.

29
30 Other Matters from Committee Members

31 There were no other matters to discuss.

32
33 Executive Committee

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

35
36 Closing

37 There being no further business, the meeting adjourned at 3:57 p.m.

**Washington Vaccine Association
Statement of Financial Position
As of September 30, 2018**

A**ASSETS**

Current assets		
1	Cash and cash equivalents	\$ 7,975,942.65
2	Investments	25,022,280.63
3	Members Estimated Collectible Assessments	6,424,098.00
4	Prepaid Vaccine	7,829,956.04
5	Prepaid Administrative Services	-
6	Total current assets	47,252,277.32
7	Total assets	\$ 47,252,277.32

LIABILITIES AND NET ASSETS

Current liabilities		
8	Accounts payable	\$ 6,900.00
9	Key Bank - Line of Credit	-
10	Payable to Washington Department of Health	-
11	Other accruals	-
12	Total current liabilities	6,900.00
Net assets		
13	Excess Assessments - Vaccines	27,514,481.13
14	Excess Assesments - Administrative Activities	19,730,896.19
15	Total net assets	47,245,377.32
16	Total liabilities and net assets	\$ 47,252,277.32

Washington Vaccine Association
Statement of Activities and Changes in Net Assets

	A		B		C		D		E		F	
	Month Ending September 30, 2018		Vaccine		Total		Administrative		Vaccine		Total	
	Administrative	Activities	Administrative	Activities	Administrative	Activities	Administrative	Activities	Administrative	Activities	Administrative	Activities
Revenues:												
1 Assessments	\$ 1,367,738.61	\$	8,545,380.00	\$	9,913,118.61		\$ 3,102,052.24	\$	19,182,594.00	\$	22,284,646.24	
2 Less: Vaccine expense	-		(8,931,071.53)		(8,931,071.53)		-		(19,040,542.28)		(19,040,542.28)	
3 Net Assessment margins	1,367,738.61		(385,691.53)		982,047.08		3,102,052.24		142,051.72		3,244,103.96	
4 Investment income	13,210.80		-		13,210.80		13,210.80		-		13,210.80	
5 Other income	-		-		-		-		-		-	
6 Net revenues	1,380,949.41		(385,691.53)		995,257.88		3,115,263.04		142,051.72		3,257,314.76	
Expenses:												
7 Administrative services	58,672.98		-		58,672.98		140,490.48		-		140,490.48	
8 Administrative services - Tricare	40,000.00		-		40,000.00		82,947.44		-		82,947.44	
9 Tricare - Legislative Services	21,714.15		-		21,714.15		33,723.61		-		33,723.61	
10 Tricare - Expense Offset Rcv From Other SVPs	(20,000.00)		-		(20,000.00)		(60,000.00)		-		(60,000.00)	
11 Legal fees	14,384.80		-		14,384.80		26,384.80		-		26,384.80	
12 Audit	4,100.00		-		4,100.00		10,900.00		-		10,900.00	
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	14,904.75		-		14,904.75		16,637.92		-		16,637.92	
17 Insurance	650.00		-		650.00		650.00		-		650.00	
18 Bank fees	-		-		-		48.17		-		48.17	
19 Investment advisor / manager	-		-		-		-		-		-	
20 Other administration expenses	-		-		-		-		-		-	
21 Total administrative expenses	137,226.68		-		137,226.68		958.00		-		958.00	
							261,140.42		-		261,140.42	
22 Line of credit - financing costs	-		-		-		-		-		-	
23 Total expenses	137,226.68		-		137,226.68		261,140.42		-		261,140.42	
24 Increase (decrease) in net assets	\$ 1,243,722.73	\$	(385,691.53)	\$	858,031.20		\$ 2,854,122.62	\$	142,051.72	\$	2,996,174.34	
25 Excess assessments, beginning of year							16,876,773.57		27,372,429.41		44,249,202.98	
26 Excess assessments, end of period							19,730,896.19	\$	27,514,481.13	\$	47,245,377.32	

Washington Vaccine Association
Statement of Cash Flows
For the Periods Ending

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	A	B	C	D
	Inception Through 7/31/2018	Month 8/31/2018	Month 9/30/2018	Inception Through 9/30/2018
1 Cash balance - beginning of period	\$ -	\$ 34,580,954.49	\$ 34,483,178.71	\$ -
Inflows:				
2 Principal prepayments	7,800,001.00	-	-	7,800,001.00
3 Vaccine collections	483,819,987.28	7,796,343.13	7,527,847.61	499,144,178.02
4 Interest income	53,408.37	51,838.00	-	105,246.37
5 Investment income/ (loss)	149,787.97	-	13,210.80	162,998.77
6 Key Bank - LOC advances	-	-	-	-
7 Total inflows	491,823,184.62	7,848,181.13	7,541,058.41	507,212,424.16
Outflows:				
8 Principal repayments	(7,799,908.85)	-	-	(7,799,908.85)
Program				
9 Vaccine remittance State of WA	(440,734,091.71)	(7,834,031.66)	(8,926,995.91)	(457,495,119.28)
10 Vaccine Selection Development	(79,950.00)	-	-	(79,950.00)
11 Public information	(147,626.81)	-	-	(147,626.81)
12 Total program disbursements	(440,961,668.52)	(7,834,031.66)	(8,926,995.91)	(457,722,696.09)
Administration				
13 Administrative services	(5,059,367.72)	(124,715.65)	(94,383.13)	(5,278,466.50)
14 Project management fees	(419,878.90)	-	-	(419,878.90)
15 Denied claims recovery	(146,533.44)	(2,800.00)	(2,800.00)	(152,133.44)
16 Design and advertising	(31,031.38)	-	-	(31,031.38)
17 Claims system development	(26,000.00)	-	-	(26,000.00)
18 Legal fees	(587,639.55)	15,590.40	5,615.20	(566,433.95)
19 Audit fees	(95,055.00)	-	(6,800.00)	(101,855.00)
20 Website and information technology	(113,993.32)	-	-	(113,993.32)
21 Travel	(1,829.68)	-	-	(1,829.68)
22 Total administration	(6,481,328.99)	(111,925.25)	(98,367.93)	(6,691,622.17)
Office				
23 Bank Fees	(552,877.43)	-	-	(552,877.43)
24 Office supplies	883.92	-	-	883.92
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	(612,079.61)	-	-	(612,079.61)
Other				
30 Insurance	(247,821.95)	-	(650.00)	(248,471.95)
31 Interest Line of Credit	(1,136,610.90)	-	-	(1,136,610.90)
32 Board meetings	(2,811.31)	-	-	(2,811.31)
33 Total Other	(1,387,244.16)	-	(650.00)	(1,387,894.16)
34 Total outflows	(457,242,230.13)	(7,945,956.91)	(9,026,013.84)	(474,214,200.88)
35 Cash balance - end of period	\$ 34,580,954.49	\$ 34,483,178.71	\$ 32,998,223.28	\$ 32,998,223.28

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

Washington Vaccine Association
Notes to Financial Statements
For the Month Ending September 30, 2018

Items of interest in the financial Statements for the month ending September 30, 2018.

During the month \$25,000,000 was transferred from WVA's general cash account to Morgan Stanley for investment per WVA's investment policy. This investment generated \$13,210 in earnings for the month and is reflected in the statement of activities on line 4 and in the statement of cash flow on line 5.

During the month WVA received \$20,000 from New Hampshire Vaccine Association to aid in the TRICARE expenses. This payment is reflected on line 12 of the Statement of Activities as a reduction of expenses.

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

1		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	12 Months Average (000)
2		2017 (000)	2017 (000)	2017 (000)	2017 (000)	2018 (000)	2018 (000)	2018 (000)	2018 (000)	2018 (000)	2018 (000)	2018 (000)	2018 (000)	2018 (000)	
3															
4	Cash Balance	8,016	7,135	12,675	14,774	16,294	18,802	32,113	32,427	32,543	34,120	34,571	34,474	7,975	23,159
5	Investments	9	9	9	9	9	9	9	9	9	9	9	9	25,022	2,093
6	Prepaid Vaccines	7,225	7,735	4,875	4,467	4,408	3,485	4,301	5,002	6,006	3,861	6,197	7,834	7,829	5,500
7	Line of Credit Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Assessments Collected	7,828	8,086	8,215	6,422	5,886	6,033	18,263	5,411	6,186	5,588	6,839	7,796	7,527	7,688
9	Payments to DOH (non flu)	7,225	8,888	4,210	4,118	4,236	3,432	4,301	5,057	6,006	3,861	6,247	7,834	8,926	5,593
10	Payments to DOH - Flu	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a
11	Line of Credit Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-

12 Grid in effect:

B

B

B

A

A

A

A

A

A

A

A

A

A

13 Note: Grids in effect for above information: New WVA grid effective 07/01/2018

14 A:

From: 7/1/2017

To: 6/30/2018

15 B:

From: 7/1/2018

To: Present

16 Note - Assessments Collected on line 8 - March 2018 reflects the \$12M received from TRICARE for periods Dec 23, 2010 - Sep 30, 2017

17 Note - Assessments Collected on line 8 - July 2018 reflects the \$673K received from TRICARE for periods Oct 1, 2017 - Mar 31, 2018



WVA Cash Flow Projection Model
As of October 25, 2018

Amounts in **BOLD** are actuals.

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Interest income / expense	To/from Interest Bearing	Net Cash Change	Cash Balance (a)	LOC / Interest Bearing (b)	Net Liquidity (a + b)	Notes
Nov-15	7,027,691	(4,244,926)	-	(74,693)	(38,750)		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)	< Adjust Rates as of 7/1 to 130% of current C
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	< LOC Paid off by 12/31
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	7,116,156	(5,437,731)		(71,765)	-		1,606,659	8,751,747	-	8,751,747	
Nov-17	8,215,489	(4,210,946)		(71,156)	-		3,933,387	12,685,134	-	12,685,134	
Dec-17	6,422,096	(4,118,584)		(205,290)	-		2,098,222	14,783,356	-	14,783,356	
Jan-18	5,886,214	(4,236,192)		(127,046)	-		1,522,975	16,306,331	-	16,306,331	
Feb-18	6,033,821	(3,432,432)		(95,751)	-		2,505,638	18,811,969	-	18,811,969	
Mar-18	18,263,903	(4,301,740)		(650,899)	-		13,311,264	32,123,233	-	32,123,233	< Includes TRICARE payment
Apr-18	5,411,000	(5,057,707)		(39,140)	-		314,154	32,437,387	-	32,437,387	
May-18	6,186,270	(6,006,860)		(63,806)	-		115,604	32,552,991	-	32,552,991	
Jun-18	5,588,325	(3,861,593)		(149,629)	-		1,577,103	34,130,094	-	34,130,094	< Grid Rates reduced by 1% on July 1
Jul-18	6,839,965	(6,247,878)		(141,226)	-		450,861	34,580,954	-	34,580,954	
Aug-18	7,848,181	(7,834,032)		(111,925)	-		(97,776)	34,483,178	-	34,483,178	
Sep-18	7,527,848	(5,206,974)	(3,720,022)	(99,018)	13,211	(25,000,000)	(26,484,955)	7,998,223	25,000,000	32,998,223	
Oct-18	5,965,364	(4,685,595)		(80,380)	46,458	-	1,245,847	9,244,070	25,000,000	34,244,070	
Nov-18	5,176,317	(4,317,825)		(80,380)	54,167		832,279	10,076,348	25,000,000	35,076,348	
Dec-18	4,775,635	(4,142,511)		(80,380)	54,167	(1,000,000)	(393,089)	9,683,259	26,000,000	35,683,259	

WVA Cashflow Analysis 10-25-2018.xlsx

Cash Flow Projection

WVA Cash Flow Projection Model
As of October 25, 2018

Amounts in **BOLD** are actuals.

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Interest income / expense	To/from Interest Bearing	Net Cash Change	Cash Balance (a)	LOC / Interest Bearing (b)	Net Liquidity (a + b)	Notes
Jan-19	4,646,680	(4,741,670)		(80,380)	56,333		(119,037)	9,564,222	26,000,000	35,564,222	
Feb-19	5,093,717	(4,183,544)		(80,380)	56,333		886,126	10,450,348	26,000,000	36,450,348	
Mar-19	4,797,229	(5,356,791)		(80,380)	56,333	(1,000,000)	(1,583,609)	8,866,740	27,000,000	35,866,740	
Apr-19	5,485,661	(4,856,839)		(80,380)	58,500		606,943	9,473,682	27,000,000	36,473,682	
May-19	5,319,361	(6,109,998)		(80,380)	58,500		(812,517)	8,661,166	27,000,000	35,661,166	< Includes estimated 4% CDC rate increase
Jun-19	6,104,913	(4,016,056)		(80,380)	58,500		2,066,977	10,728,142	27,000,000	37,728,142	
Jul-19	4,728,957	(6,497,793)		(80,380)	58,500	1,000,000	(790,716)	9,937,427	26,000,000	35,937,427	< Assumes no change to Grid Rates
Aug-19	6,230,160	(8,147,393)		(80,380)	56,333	1,000,000	(941,279)	8,996,147	25,000,000	33,996,147	
Sep-19	7,487,579	(5,415,253)	(3,868,823)	(80,380)	54,167		(1,822,710)	7,173,437	25,000,000	32,173,437	
Oct-19	5,472,259	(4,873,019)		(80,380)	54,167	1,000,000	1,573,027	8,746,464	24,000,000	32,746,464	
Nov-19	4,748,436	(4,490,537)		(80,380)	52,000		229,518	8,975,982	24,000,000	32,975,982	
Dec-19	4,380,875	(4,308,211)		(80,380)	52,000		44,283	9,020,265	24,000,000	33,020,265	
Jan-20	4,262,580	(4,931,337)		(80,380)	52,000	1,000,000	302,862	9,323,128	23,000,000	32,323,128	
Feb-20	4,672,664	(4,350,886)		(80,380)	49,833		291,231	9,614,359	23,000,000	32,614,359	
Mar-20	4,400,684	(5,571,063)		(80,380)	49,833		(1,200,926)	8,413,433	23,000,000	31,413,433	
Apr-20	5,032,210	(5,051,112)		(80,380)	49,833	1,000,000	950,551	9,363,984	22,000,000	31,363,984	
May-20	4,879,656	(6,354,397)		(80,380)	47,667	1,000,000	(507,455)	8,856,529	21,000,000	29,856,529	< Includes estimated 4% CDC rate increase
Jun-20	5,600,273	(4,176,699)		(80,380)	45,500	1,000,000	2,388,695	11,245,223	20,000,000	31,245,223	



OCTOBER 24, 2018

Washington Vaccine Association
Board of Directors
PO Box 94002
Seattle, WA 98124-9402

WVA Program Savings Calculation for FYE June 30

Dear Directors,

Below is our calculation of the savings that the program has created in the fiscal years ended June 30, 2017 and June 30, 2018.

	<u>FY 6/2018</u>	<u>FY 6/2017</u>
A. CDC Survey Market Comparison costs: (Actual doses per brand x CDC market survey)	\$91,976,142	\$103,784,231
B. WVA Program costs:		
Cost of vaccine replenishments	\$65,491,991	\$68,127,738
+ Operating Cost	1,821,862	1,075,438
+/- Net change in assessment rates	-	869,074
+/- Net Interest Expense/(Income).	(51,903)	114,461
= Total Program Cost	<u>\$67,261,950</u>	<u>\$70,186,711</u>
C. WVA Program Savings (A – B = C)	\$24,714,192	\$33,597,520
D. Program Savings Percentage (C / A = D)	26.87%	32.38%

Notes:

1. In any program like this it is not possible to calculate savings with 100% accuracy. There are a number of reasons for this including the fact that some providers may continue to bill for some private supply.
2. The market comparison used for each dose is an average of prices given in response to the survey conducted annually by the CDC (<http://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/>). Information is not provided on volume or location purchased. This CDC survey just addresses vaccine costs. It does not include other costs such as management fees, financing costs or other overhead, which some providers properly include in billings. Neither does it include normal payer administration costs for individual claims administration.
3. We believe this is a fair representation of the cost savings for the vaccines themselves. Payments to providers for administration of vaccines, of course, are completely outside of this system.
4. KidsVax.org will continue to track this metric periodically to aid the WVA in monitoring its program effectiveness.

Sincerely,

Peter M. Smith
Financial & Internal Control Analyst

cc: Julia Zell, Executive Director



MEMORANDUM

TO: Julia Zell, Executive Director & WVA Board
FROM: Peter Smith, Financial Analyst
SUBJECT: WVA Cashflow Model Scenarios
DATE: October 31, 2018

WVA Cashflow Model Scenarios

The following scenarios model several options for grid changes in the coming year. The CDC updates its contract rates each April 1 and typically results in an increase in rates by a weighted average total of three to four percent (3-4%).

Option 1: No Change in the current WVA Grid

This option, by absorbing the April 1, 2019 CDC increase, would result in \$2,374,096 reduction in overall cash balance by June 30, 2020.

Option 2: One percent (1%) reduction in the current WVA Grid on July 1, 2019

This option, by absorbing the April 1, 2019 CDC increase plus reducing the current rate per vaccine by one percent on July 1, 2019, would result in \$6,234,404 reduction in overall cash balance by June 30, 2020.

Option 3: Two percent (2%) reduction in the current WVA Grid July 1, 2019

This option, by absorbing the April 1, 2019 CDC increase plus reducing the current rate per vaccine by two percent on July 1, 2019, would result in \$9,556,260 reduction in overall cash balance by June 30, 2020.

Projection models are updated and monitored monthly for variations. The above scenarios are estimates and include various assumptions including the consistency of the overall system, consistency of the public health (lack of an unexpected epidemic or crisis, etc.), consistency of assessment collections, and consistency of CDC contract rates and increases. Any variance in these factors can result in variations to the WVA cashflow.

Projection models are updated and monitored monthly for variations.



November 8, 2018 Executive Director Overview

Assessment Collections as of 9/30/2018:	\$499 + Million
Remittances to State of WA since inception:	\$457 + Million
Members Estimated Collectible Assessments	10+ Million
Prepaid Vaccine Purchases:	\$6 + Million
Cash Balance:	\$7 + Million
Morgan Stanley	\$25 Million

“It was the best of times, it was the worst of times . . .”

Perhaps borrowing a famous author’s words isn’t the most conventional way to begin an Executive Director’s report, but the stark contrast described by Dickens seems most appropriate when I consider the astonishing success the WVA has recently experienced, overcoming substantial, if not potentially fatal obstructions that just four years ago could have been aptly described as “the worst of times.” As I outlined in June, the Association’s most recent feats are nothing short of incredible given that at the end of 2015 the WVA was in dire financial straits, burdened by both provider and payer non-compliance, and the Center for Disease Control questioned the viability of the dosage-based assessment (DBA) system. During our darkest days, I’m certain many of you recall the grim report that the Department of Health (DOH) had to split the monthly funds requests from the WVA into two as the Association did not have enough money on-hand to fully fund a month’s vaccine purchases at one time. Granted, KeyBank’s authorization of a \$15 million line of credit allowed undisrupted vaccine funding, but the Association’s diminished fiscal position was concerning and led to dramatic grid increases that troubled payers and left the organization vulnerable. Concomitantly, the Association’s collections suffered as payer and provider observance of the requirements of the dosage-based assessment system declined, punctuated by TRICARE’s wholesale refusal to participate equating to a \$200,000 per month collections shortfall.

Despite these myriad challenges, the WVA Board remained engaged, inventive, and made several key decisions—including a critical one to expend more resources to fix growing problems through authorizing special project work—that has resulted in not only restored financial vitality, but corrected operational malaise that diminished the WVA’s effectiveness and commitment to maintaining payer equity. Recent work has enabled the organization to begin to focus on other goals related to institutional improvements and strategic partnerships. I am truly overwhelmed by the progress we have made and am excited to continue to serve this amazing Association as the full-time Executive Director. Thank you to the Board for your confidence and support; I intend to carry-out my duties with diligence and distinction.

Holding with the WVA’s recent pattern, our cash collections are as Peter Smith projected, with the July 1 assessment reduction in full effect. Since June, the newly constituted Audit, Finance, and Compliance Committee has exercised the authority given to them by the Board to put in place a strategic reserve investment plan to guarantee that the WVA remains a good steward of

assessment dollars. Accordingly, after extensive review of various investment options, the Committee voted to continue our relationship with Morgan Stanley and transfer \$25 million for immediate investment, with active portfolio management. Currently, all funds have been invested and the Association should expect a 3.5-3.7% yield, providing enough of a return to off-set the majority of the WVA's operational costs. Lastly, the annual audit was completed by CliftonLarsonAllen (CLA) in September, and a clean auditors' opinion was issued. The auditors found no deficiencies in internal controls and the Finance and Audit Committee recommends publication of the audited financials.

With regard to other operational matters, the 17/18 Annual Report is in its final stages of review and has been included in the Board packet for approval. This year, the report features similar, explanatory content on the front page as prior years as this communication is intended to serve as an introduction to the WVA's core functions and purpose. The back page contains an infographic showing some of the State's immunization achievements, and focuses on our strategic partnership with the DOH and their most recent awards. As requested by Board Member Dr. Marcuse, I have included a cover letter that provides more details about the WVA's yearly activities. This informational piece will be sent to WA stakeholders, and specifically, the Association's legislative champions along with the Annual Report to help re-establish relationships with those who have long championed our program.

One matter for the Board's consideration concerning the WVA's efforts to ensure payer equity is the potential alternative settlement report process. Currently, only major insurers are processing settlement reports—the back-end system the top payers in WA agreed upon during the WVA's start-up phase to guarantee that assessments began to flow prior to large-scale provider compliance with the DBA. By accord, the four largest payers by assessment volume auto-generate an assessment when a provider only submits a vaccine administration claim with no corresponding DBA. While the Operations Committee has discussed requiring all payers to complete this process or some alternative, and has revisited the topic periodically, recent events, (including TRICARE's agreement to pay 1.8% above the WVA's current assessment grid to compensate for their inability to process settlement reports), necessitates the WVA taking further action to institutionalize the process or less cumbersome alternatives. After discussion with KV and the Operations Committee, I believe we have found a simple way to achieve this aim, and look forward to the Board's feedback.

Also included in this Board packet are the documents related to the proposed structural changes that were precipitated by the Board's acceptance of retaining a full-time Executive Director (ED) in June and reducing the administrative services contract with KidsVax®. Since late June, the Executive Committee met several times via teleconference and exchanged pages of emails, all in consultation with outside counsel, to consider various options regarding the potential form the arrangement with a full-time ED could take, as well as consider my personal fitness for the position. After receiving candid and unfettered documents regarding my employment history and performance while at KV, provided by Fred L. Potter, the Committee voted to proceed with the engagements, styling the ED position as an employment relationship with the WVA, while retaining a separate administrator. The duties of the ED and the administrator have been clearly defined after significant input from both KV and I. The resulting documents have been summarized by Anne Redman for your review. I am confident that the outcome of these new arrangements will allow for greater clarity as to roles and responsibilities of KV and the ED,

increased internal controls, and provide the WVA with much-needed resources to continue the compliance and communications work that began recently. Many thanks go to the Executive Committee for their diligence, thoughtfulness, and dedication through this process; their willingness to come together to review a significant amount of information and make hard decisions deserves our approbation and gratitude.

Finally, I am excited to convey the news that the WVA's work with TRICARE is coming to an end. TRICARE is now paying almost all assessments on an on-going basis at 1.8% higher than the WVA grid rate, is correcting wrongful denials and re-processing improperly priced assessments, and is working on a final settlement offer for assessments due prior to December 23, 2010. Since the last Board meeting in June, the WVA advanced the vaccine funding argument with TRICARE's general counsel that even if the Defense Health Agency (DHA) is only responsible for the costs of vaccines administered on or after December 23, 2010, the WVA is owed for assessments beginning in May 2010 that funded the purchase of those vaccines provided after the statute of limitations date. In September, the WVA provided TRICARE a legal-style memorandum that outlined this argument. Shortly thereafter, DHA requested support for the memo demonstrating the WVA's full funding cycle is longer than five months in order to verify that assessments generated months prior actually pay for vaccines administered hundreds of days later. After three in-person meetings, numerous teleconferences, and even more email exchanges, DHA has stated that they are close to finalizing their calculations for the last arrears settlement offer. I am deeply grateful to Dr. Sobeck who traveled with me to Washington, DC to meet with Senator Murray, Senator Cantwell, and Representative Kilmer's staffers to ask for support for our final efforts to recover the 2010 assessments owed by TRICARE. Lastly, we all owe a big "thank you" to the DOH that spent countless hours providing us with data to support the TRICARE memo, answering DHA's follow-up questions, and continuing to support our efforts. Hopefully by our next Board meeting, we can all enjoy having one-less outstanding issue on our agenda.

I am deeply grateful to each of you for your service on this Board, and your work in improving the health outcomes of Washington's children through this unique organization.

Respectfully submitted,



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

MEMORANDUM

TO: WVA Board
FROM: Julia Zell, MA, Esq., Executive Director
DATE: October 31, 2018
RE: Settlement Report Process and Alternatives

Overview: The Settlement Report Process (SRP) was created during the WVA set-up and has been maintained by the major insurance carriers so that the WVA can recover assessment costs when providers fail to submit a dosage-based assessment and only submit a vaccine administration claim. In this scenario, major payers auto-generate a payment to the WVA at the correct grid rate, and submit the payments either monthly or quarterly. Traditionally, only the major insurance carriers have participated in this process as it required sophisticated claims processing systems, and third-party administrators have sometimes claimed they lack the ability to complete this process. Though provider compliance has increased in the past year, KV estimates WVA loses approximately \$250,000 annually in assessments as a direct result of this issue. Though the WVA has continued to improve provider communications, engaging strategic partners to aid in disseminating information regarding proper completion of the DBA process, it is not feasible for the WVA to catch all provider errors. Thus, broad corrective efforts should be focused at the payer level.

Issue: The current system of having some payers submit assessments through the Settlement Report process, but not requiring others to do so creates an assessment inequity.

Potential Alternatives:

- 1) Require that all payers participate in the SRP.
 - This option is probably not viable as many third-party-administrators located out-of-state may not have the resources to complete this process. Next, it would be difficult for the WVA to communicate the requirements of the Settlement Report Process to payers unfamiliar with it. This would also complicate the WVA's internal compliance work as it would have to track payments and develop historical trends and estimates to ensure payers were actually paying assessments when no DBA is submitted.
- 2) Have payers that either cannot or will not participate in the SRP pay a flat, annual assessment that equals the average of assessments collected by the payers that continue to submit the settlement reports. An exemption should be made for payers that remit less than \$10,000 annually in assessments to the WVA since many of these payers are unfamiliar with the WVA, the cost of collection may exceed the return, and the practice may cause self-funded plans to challenge the assessment system.
 - This approach would require that the WVA's major payers continue the Settlement Process so that there is enough data to create a fair flat assessment. Currently, the WVA collected 1.8% of its assessments through the alternate process from major payers. Under this design, the WVA could send notification of the additional assessment with the annual, statutory assessment letters that are sent out in November. KV would then handle collections and compliance work.

- This is most likely the easiest option to implement and to track compliance. It would require the least complicated administration and minimal resources.
- 3) Require payers that do not participate in the SRP to load and pay a higher grid rate equal to the average of assessments collected by the payers that continue to submit the settlement reports. Essentially, all payers opting out of the SRP would need to auto-adjudicate dosage-based assessments to a higher amount. While, theoretically, all payers should be performing this function, KV has confirmed that many of the smaller payers cannot do this, or will not expend the necessary resources to code their systems to generate payments.
- This choice would be difficult for the WVA to administer as it would be hard to communicate to all payers what they would need to do and how to do it. It would also be difficult for KV to ensure that payers were complying with paying the higher grid.
 - Given the top 5 highest assessment volume payers are also the most sophisticated and they have the greatest ability to adjudicate DBAs to a different grid level if submitted incorrectly or at a differently level, it is unlikely the WVA would have success if it proceeded with this option.

Recommendation:

My clear recommendation is for the WVA to adopt Option 2 and work with KV to come up with a plan to operationalize this choice. Given that there would be minimal set-up to put this process in place, this process could be adopted by the WVA Board next April and implemented in 2019.

Proposed Actions:

- 1) Direct KV to work with the WVA ED to operationalize the alternative to the SRP.
- 2) Authorize the WVA to work with outside counsel to revise the Plan of Operation to require this alternative process.
- 3) Authorize the WVA to work with outside counsel to come up with a new policy regarding the alternative SRP.
- 4) Authorize KV to proceed with a limited special project engagement with a monthly cap of \$5,000, with work to be performed primarily by Norm Roberge in conjunction with and managed by the ED.
- 5) KV would provide a brief written project summary to the ED monthly and at any other time upon request of the Board or ED.

WASHINGTON VACCINE ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**WASHINGTON VACCINE ASSOCIATION
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CliftonLarsonAllen LLP
 CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
 Washington Vaccine Association
 Seattle, Washington

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, 2018 and 2017, 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.

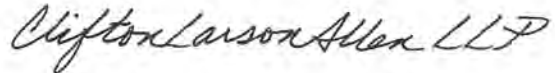
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2018 and 2017, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Bellevue, Washington
September 18, 2018

**WASHINGTON VACCINE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 34,130,094	\$ 9,582,053
Estimated Collectible Assessments	6,355,445	9,708,870
Prepaid Vaccines to Washington Department of Health	<u>3,861,593</u>	<u>5,014,254</u>
Total Current Assets	<u>\$ 44,347,132</u>	<u>\$ 24,305,177</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 97,928	\$ 56,159
ASSESSMENTS COLLECTED IN EXCESS OF VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES		
	<u>44,249,204</u>	<u>24,249,018</u>
Total Liabilities	44,347,132	24,305,177
NET ASSETS - UNRESTRICTED	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 44,347,132</u>	<u>\$ 24,305,177</u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Administrative Activities	Vaccine Funding Activities	Total
CHANGE IN UNRESTRICTED NET ASSETS			
Assessment Activity:			
Assessments	\$ 13,623,126	\$ 73,639,011	\$ 87,262,137
Vaccine Replenishments	-	(65,491,991)	(65,491,991)
Interest Income on Assessments	51,903	-	51,903
Net Assessment Activity	13,675,029	8,147,020	21,822,049
Expenses:			
Administrative:			
Administrative Services	775,292	-	775,292
Special Projects Services	651,442	-	651,442
Legal and Accounting	306,813	-	306,813
Office	41,623	-	41,623
Other	46,692	-	46,692
Total Expenses	1,821,862	-	1,821,862
Total Change in Unrestricted Net Assets	11,853,167	8,147,020	20,000,187
VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED	<u>(11,853,167)</u>	<u>(8,147,020)</u>	<u>(20,000,187)</u>
CHANGES IN NET ASSETS	-	-	-
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

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

	Administrative Activities	Vaccine Funding Activities	Total
CHANGE IN UNRESTRICTED NET ASSETS			
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	52,568	-	52,568
Interest	114,461	-	114,461
Other	52,223	-	52,223
Total Expenses	1,189,900	-	1,189,900
Total Change in Unrestricted Net Assets	17,432,717	(320,825)	17,111,892
VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED	(17,432,717)	320,825	(17,111,892)
CHANGES IN NET ASSETS	-	-	-
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments Collected	\$ 90,615,562	\$ 80,271,027
Cash Remittances to Washington Department of Health for Vaccines	(64,339,330)	(64,641,884)
Administrative Expenses Paid	(1,780,094)	(1,019,279)
Cash Received from Interest Income	51,903	-
Cash Paid for Interest Expense	-	(186,972)
Net Cash Provided by Operating Activities	<u>24,548,041</u>	<u>14,422,892</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of Credit Repayments	-	(10,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,548,041	4,422,892
Cash and Cash Equivalents - Beginning of Year	<u>9,582,053</u>	<u>5,159,161</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 34,130,094</u></u>	<u><u>\$ 9,582,053</u></u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in Net Assets	\$ -	\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in:		
Estimated Collectible Assessments	3,353,425	(3,866,348)
Prepaid Vaccines to Washington Department of Health	1,152,661	1,193,699
Increase (Decrease) in:		
Accounts Payable	41,769	56,159
Vaccine Fees Payable to Washington Department of Health	-	(72,511)
Assessments Collected in Excess of Vaccine Funding and Administrative Activities	<u>20,000,186</u>	<u>17,111,893</u>
Net Cash Provided by Operating Activities	<u><u>\$ 24,548,041</u></u>	<u><u>\$ 14,422,892</u></u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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 2551. The Association's governance documents are available at the Association's website: 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 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, 2018 AND 2017**

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, 2018 and 2017.

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, 2018 and 2017.

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, 2018 AND 2017**

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

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, 2018 and 2017, assessments collected in excess of vaccine funding and administrative activities totaled \$44,249,204 and \$24,249,018, 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, 2018 AND 2017**

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 18, 2018, 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 \$64,339,330 and \$64,641,884 were made by the Association to the state of Washington's UVPA during the years ended June 30, 2018 and 2017, respectively.

NOTE 4 LINE OF CREDIT

The Association accepted a commitment from KeyBank National Association LOC in April 2017 with a maximum available balance of \$5 million through April 5, 2019. The Association may elect to pay interest on the LOC at either the adjusted LIBOR rate or Bank Prime rate (4.75% at June 30, 2018). The LOC is secured by the general assets of the Association. In April 2018, the Association determined that the LOC was not necessary and terminated the agreement with the bank.

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,

This year, I am pleased to share several Washington Vaccine Association's (WVA's) achievements, many of which were the culmination of several year's work. As the Association closes its 8th year of operations, payer compliance is at its highest level, the WVA met its operating capital reserve targets and expects to be able to maintain assessment rates, and the WVA Board set long-term, strategic goals. We are excited to share news about these organizational milestones.

First, the Association was able to secure funding participation by TRICARE, the US military's health insurance program. Their equitable contribution to our universal vaccine program ensures payer equity and equal access to the State's reliable vaccine supply. Due to the commitment of the WVA Board in developing sound operational and financial policies, the WVA has achieved fiscal security that will guarantee a stable revenue source to fund the Department of Health's vaccine purchases without dramatic assessment increase. Lastly, I am thankful for the hard work the Board undertook in setting long-term strategic goals and developing short-term performance targets aimed at improved support, decreased vaccine wastage, and lowering immunization costs. Though the WVA's focus remains on facilitating the universal purchase of vaccines for Washington's children, the WVA seeks to continually improve. I believe the WVA's goals of strengthening our partnerships with stakeholders like Washington providers, the Department of Health, and payers will make certain the best public health outcomes for Washington residents.

As always, thank you for your unwavering support.

John A Sobeck, MD, MBA
Board 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 who they will immunize. The Department of Health 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 Department of Health bulk purchase of all pediatric vaccines provides significant cost savings versus the private market.

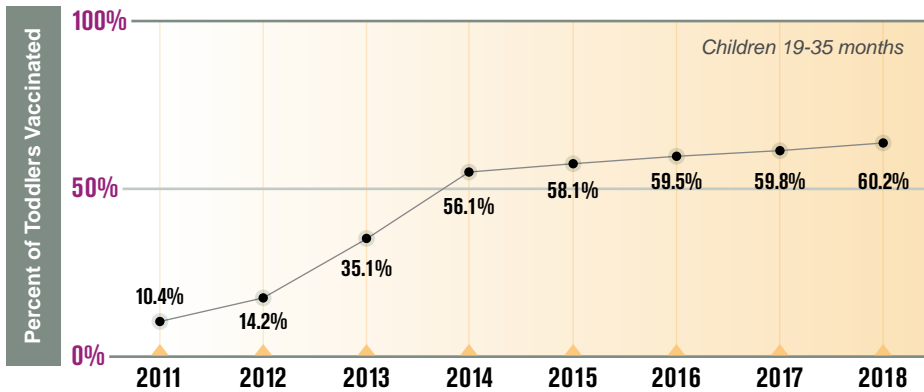
Stable Childhood Vaccine Funding Achieved

Since 2010, the WVA has aided the universal purchase of recommended 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. This innovative system means that cost is never a barrier for Washington children in receiving immunizations.





WASHINGTON IMMUNIZATION AT A GLANCE



Source: <http://results.wa.gov/children-19-35-months-receiving-all-recommended-vaccinations>



Award-Winning Partners

The WVA is proud to be a strategic partner of the WA Department of Health. This year, the Office of Immunization and Child profile was recognized at the National Immunization Conference for making outstanding progress toward Healthy People 2020 targets for adolescent immunization coverage. WA was also given a Bull's-Eye Award at the Association of Immunization Managers' conference for innovation and excellence in crafting immunization strategies that positively impact public health.

WVA Board of Directors

John Sobeck, MD, MBA, Chair
PNW Market Medical Executive, Cigna

John B. Dunn, MD, MPH
Medical Director for Preventative Care,
Kaiser Permanente

Catherine Falanga
Director of Provider Relations,
Aetna Life Insurance Co.

Jason A. Farber, Esq.
Partner, Davis Wright Tremaine LLP

Beth Harvey, MD
South Sound Pediatric Associates

Derek LeBrun, MBA
Sr. Director, Finance and Risk
Management, Coordinated Care

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

Laura McKenna, CPhT
Clinical Pharmacy Project Coordinator,
Regence Group-Healthcare Services
Seattle/Tacoma

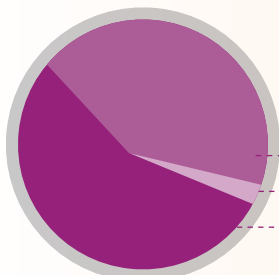
Chad Murphy, BS, PharmD
Vice President, Pharmacy Strategic
Programs, Premera, Blue Cross

Randy Parker
Assistant Administrator, Carpenters
Trust of Western Washington

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

FINANCIALS

July 1, 2017 - June 30, 2018



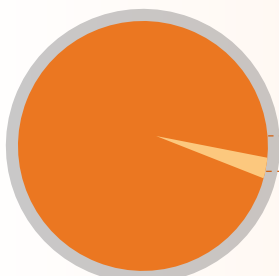
Childhood Vaccine Funding Sources

Estimated Total: \$158,176,379

41% | State Funds (Assessments collected by WVA)

3% | State-funded Health Insurance Programs

56% | Federal Funds



WVA Program Expenditures

Total: \$67,313,853

97% | Remittance to WA for Vaccine Costs*

3% | Operating Costs

*This chart reflects funding for WVA-funded vaccines. To view the complete FY2017 financial analyses, please see the complete audited financials at www.wavaccine.org/audit/2018.

WWW.WAVACCINE.ORG

ADMINISTRATOR:

KidsVax.org

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

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

WEBSITE: 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



WVA Annual Executive Director Summary: November 2018

As the WVA closes out its 8th year, many of our Board members felt that it was important for the Association to provide an annual communication that summarized key events and achievements in the organization's history not just for strategic partners, but for all stakeholders, many of whom donated resources to help establish the WVA and ensure its success during its formative years. For those who have been somewhat out of touch, I doubt I can truly capture the rollercoaster-like events that have placed the WVA in the strong position it enjoys today.

Over the past year, the WVA has made some significant advancements with respect to the Association's operations, finances, and special projects at the same time as undergoing dramatic structural changes. Though these improvements have required a high degree of Board input and resources, I believe the changes will yield greater payer and provider compliance, allow the WVA to stabilize assessment grid changes year-over-year, and focus on improving provider communications. Four years ago, the WVA had many challenges: it had no capital reserve and was reliant on a line of credit to meet vaccine funding activities; the Center for Disease Control was questioning the state's chosen method of assessment; TRICARE was refusing to even discuss paying into any state vaccine program, (costing the WVA millions per year); and the WVA was losing its long-time Deputy Executive Director, whose knowledge, experience, and relationships helped form the Association and ensure its early operational success. Most remarkably, today I can report that all of these challenges have been addressed and the Association has prevailed in each instance through the guidance and wisdom of the Board, its committees, and through the help of our partners, most notably, the Washington Department of Health (DOH).

Operations

On the operational front, the WVA Board voted on strategic goals this past June, one of which included a commitment to maintain payer equity. In light of this goal, the WVA took a series of measures too. After reviewing the WVA's assessment collections process and areas that need improvement, the Operations Committee helped Executive Director Julia Zell devise a plan to ensure all assessments are paid, even when providers only submit a vaccine administration claim to the insurer or third-party administrator.

Financial

In 2018, the WVA has quickly accumulated cash, in large part due to two, different settlements with the Defense Health Agency for past-due assessments totaling more than \$14 million. This influx of capital meant that the Association met its reserve goal of \$25 million more rapidly than expected and allowed the Board to vote a modest vaccine assessment reduction while continuing to absorb vaccine price inflation. After achieving its financial goals, the WVA Board voted to redefine the scope of the then Audit Committee to include selection of an active portfolio money

manager. After an extensive review of various investment institutions, the Committee selected Morgan Stanley to ensure the WVA remains a good steward of assessment funds by seeking a modest return on operating capital. Due to market changes, the WVA anticipates being able to cover the majority of operating expenses through the yield on investments while continuing assessment reductions. Overall, the Association is in a superior financial position and will work to maintain assessment stability in the future and keep contingency funds on hand to buffer unexpected cash outlays.

Structural

After eight years of receiving all administrative services from KidsVax® (KV), a New Hampshire-based company with experience running state vaccine programs, the Board voted to retain a full-time, independent executive director, Julia Zell. Ms. Zell has served the WVA since 2015 as an employee of KV, first in the capacity as Deputy Director, then as Executive Director. While this arrangement has added some complexity to the Association's infrastructure as it has never had an employee before, the full-time position should allow for more resources to be spent on strengthening provider outreach, managing payer compliance, and developing organizational efficiency.

Washington Vaccine Association Statement of Activities and Changes in Net Assets					
	A	B	C	D	E
	Actuals for 12 months ending June 30, 2018	Actuals for 3 months ending Sep 30, 2018	Annualized New Proposed Contracts	Set by	2018/19 Expense Budget Recommended Nov 2018
Revenues:					
1 Assessments	\$ 87,262,136.61	22,284,646.24			
2 Less: Vaccine Expense	(65,491,991.26)	(19,040,542.28)			
3 Net Assessment Margins	\$ 21,770,145.35	\$ 3,244,103.96			
4 Investment Income	-	38,073.28			
5 Other Income	51,903.00				
6 Net Revenue	21,822,048.35	3,282,177.24	650,000		525,573
Expenses:					
21 Admin services - Fixed Contract	474,305.00	122,726	449,995		467,041
22 Admin services -variable compensation	50,987.25	0			0
23 Admin services - travel (Board mtg support, etc.)				J	7,500
24 Executive Director - salary		16,700	200,000		166,700
25 Executive Director - employment costs			20,282		13,521
26 Executive Director - benefits			15,000	J	10,000
27 Executive Director - Travel		1,064	50,000	J/B	34,752
28 Executive Director - hospitality	327.05	958	5,000	J	4,708
29 Admin services / ED -spot awards	250,000.00	0	50,000	B	50,000
30 Admin services - TRICARE	462,707.48	82,947			165,895
31 Admin services - TRICARE (Crowell & Morit	133,511.61	33,724			67,447
32 TRICARE - expense offset from other SVPs	-	-60,000			-120,000
33 Legal fees	25,260.60	7,373	35,000		32,246
34 Legal fees - TRICARE settlement	271,053.37	19,012			169,012
35 Audit	10,500.00	10,900	11,400		11,400
36 Special Projects:	-				
37 Denied Claims Recovery (Medical Revenue	33,600.00	8,400	33,600		33,600
38 Assessment Compliance	21,622.95	16,638			22,184
39 All Other	-		25,000	B/J	25,000
40 Communications - outside graphics, etc.			7,500	J	7,500
41 ELM (meetings / mail forwarding / parking / services)			9,500	J	9,500
42 Insurance	46,389.51	650	49,000		49,000
43 Bank Fees	41,598.20	24,911	96,000		96,911
44 Investment Fees			75,000		56,250
45 Other	-	0	2,000		2,000
Total administrative Expenses	1,821,863.02	286,003	1,141,777		1,382,167
50 Total expenses net of interest income	1,821,863.02	247,930	491,777		856,594
51 Increase (decrease) in net assets	\$ 20,000,185.33				
52 Unrestricted net assets, beginning of year	24,249,017.65				
53 Unrestricted net assets, end of year	\$ 44,249,202.98				

Column E is computed based upon the number of months in column F of the annualized column B number plus the remaining portion of the year at the column C annualized rate.

J = Julia
B = Board

Note: Items shaded in orange are based upon KidsVax's current understanding of contracts being finalized by Anne Redman. Final numbers can be entered upon receipt of her documents.

Avitus employment processing (per VOX message and proposal "Calculat
2,680.00 Avitus processing fee
15,342.00 Fed employer taxes
500.04 State Unemployment taxes (Idaho)
1,760.00 Worker's Comp
20,282.04 total

actual investment includes Key bank for 3 months
Morgan 650K annual 9 mo income= 487500 plus KB 3 mo 24K

Avitus cost estimates (see above calculation for detail)
Legal licenses, CLEs, Federalist Society, others at Julia's discretion
Travel from Boise 2x monthly (25,000) + in state (10,000) + national (15,0
100% discretionary to board. No longer a contract holdback + formula aw

3 months actual + estimated fees (10%) on \$2million settlement - \$50,000

Future special projects will require advance board approval & Julia's man

5,000 + parking + misc. services

KeyBank \$6,000 monthly service charges without earnings offset
Morgan Stanley is 30 basis points on \$25million

KV/ED Transition Summary: June – November 2018

Summary of Events: At their June 28, 2018 meeting, the WVA Board voted to proceed with engaging their current Executive Director (ED), Julia Zell, then employed at KidsVax (KV), the WVA administrator, full-time under separate contract and continuing a limited administrative services engagement with KV to provide other services. The WVA's Executive Committee (EC) comprised of Chairman John Sobeck, Vice-Chairwoman Beth Harvey, Treasurer Derek Lebrun, and Secretary Ed Marcuse in consultation with outside counsel Anne Redman, meet numerous times via teleconference to determine how to structure each contract, to discuss what responsibilities would fall to the ED and what should most appropriately be performed by KV, and how the Board would exercise oversight and routine review of each party's performance. At the June meeting, the Board expressed a general desire that the new contracts not exceed the WVA's 2017 administration costs. Mindful of this guiding principle, the EC proceeded accordingly.

During the process, the EC requested information from Mr. Potter regarding Ms. Zell's qualifications and performance while employed at KV. In response, Mr. Potter provided extensive documentation and an in-depth assessment of Ms. Zell's capabilities that was thoroughly reviewed by the EC and Ms. Redman. After careful consideration and deliberation, the EC voted to continue with separate engagements for both Ms. Zell and KV, continuing a relationship with each.

Subsequently, the EC spoke with Ms. Zell and received adequate assurance that she is willing and able to continue in the ED role, and will work collaboratively with KV to manage the core functions of the WVA.

Upon the recommendation of Ms. Redman, the EC determined that making Ms. Zell an employee of the WVA was the most desirable structure for the new ED relationship. Accordingly, the WVA has arranged a contractor to manage the payroll and benefit functions while Ms. Redman will begin work on recommended changes to the WVA bylaws to accommodate for the new infrastructure. The KV administrative services contract has been modified to account for the full-time ED position, and the communications piece has been removed. Going forward, all special projects will be kept at a minimum as those services, limited to KV, have been largely subsumed by the KV base-contract.

Both the new KV contract and ED will be presented to the Board at its annual meeting on November 8, 2018 by Ms. Redman and are expected to go into full effect shortly thereafter.

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As of 10/31/2018

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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)*
 John Dunn, MD
 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)*

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Operations Committee

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

WASHINGTON VACCINE ASSOCIATION
Governing Statutes under the Revised Code of Washington

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Title 70. Public health and safety

Chapter 290. Washington vaccine association

RCW 70.290.010. Definitions

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

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

chapter.

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

RCW 70.290.020. Washington vaccine association - Creation

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

RCW 70.290.030. Composition of association—Board of directors—Duties.

- (1) The association is comprised of all health carriers issuing or renewing health benefit plans in Washington state and all third-party administrators conducting business on behalf of residents of Washington state or Washington health care providers and facilities. Third-party administrators are subject to registration under 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

position on the board to represent all entities under common ownership or control.

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

association, its directors, officers, employees, and agents as may in the judgment of the board of directors be helpful or necessary for the operation of the association;

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

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

- (1) The secretary shall estimate the total nonfederal program cost for the upcoming calendar year by October 1, 2010, and October 1st of each year thereafter. Additionally, the secretary shall subtract any amounts needed to serve children enrolled in state purchased health care programs covering low-income children for whom federal vaccine funding is not available, and report the final amount to the association. In addition, the secretary shall perform such calculation for the period of May 1st through December 31st, 2010, as soon as feasible but in no event later than

April 1, 2010. The estimates shall be timely communicated to the association.

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

prepayment from member health carriers and third-party administrators, subject to offset of future amounts otherwise owing or other repayment method as determined by the board. The initial deposit of start-up funding must be deposited into the universal vaccine purchase account on or before April 30, 2010.

RCW 70.290.050. Selection of vaccines to be purchased - Committee

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

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

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

- (1) The association may, pursuant to either vote of its board of directors or request of the secretary, audit compliance with reporting obligations established under the association's plan of operation. Upon failure of any entity that has been audited to reimburse the costs of such audit as certified by vote of the association's board of directors within forty-five days of notice of such vote, the secretary shall assess a civil penalty of one hundred fifty percent of the amount of such costs.
- (2) The association may establish an interest charge for late payment of any assessment under this chapter. The secretary shall assess a civil penalty against any health carrier or third-party administrator that fails to pay an assessment within three months of notification under RCW 70.290.030. The civil penalty under this subsection is one hundred fifty percent of such assessment.
- (3) The secretary and the association are authorized to file liens and seek judgment to recover amounts in arrears and civil penalties, and recover reasonable collection costs, including reasonable attorneys' fees and costs. Civil penalties so levied must be deposited in the universal vaccine purchase account created in RCW 43.70.720.
- (4) The secretary may adopt rules under chapter 34.05 RCW as necessary to carry out the purposes of this section.

RCW 70.290.070. Board shall submit financial report to the secretary

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

RCW 70.290.075. 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

form as may be prescribed by the board in consultation with state physician organizations. Physicians and other persons providing childhood immunization are strongly encouraged to use state supplied vaccine wherever possible. Nothing in this chapter prohibits health carriers and third-party administrators from denying claims for vaccine serum costs when the serum or serums providing similar protection are provided or available via state supplied vaccine.

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

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

RCW 70.290.900. Effective date — 2010 c 174

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

Title 43. State government - executive

Chapter 70. Department of health

RCW 43.70.720. Universal vaccine purchase account

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

Title 48. Insurance

Chapter 43. Insurance Reform

RCW 48.43.690. Assessments under RCW 70.290.040 considered medical expenses

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

Title 82. Excise taxes

Chapter 04. Business and occupation tax

RCW 82.04.640. Exemptions - Washington vaccine association - Certain assessments received

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

**November 8, 2018 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 28, 2018 Board Meeting.
- [To approve the minutes of the June 28, 2018 Board Meeting with the changes suggested at the meeting.]
- VOTED: To approve the minutes of the September 18, 2018 Finance Committee Meeting.
- [To approve the minutes of the September 18, 2018 Finance Committee Meeting with the changes suggested at the meeting.]

Items under Agenda Section 3:

- VOTED: To approve WVA Officers as additional signatories on WVA Morgan Stanley accounts.
- [To approve WVA Officers as additional signatories on WVA Morgan Stanley accounts with the changes suggested at the meeting.]

Items under Agenda Section 4:

- VOTED: To adopt recommended alternate settlement report plan.
- [To adopt the recommended alternate settlement report plan with the changes suggested at the meeting.]
- VOTED: To authorize a KV twelve-month special project to perform requested work to implement an alternative settlement report process, with a monthly cap not to exceed \$5,000.
- [To authorize a KV twelve-month special project to perform requested work to implement an alternative settlement report process, with a monthly cap not to exceed \$5,000 with the changes suggested at the meeting.]

VOTED: To authorize the ED to renew and keep current all WVA insurance policies in consultation with general counsel.

[To authorize the ED to renew and keep current all WVA insurance policies in consultation with general counsel with the changes suggested at the meeting.]

VOTED: To authorize the ED to review and approve all routine, WVA financial transactions including but not limited to refund checks, imprest account transactions, board-authorized contractor invoices, and insurance premiums.

[To authorize the ED to review and approve all routine WVA financial transactions including but not limited to refund checks, imprest account transactions, board-authorized contractor invoices, and insurance premiums 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 2017/18 Financial Statements and independent auditor's report.

[To ratify the action of the Audit Committee in authorizing publication of the 2017/18 Financial Statements and independent auditor's report with the changes suggested at the meeting.]

VOTED: To authorize KidsVax® to proceed with publication of the 2017/18 WVA Annual Report in the form as presented to the Board.

[To authorize KidsVax® to proceed with publication of the 2017/18 WVA Annual Report with the changes suggested at the meeting.]

VOTED: To adopt the annual operations budget as presented.

[To adopt the annual operations budget with the changes suggested at the meeting.]

[To authorize the Audit/Finance Committee to finalize the annual operations budget.]

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 Derek LeBrun 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 Ed Marcuse, whose term renews in 2021 pursuant to RCW 70.290.030 (3)(e).
- VOTED: To affirm the continuation of Board Member Cathy Falanga, whose term renews in 2021 pursuant to RCW 70.290.030. (3)(b).
- VOTED: To approve the individuals listed on the WVA Committees list presented at the meeting to serve on the Finance, 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 Finance, Operations, and Vaccine Committees, respectively, with the Committee chairs listed with the changes suggested at the meeting.]

EXECUTIVE SESSION:

[Note: Certain of the proposed votes for this meeting require prior changes to the governance documents of the Association. These are presented on the understanding that the effective date of any action approved or agreement executed pursuant to these votes shall not be prior to the effective date of any corresponding governance document (e.g. Plan of Operation or Bylaws) change required.]

- VOTED: To authorize payment of Chairman Sobeck's travel-related expenses to D.C. for TRICARE work.
- [To authorize payment of Chairman Sobeck's travel-related expenses to D.C. for TRICARE work with the changes suggested at the meeting.]
- VOTED: To authorize the Chairman to execute the ED employee agreement on behalf of the WVA.
- [To authorize the Chairman to execute the ED employee agreement on behalf of the WVA with the changes suggested at the meeting.]
- VOTED: To authorize the Chairman to execute the KV administrative services contract on behalf of the WVA.
- [To authorize the Chairman to execute the KV administrative services contract on behalf of the WVA with the changes suggested at the meeting.]
- VOTED: To authorize general counsel work on recommended bylaws and policy changes necessitated by new director and administrative services contracts.
- [To authorize general counsel work on recommended bylaws and policy changes necessitated by new director and administrative services contracts with the changes suggested at the meeting.]
- VOTED: To authorize the ED to execute an agreement with Ellis, Li, & McKinstry for WVA meeting and work space, meeting support, and other essential services at the cost of \$5,000 annually plus reasonable expenses.

[To authorize the ED to execute an agreement with Ellis, Li, & McKinstry for WVA meeting and work space, meeting support, and other essential services at the cost of \$5,000 annually plus reasonable expenses with the changes suggested at the meeting.]

VOTED:

To authorize the Chairman, upon consultation with WVA's outside general counsel, to take any other action or execute any other agreement which he may determine to be helpful or necessary to implement any of the votes executed in Executive Session.

[To authorize the Chairman, upon consultation with WVA's outside general counsel, to take any other action or execute any other agreement which he may determine to be helpful or necessary to implement any of the votes executed in Executive Session 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 1st Ave
- Continue north on 1st 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 1st Ave
- Continue north on 1st 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 7th Avenue
- Turn **LEFT** onto Madison Street (at light)
- Continue straight, down the hill, for approximately 6 blocks
- Turn **RIGHT** onto 1st Ave
- Continue north on 1st 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 1st Ave
- Go north on 1st 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



2019 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 12:00-1:00 PM	Finance Committee 3-4 PM	Operations Committee 12:30-1:30 PM
January					
February					
March	TBD				
April		X April 25	X April 25		
May				X May 23	X May 2
June	TBD	X June 27			
July					
August					
September				X September 19	
October	TBD				X October 30
November		X November 7	X November 7		
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.