



WVVA

WASHINGTON
VACCINE
ASSOCIATION

ANNUAL REPORT | 2010-2011

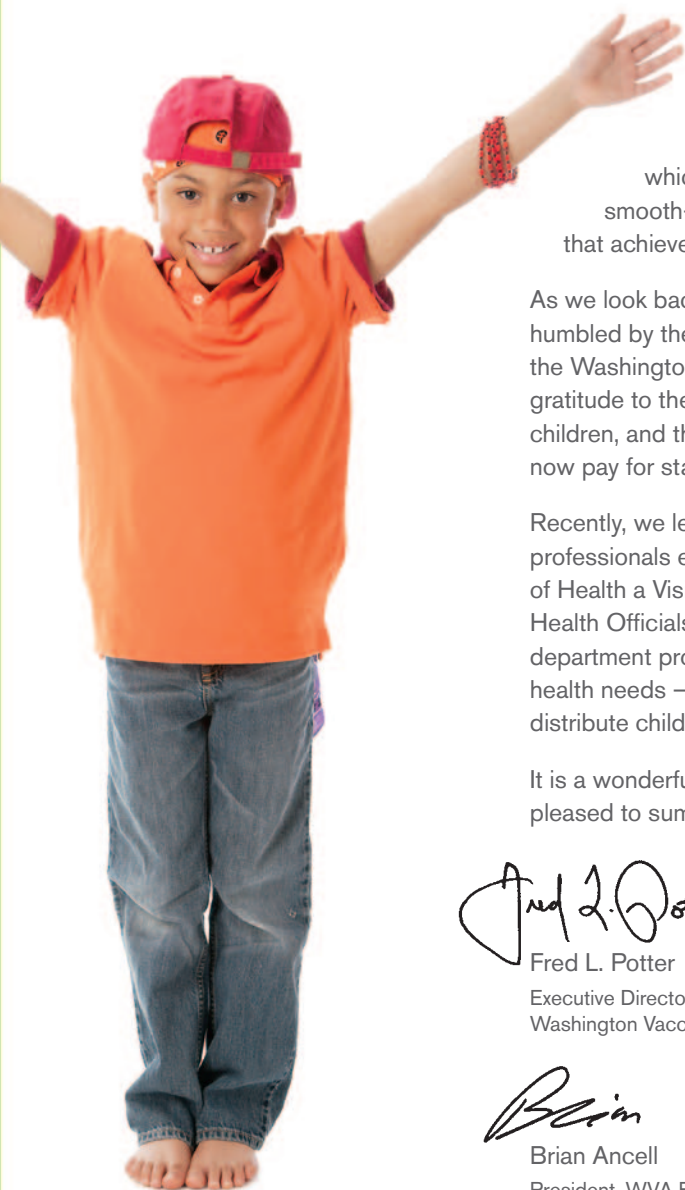
“We are humbled by the contributions of so many individuals and organizations in the Washington state health care community.”



Dear



& Colleagues:



On June 30, 2011,

we completed our first full year of operation – a year in which we transitioned from a state-legislated start-up to a smooth-running, financially stable, and tightly managed nonprofit that achieved its goals ahead of schedule.

As we look back over the year's considerable accomplishments, we are humbled by the contributions of so many individuals and organizations in the Washington state health care community. We owe a special debt of gratitude to the 1,200 providers who administer vaccines to the state's children, and the health plans, carriers, and third-party administrators that now pay for state-supplied vaccines for privately insured children.

Recently, we learned that the efforts of the state's health care professionals earned the WVA and the Washington State Department of Health a Vision Award from the Association of State and Territorial Health Officials (ASTHO). These awards go to state and territorial health department programs that use a creative approach to address public health needs – in this case, Washington's own program to purchase and distribute childhood vaccine to all the state's children, free of charge.

It is a wonderful reward for this past year's hard work, which we are pleased to summarize in our 2010-2011 annual report.

Fred L. Potter
Executive Director
Washington Vaccine Association

Brian Ancell
President, WVA Board of Directors
Executive Vice President, Health Care Services and
Strategic Development, Premera Blue Cross

The



Full Compliance

By late summer 2010, all major health plans were complying with the new dosage-based assessment (DBA) process, which generates vaccine funds to cover privately insured children. At the same time, payments of dosage-based assessments were covering about 83 percent of the vaccines administered to the state's privately insured children. A year later, as of September 2011, 92 percent of vaccines administered to privately insured children are being covered, and every insurer, save one, is complying with the DBA process.

To pursue full compliance for payers, WVA staff worked one-on-one with the remaining insurers throughout the year to bring them on board. Simultaneously, the noncompliant health care providers (which account for only a small percentage of the vaccine volume) received a combination of mailings, emails, faxes, and personal phone calls encouraging them to update their systems and offering help with the transition. We hope to reach substantially full compliance by the end of the next fiscal year.

WVA Dosage-Based Assessment Compliance

Percentage of vaccines administered by physicians' offices, clinics, and hospitals

100
90
80
70
60
50

83%

As of
Sept. 30
2010

92%

As of
Sept. 30
2011





As the 2010-2011 fiscal year began last summer, we identified goals for the coming year. Here's a look at our top priorities and a summary of how we did.

in Review

Vaccine Selection

Prior to the formation of the WVA, when the state funded childhood vaccines, an advisory committee selected these vaccines for state purchase and submitted its recommendations to the Washington State Department of Health's Immunization & Child Profile Office. In 2010, the WVA's Vaccine Committee inherited the responsibility and set about establishing a process for selecting and recommending vaccines for the 2011-2012 season. Five criteria guided the committee's mission:

- Patient safety and clinical efficacy
- Public health and purchaser value
- Patient and provider choice
- Stability of vaccine supply
- Compliance with the state code that restricts the use of mercury in vaccine serum

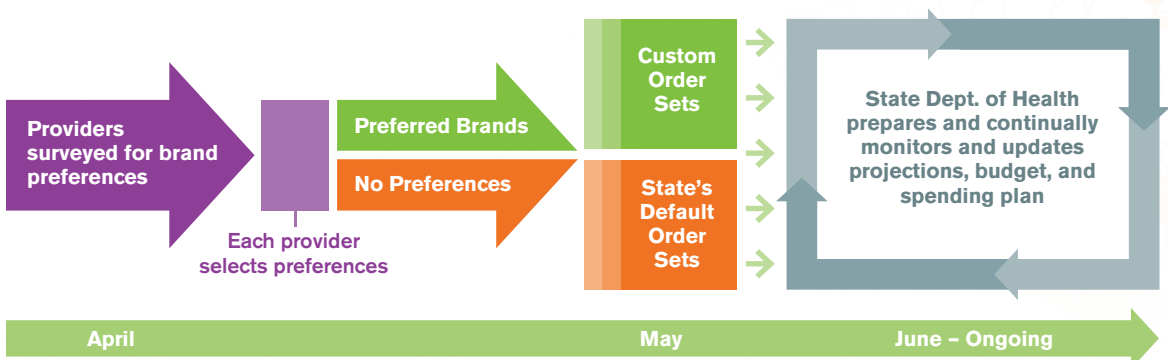
In a series of open meetings during the fall 2010 and early winter 2011, the committee evaluated vaccines, established business processes, and

explored options for selecting vaccines – from offering a formulary to allowing providers to choose their preferred vaccines from a complete list of licensed products.

In their final proposal to the WVA Board of Directors, the Vaccine Committee recommended “full provider choice” through a process in which providers are asked to select their preferred manufacturer brands from all childhood vaccines recommended by the federal Advisory Committee on Immunization Practices (ACIP). For providers with no stated preferences, the committee recommended default order sets that included safe, effective, and comparably priced products from multiple manufacturers.

[Year in Review](#) | [Continued on next page](#) »

Provider Choice Process for State-Supplied Childhood Vaccine



In March 2011, the WVA board voted unanimously to accept the Vaccine Committee's recommendations. Almost immediately, the state's Immunization & Child Profile Office went to work implementing the new process, beginning with a survey of all 1,200 qualified providers to gather their brand preferences. With several medical associations and local health departments helping to spread the word, 93 percent of the providers responded. By July 1st, their preferences had been added to the state's Immunization Information System (IIS) and the new vaccine selection process was under way. (See, "A New Era for Vaccine Selection," on page 7.)

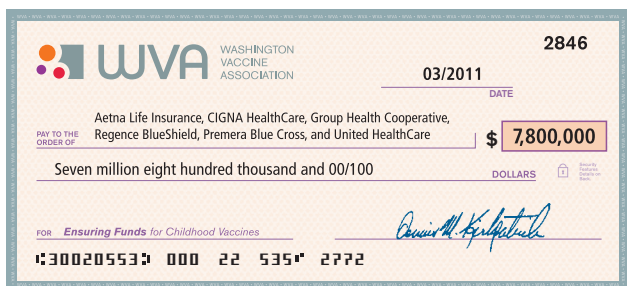
Repayment of Prepayments

To fund the initial work of the WVA in spring 2010, six health plans* prepaid \$7.8 million so that privately insured children could continue to receive vaccines without interruption. We initially anticipated that we would need three years (until December 2012) to repay the full amount, but this past year we beat the deadline by 18 months. Because so many health care providers readily adopted the new dosage-based assessment process, we were able to pay back the first third of the loan in November 2010. By April 1, 2011, we had returned the full amount.

Operational Stability

In our first six months of existence, WVA operating costs ran about 5 percent of our budget. As we transitioned out of our start-up phase, we continued to refine our processes, reduce consulting expenses, and stabilize our staffing needs. Two changes, in particular, will help maintain a lean but well-run organization this coming year:

- We promoted Margaret Lane to deputy executive director. Along with our executive director, Fred Potter, Margaret has been involved in every aspect of WVA operations since we opened our doors in May 2010. Among her many responsibilities, she has personally worked with both payers and providers to help them transition to the dosage-based assessment methodology, developed tracking systems for incoming vaccine funds,



* The six health plan carriers were Aetna Life Insurance, CIGNA HealthCare, Group Health Cooperative (including Group Health Options and KPS Health Plan), Regence BlueShield, Premera Blue Cross, and United HealthCare.

and supported the board and its committees, most notably the Vaccine Committee during its decision to include the influenza vaccine and development of the new vaccine selection process.

- We consolidated our administrative services with the KidsVax.org™ arm of CML Administrators, an organization that specializes in managing system design and administration, processing vaccine assessments, and handling payroll, financial reporting, and other administrative services for nonprofit and quasi-public entities, especially those focusing on childhood vaccines.

Support

Vaccine Assessments

In March 2011, the WVA Board of Directors approved two important changes to the dosage-based assessments (DBA) for childhood vaccines:

- We added new vaccines to our list of available products, including the influenza vaccine. The list now includes all the childhood vaccines recommended by the federal Advisory Committee on Immunization Practices (ACIP).
- We reduced the per-dose assessment rates for childhood vaccines, effective June 1, 2011. The cost of childhood vaccines in Washington state is now at or near the lowest in the country.

Again, we owe a debt of gratitude to the health care providers, health insurance carriers, third-party administrators, and other stakeholders for making these changes possible by quickly embracing the DBA process.

They, as much as the WVA and Washington State Department of Health, deserve the Vision Award we recently received from the Association of State and Territorial Health Officials (ASTHO) for Washington's Universal Childhood Vaccine Program.



The Work Ahead

Compared with the whirlwind of our first 15 months, we expect the coming year to be relatively uneventful. With time now to look at the WVA through a wider lens, we can evaluate our business processes and refine governance policies with the long term in mind.

We also plan to transition the few remaining clinics and private practices to the dosage-based assessment methodology, and work with the state Department of Health (DOH) to bring the new vaccine selection process online. The DOH is currently reviewing the feasibility of having providers order their childhood vaccines each year through its web-based Immunization Information System. If the DOH finds a cost-effective way to make this possible, the WVA is committed to fully supporting the initiative.

By any measure, 2010-2011 has been an intense but rewarding year. We have been privileged to play such an important role in the delivery of vaccines, free of charge, to all the state's children.



A New Era for Vaccine Selection

It's no accident that Ed Marcuse was appointed by the WVA Board of Directors to head its Vaccine Committee, formed in 2010 to develop a new vaccine selection process for the state's Childhood Vaccine Program. Dr. Marcuse, Associate Medical Director of Seattle Children's Hospital, has been involved in Washington's immunization efforts since 1969. That was the year he arrived here as a U.S. public service officer and medical epidemiologist for the Centers for Disease Control (CDC).



Now, 42 years later, he was asked to build consensus among disparate public and private health care interests, no small task regardless of the issue. In the case of vaccine selection, bringing together providers, insurers, and vaccine manufacturers might have overwhelmed a less deft and collaborative chairman.

"Open meetings were critical to building everyone's confidence in the process," Dr. Marcuse says. "Vaccine manufacturers, in particular, worry about any group choosing vaccines for providers for fear it will limit the manufacturers' access to the market and discourage competition. Manufacturers attended all our committee meetings, and we actively invited their comments."

Creating smaller working groups to research and recommend options for specific issues also served the committee well, whether the issue concerned a business process or a new vaccine. "By setting up working groups," he explains, "we could bring in specialized expertise to supplement the resident knowledge in each group and help identify the best possible recommendations. This really moved the process forward by preventing us from getting stuck in any one area."

Dr. Marcuse reserves his highest praise for the Department of Health (DOH), whose "professionalism and competence," he says, "were indispensable to making this a success." By this he means the work of Jenna Bardi, director of the department's Immunization & Child Profile Office, and Jan Hicks-Thomson, the state's vaccine manager.

Both women served as consultants to the committee and its working groups during the entire process. In particular, Dr. Marcuse cites their unequivocal willingness to survey 1,200 providers for their vaccine brand preferences, a time-consuming, resource-intensive project that returned a remarkable 93 percent response rate. He also acknowledges the support of DOH Secretary Mary Selecky, who made her department's invaluable services available to the WVA.

Now that the foundation has been laid for a vaccine selection process in which providers choose their preferred childhood vaccines, Dr. Marcuse is optimistic. "I don't want to count chickens prematurely," he says, "but I'm hopeful this will become a stable process that works well from year to year."

WVA Financial Summary

Statement of Financial Position | June 30, 2011

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 18,426,424
Member Assessments Receivable:	
Vaccines	1,761,133
Administrative Fees and Assessments in Excess of Vaccine Funding	3,164,564

Current and Total Assets 23,352,121

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 107,097
Vaccines Fees Payable to Washington Department of Health	1,672,937
Total Current Liabilities	1,780,034

Assessments Collected in Excess of Vaccine Funding and Administrative Activities¹ 21,572,087

Net Assets – Unrestricted 0

Total Liabilities and Net Assets \$ 23,352,121

Statement of Activities | For the year ended June 30, 2011

	Administrative Activities	Vaccine Funding Activities	Total
Changes in Unrestricted Net Assets			
Revenue:			
Assessments Collected	\$ 11,594,272	\$ 43,379,608	\$ 54,973,880
Interest Income	42,637	0	42,637
Total Revenue	<u>11,636,909</u>	<u>43,379,608</u>	<u>55,016,517</u>
Expenses:			
Public Information	37,274	0	37,274
Administrative	784,479	0	784,479
Office	100,106	0	100,106
Other	23,239	0	23,239
Total Expenses	<u>945,098</u>	<u>0</u>	<u>945,098</u>
Vaccine Replenishments:	0	33,217,876	33,217,876
	<u>10,691,811</u>	<u>10,161,732</u>	<u>20,853,543</u>
Assessments Collected in Excess of Vaccine Funding and Administrative Activities¹	(11,410,355)	(10,161,732)	(21,572,087)
Decrease in Unrestricted Net Assets and Net Assets	(718,544)	0	(718,544)
Net Assets, Beginning of Year	<u>718,544</u>	<u>0</u>	<u>718,544</u>
Net Assets, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

NOTES:

- The Association is a limited purpose entity whose funds are dedicated solely to specific statutory purposes. The Board intends to apply any excess assessment collections to (i) future vaccine funding obligations of the Association, (ii) reasonable and necessary operating costs of the Association, (iii) reduction of future assessments, and (iv), to the extent of any residual excess at the end of Association operations, refunds to members.
- For the complete WVA audited financials, please visit the Reference section of our web site: www.wavaccine.org.

Who's Who

at the Washington Vaccine Association

Key WVA Staff

Fred L. Potter
Executive Director

Margaret Lane
Deputy Executive Director

Claire M. Roberge
Controller

Emily R. McKenna
Executive Assistant

WVA Board of Directors

Brian Ancell
Executive Vice President Health
Care Services and Strategic
Development, Premera Blue Cross

Joseph Gifford, MD
Sr. Medical Director for Washington
State, Regence BlueShield

Phil Haas
Network Market Head,
Aetna Life Insurance Company

Beth Harvey, MD
Pediatric Associates

Dennis Kirkpatrick
CEO, Welfare & Pension
Administration Service, Inc.

Edgar K. Marcuse, MD, MPH
Associate Medical Director,
Seattle Children's Hospital

Allene Mares, RN, MPH
Assistant Secretary Community and
Family Health Division, Washington
State Department of Health

Laura McMillan
Chief of Staff and Vice President
Strategic Planning and Deployment,
Group Health Cooperative

Roger Muller, MD
Market Medical Director,
Pacific Northwest Region,
United Healthcare

Mary Kay O'Neill, MD
Chief Medical Officer, CIGNA





Ensuring Funds for Childhood Vaccines

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