



WASHINGTON  
VACCINE  
ASSOCIATION

**ANNUAL REPORT** | 2011-2012

*Ensuring Funds for Childhood Vaccines*



“We continue to see a financially  
organization that resolves





strong, smooth-running  
every issue with care and balance.”

## Dear Friends and Colleagues:

This year, only 27 months after its formation, the Washington Vaccine Association (WVA) closes the fiscal year as a cost-efficient organization, one that is fully able to maintain reliable reserves for funding vaccines for the state’s privately insured children. The year’s milestones include:

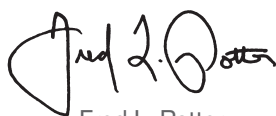
**Reduced Assessments:** Twice this year, we lowered assessment rates. Assessments are expected to increase in the future, but will continue to be the most favorable option for funding childhood vaccines.

**Provider Choice:** Our provider choice program, launched last June with the Washington State Department of Health (DOH), was expanded to give providers two opportunities a year to choose their preferences from the full list of childhood vaccines. In addition, with funding from the WVA, the DOH integrated the selection process into the state’s immunization information system, which providers were already using for vaccine ordering. Integrating vaccine selection saved the state outside contractor costs and reduced DOH staff time by almost two-thirds.

**Operating Efficiency:** Last July, the WVA board signed a three-year administrative services contract with New Hampshire-based KidsVax.org™ to improve efficiency, stabilize operations, and lower costs. Under the contract, Margaret Lane was named Deputy Executive Director to maintain a Washington state presence for the WVA.

**Compliance:** By June 2012, providers in the state’s childhood vaccine program responsible for administering over 94 percent of vaccines were compliant with the WVA’s dosage-based assessment process, and all but one health plan was paying assessments on time.

Looking ahead, we continue to see a financially strong, smooth-running organization that resolves every issue with care and balance. We would like to thank each of you who had a hand in our success, and invite you to enjoy the short history of the WVA on the following pages.



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

# timeline

## WVA HIGHLIGHTS

2009-2012



Spring/Summer 2009

Legislature cuts vaccine funds for privately insured children.  
Statewide Immunization Congress explores funding alternatives.

March 2010

House Bill 2551 creates WVA and selects per-dosage assessment funding model.

April 2010

\$7.8 million in assessments is prepaid by six health plans to fund WVA startup.

June 2010

WVA begins remitting funds to state treasurer for purchase of vaccines.

March 2011

WVA completes repayment of \$7.8 million of assessment prepayments, well ahead of schedule, while maintaining ample reserves.

## A Short History of the WVA

For many years, Washington state, through its universal purchase system, provided childhood vaccines at no charge to all providers who administered vaccines to children. In spring 2009, state vaccine funds for privately insured children were earmarked for a budget cut, and the state's health care community mobilized to preserve universal purchase, widely regarded as an efficient, cost-effective system that benefits everyone involved.

In September 2009, a multidisciplinary team convened a statewide immunization congress attended by private practitioners, vaccine manufacturers, state legislators and staff, and representatives of other states that had solved similar problems. The congress laid the foundation for the formation of a public/private partnership that culminated in legislation creating the Washington Vaccine Association (WVA).

The WVA opened its doors in May 2010 as an independent, nonprofit organization. Since then, it has successfully fulfilled its only mission: to administer the flow of funds collected from private health plans, insurance companies, third-party administrators, and other payers, and remit these funds to the state for the purchase of childhood vaccines.

## Assessing Costs on a Per-Dosage Basis

With the launch of the WVA, payers became responsible for covering the costs of vaccines for the state's privately insured children. The amount they pay is determined by per-dosage assessments, originally based on federal contract rates plus reasonable add-ons for WVA's operating costs. In April 2010, the WVA received \$7.8 million in prepayments from six of the state's private health plans\* to cover start-up costs and continue the flow of vaccines without interruption. By March 2011, roughly two years ahead of schedule, all \$7.8 million had been repaid while still holding ample reserves for the state's needs in advance of each vaccine order.

## Hitting the Ground Running

Meanwhile, under the guidance of Executive Director Fred Potter, two part-time staff members and a few consultants got to work forming working committees, setting up administrative systems, building an educational web site, and reaching out to constituents. Almost immediately, the team began introducing the dosage-based assessment (DBA) methodology to the state's health care providers, medical plans, insurers, and third-party administrators, and working with providers and payers all over the state to accelerate adoption.

\* 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.



June 2011

July 2011

February 2012

April 2012

June 2012

KidsVax.org™ assumes administrative responsibility for WVA with Margaret Lane as in-state deputy executive director.

State launches program allowing providers to choose vaccine brand preferences.

WVA lowers dosage-based assessments.

WVA Board of Directors lowers dosage-based assessment rates for second time.

Provider choice program is fully integrated in state's automated vaccine order system.

Compliance with dosage-based assessment process passes 94%.



By September, five months after the WVA began collecting assessments, all major private health plans were making payments to the WVA, and providers responsible for about 83 percent of the vaccines administered were on board with the new DBA methodology.

Over the next year, WVA staff worked one-on-one with the remaining insurers to bring them on board. Simultaneously, the noncompliant health care providers (who accounted 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. By June 2012, provider compliance surpassed 94 percent, and every payer, save one, was complying with the DBA process.

## Selecting and Choosing Vaccines

Prior to the availability of funding from WVA, the state Department of Health's Immunization & Child Profile Office used a contract process to determine which brands of vaccines to purchase. With the advent of the WVA, the responsibility passed to our Vaccine Committee, which held a series of open meetings in

late 2010 to evaluate vaccines, establish business processes, and explore options for selecting vaccines.

Their efforts gave birth to "full provider choice," a process in which providers select their preferred manufacturer brands from all the childhood vaccines recommended by the federal Advisory Committee on Immunization Practices (ACIP). For providers with no stated preferences, the committee recommends default order sets that included safe, effective, and comparably priced products from multiple manufacturers.

[WVA History](#) | [Continued on next page](#) »

At this juncture it is safe to say that for everyone involved, the formation, success, and stabilization of the WVA engenders gratitude.

Almost immediately, the state's Immunization & Child Profile Office went to work implementing the new process, beginning with an April 2011 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, and by July the new vaccine selection process was under way. Since then, the provider choice program has upped the number of selection opportunities to twice yearly and is currently evaluating the process.

### Adjusting Assessments

By spring 2011, the WVA had matured beyond its start-up phase, operating costs were stabilizing, and adoption of the new DBA methodology was outstripping even the most optimistic predictions. It became clear that the initial per-dosage assessment rates were generating more funds than were needed to maintain adequate reserves.

As a result, the WVA Board of Directors voted to reduce the assessments in June 2011. Thanks to our increasingly efficient operations, we were able to lower assessments again later in the year. Going forward, there is every reason to believe that we can continue to offer favorable assessments to fund the delivery of vaccines for all the state's children.

At this juncture it is safe to say that for everyone involved, the formation, success, and stabilization of the WVA engenders gratitude. Not only did a firmly established statewide system change in a matter of months to preserve universal purchase of childhood vaccines, but it did so by the grace of an unprecedented public/private partnership. Private practitioners, health plans, public health organizations, state legislators, and vaccine manufacturers who made the WVA possible were able to meld what otherwise might have been competing agendas to build a unified program on behalf of our children's welfare. By any measure, that is a remarkable accomplishment.



The WVA and the Washington State Department of Health were awarded a 2011 Vision Award by the Association of State and Territorial Health Officials (ASTHO) for their creative approach to addressing public health needs.





# WVA Financial Summary

## Statement of Financial Position | June 30, 2012

### ASSETS

#### Current Assets

Cash and Cash Equivalents	\$ 7,372,452
Investments	20,042,762
Member Assessments Receivable:	1,183,381

**Current and Total Assets** **\$ 28,598,595**

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts Payable	\$ 135,562
Vaccines Fees Payable to Washington Department of Health	3,239,060
Total Current Liabilities	3,374,622

**Assessments Collected in Excess of Vaccine Funding and Administrative Activities<sup>1</sup>** 25,223,973

**Net Assets – Unrestricted** 0

**Total Liabilities and Net Assets** **\$ 28,598,595**

## Statement of Activities | For the year ended June 30, 2012

	Administrative Activities	Vaccine Funding Activities	Total
<b>Changes in Unrestricted Net Assets</b>			
<b>Revenue:</b>			
Assessments Collected	\$ (8,035,601)	\$ 44,713,821	\$ 36,678,220
Interest Income	45,792	0	45,792
Unrealized Gain on Investments	5,174	0	5,174
Total Revenue	(7,984,635)	44,713,821	36,729,186
<b>Expenses:</b>			
Public Information	2,939	0	2,939
Administrative	507,494	0	507,494
Vaccine Development	79,950	0	79,950
Office	62,347	0	62,347
Other	23,335	0	23,335
Total Expenses	676,065	0	676,065
<b>Vaccine Replenishments:</b>	0	32,400,989	32,400,989
	(8,660,700)	12,312,832	3,652,132
<b>Assessments Collected in Excess of Vaccine Funding and Administrative Activities<sup>1</sup></b>	8,660,700	(12,312,832)	(3,652,132)
Decrease in Unrestricted Net Assets and Net Assets			
Net Assets, Beginning of Year	0	0	0
<b>Net Assets, End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

1. 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.

# Who's Who at the Washington Vaccine Association

## Key WVA Staff

**Fred L. Potter**  
Executive Director

**Margaret Lane**  
Deputy Executive Director

**Peter Smith**  
Financial Analyst

**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

**Jason Farber**  
Partner, Davis Wright Tremaine LLP

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

**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

**Norman Seabrooks**  
President, Northwest Market, Aetna  
Life Insurance Company

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**FAX:** 888-928-2242

**EMAIL:** [info@wavaccine.org](mailto:info@wavaccine.org)

**WEB SITE:** [www.wavaccine.org](http://www.wavaccine.org)

## ADMINISTRATOR:

**KidsVax.org™**

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