

**Washington Vaccine Association
Special Purpose Meeting
February 16, 2018; 10:30 a.m.- 12:00 p.m. PST**

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

Directors

John Sobeck, MD, MBA, Vice-Chair, Cigna
Cathy Falanga, Aetna (T)
Jason Farber, Esq., Davis Wright Tremaine (T)
Randy Parker, Carpenters Trusts of Western
Washington (T)
Ed Marcuse, MD, MPH, FPIDS (T)
Chad Murphy, Premera (T)
Michele Roberts, MPH, MCHES, (T)
Department of Health
Derek LeBrun, MBA, Coordinated Care (T)
Laura McKenna, CPhT
The Regence Group Healthcare Services

KidsVax®

Fred Potter, Managing Member
Julia Zell, MA, Esq., Northwest Executive Director
Nicole Price, Esq., Northeast Executive Director
Norman Roberge, Accountant (T)
Heather Veen, Sr. Executive Assistant/Paralegal (T)

Others

Anne Redman, Esq., Perkins Coie
James G. Flood, Esq., Crowell & Moring, LLP (T)
Jack Bucknell, Esq. Representing the Secretary,
DOH (T)
Keith A. Kemper, Esq. ELM

Absent

John Dunn, MD, Kaiser Permanente
Beth Harvey, MD, South Sound Pediatric
Associates

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To affirm the appointment of Laura McKenna as a Board Member.
2. To approve the meeting minutes of the 1/19/2018 WVA TRICARE Litigation Taskforce
3. To adopt a resolution honoring Senator Murray's office
4. To authorize Chairman Sobeck to enter into a Common Interest Agreement with the Washington Department of Health with respect to the WVA's dispute with the Defense Health Agency.
5. To accept DHA's 12/20/2017 offer of approximately \$12.2 million owed to the WVA from December 23, 2010 through September 30, 2017.
6. To instruct KidsVax to advise DHA that WVA has no authority to waive interest & penalties for amounts occurred outside the settlement period.
7. To authorize TRICARE Litigation Taskforce to engage Ellis, Li & McKinstry to proceed with initial work regarding potential contingency fee litigation.
8. To authorize payment to Ellis, Li, and McKinstry of an additional \$200,000 for services above the \$25,000 previously paid.
9. To authorize the executive committee to act on behalf of the WVA with respect to WA-Re.
10. To award KidsVax a supplemental one-time compensation of \$250,000.

B. Follow up Tasks/Action Items

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

III. Minutes

Welcome and Introductions

At 10:30 a.m., a quorum having been established, Chairman John Sobeck called the meeting to order. Introductions were made, and Mr. Potter announced that the meeting was being recorded for the benefit of the minute-taker and will be deleted following the final approval of the minutes.

Consent Calendar Items

Chairman Sobeck directed the Board's attention to the consent items submitted for approval, including the affirmation of Laura McKenna as Board member, and Board minutes of January 19, 2018. Further discussion ensued. There being no questions or comments, the items below were put to a vote.

1 Upon motions duly made and seconded, it was unanimously

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3 **VOTED:** To affirm the appointment of Laura McKenna as a Board member.

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5 **VOTED:** To approve the minutes of the January 19, 2018, meeting.

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7 **VOTED:** To authorize Chairman Sobeck to enter into a Common Interest Agreement with the Washington
8 Department of Health with respect to the WVA's dispute with the Defense Health Agency.
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10 Status Update

11 Ms. Zell gave an overview of the status of TRICARE collections. Ms. Zell thanked Senator Murray's office and stated they have
12 a resolution honoring her and thanking her office that carried/spearheaded the whole campaign to get TRICARE to pay equitably.
13 Mr. Potter summarized communications between KidsVax® and TRICARE. Mr. Flood gave a short summary on the congressional
14 work and removing the limitations or getting it modified and our current statute in this year's NDAA.
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16 Upon motion duly made and seconded, it was unanimously

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18 **VOTED:** To adopt a resolution honoring Senator Murray's office for their campaign in attaining TRICARE to pay
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25 Closing

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27 There being no further business, the meeting was adjourned at 12:00 p.m. PST.
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What: WVA Special Purpose Board Meeting
Date and Time: February 16, 2018 / 10:30 a.m.-12:00 p.m. (PST)
Call-in: (267) 930-4000; Participant ID: 103-063-718#

| Approx. Time | | Topic/[Anticipated Action] | | Presented by: |
|------------------|---|---|--------|---------------------------------|
| 10:30-10:35 a.m. | | 1. Introductions | | J. Sobeck |
| 10:35-10:40 a.m. | * | 2. Calendar Consent Items | pg. 1 | |
| | | a. Ratify L. McKenna as Board Member | | |
| | | b. Approve Litigation Taskforce 1/19/2018 Minutes | | |
| | | [Executive Session: Board Members, KV Staff, and WVA Counsel only] | | |
| 10:40-10:50 a.m. | | 3. Status Update | | J. Zell / F. Potter J. Flood |
| | | a. TRICARE/DHA Communications | | |
| | | b. Congressional Work | | |
| 10:50-11:35 a.m. | * | 4. DHA Settlement Offer | | J. Zell /F. Potter |
| | | a. Overview | pg. 5 | |
| | | i. Methodology for Arrears Calculation | | |
| | | ii. Outstanding Periods | | |
| | | iii. Prospective Payments & Limitations | | |
| | | b. Litigation Taskforce Recommendations | | A. Redman |
| | | c. General Discussion | | |
| | | i. Votes to Authorize/Accept Settlement | | |
| | | ii. Vote to Authorize Taskforce to Prepare For Litigation/Engage ELM at a base fee not to exceed \$50,000 | pg. 32 | |
| | | iii. Vote to Authorize payment to ELM for Services Rendered Following Settlement | | |
| | | iv. Vote to Authorize Chairman Sobeck to Sign Commonality of Interest | | |
| | | d. KV Supplemental Bonus | pg. 34 | |
| | | i. Vote to Approve KV One-time Bonus | | |
| | | e. Resolution | pg. 35 | |
| | | i. Vote to Approve Resolution Honoring Senator Murray | | |
| 11:35-12:00 p.m. | * | 5. WA Re-Insurance Program | pg. 36 | F. Potter |
| | | a. Overview | | |
| | | b. KV Recommendations | | |
| | | i. Vote to Create a WA-Re Taskforce | | |
| | | ii. Vote to Authorize WA-Re to Engage KV for Exec. Director and Admin. Services | | |
| 12:00 p.m. | * | Closing | | |

Reference Materials

- | | |
|----------------------------|--------|
| A. WVA Plan of Operations | pg. 40 |
| B. WVA Authorizing Statute | pg. 50 |
| C. Proposed Votes | pg. 59 |

*Indicates agenda item attached

WVA TRICARE Litigation Task Force Meeting

January 19, 2018

Attendance: The following individuals participated in the meeting:

Task Force Members:

John Sobeck, M.D., Director/Chair and Committee Chair/Marketing Medical Executive, Cigna
Michele Roberts, Director/DOH Representative
Ed Marcuse, M.D., Director (by conference telephone)
Anne Redman, Legal Counsel, Perkins Coie LLP

KidsVax:

Julia Zell - Executive Director for WVA/CEO Northwest Region
Fred Potter, Managing Member (by conference telephone)
Norm Roberge, Consulting Accountant (by conference telephone)

Attorney General, State of Washington: Jack Bucknell Representing the Secretary, DOH

A. Action Items (Resolutions Approved):

To recommend to the Board to accept the Defense Health Agency (DHA) December 20, 2018 offer of approximately \$12,200,000, exclusive of interest and penalties, for assessments owed from December 23, 2010 through September 30, 2017 (the Settlement Period) and to authorize KidsVax to proceed accordingly in consultation with outside counsel.

To recommend to the Board that it instruct KidsVax to advise DHA that WVA will not waive interest and penalties for any assessment amounts owed or incurred outside of the Settlement Period.

To recommend to the Board that it instruct KidsVax to prepare for potential contingency fee litigation to recover assessment amounts incurred, beginning in May 2010 and ending on December 22, 2010.

To recommend to the Board, subject to concurrence by an appropriate official from the State of Washington and payment of the settlement amount by DHA within forty-five (45) days [of Board action to waive interest and penalties for unpaid assessments attributed to the DHA for the Settlement Period.

B. Follow-up:

1. Convene a special Board meeting in February to approve committee recommendations.

2. Subject to Board approval, KidsVax is to accept and close the \$12,200,000 settlement offer and seek resolution of prior period and National Defense Authorization Act (NDAA) section 719 issues with DHA.

3. KidsVax will continue to work with Senator Murray's office and staff on the prior period recovery and NDAA Section 719 implementation issues.

4. Jack Bucknell, Michele Roberts and Anne Redman will meet to consider issues related to follow-up litigation and preparation of a common interest agreement.

5. The Board will consider a bonus to KidsVax with terms to be developed by the Board.

6. WVA/KidsVax will express appreciation to Senator Murray's office for her support of this effort.

Meeting Minutes

John Sobeck called the meeting to order at Noon on January 19, 2018 in the offices of Perkins Coie, LLP, Seattle, with all members of the Task Force present in person or by conference phone. Anne Redman acted as secretary.

Anne Redman prefaced the meeting with the clarifying statement that Jack Bucknell (AAG) would be participating in the meeting as legal counsel for Michele Roberts, Board representative of the Secretary (DOH), and that because there is a common interest among the Secretary and WVA regarding the TRICARE matters, there is no intention on the part of those participating in the meeting to waive the attorney-client privilege of confidentiality regarding matters discussed in the meeting. Jack Bucknell indicated his concurrence with this statement.

Reports on Settlement Negotiations and Discussion

Julia Zell and Fred Potter each provided updates on the effort to pursue a settlement of TRICARE arrearage amounts with the DHA. As Julia has reported to the Board, DHA has offered a meaningful settlement for assessments owed for the period December 23, 2010 through September 30, 2017 in the amount of approximately \$12,200,000. This amount is based on a calculation extrapolating from a 12-month base year period. The methodology for computing this amount has been described in a memo from Kennell and Associates, Inc., prepared for DHA and included in the meeting materials. The amount reflects considerable input and negotiations by KidsVax with DHA. Norm Roberge has also reviewed these calculations and in his memorandum included in the meeting materials has recommended acceptance of this settlement amount for the period. The amount is net of payments received from TRICARE during the period. Julia is polling the Board for a special meeting date in February to approve the offer. KidsVax is recommending acceptance of this amount for the period and waiver of associated interest and penalties contingent on timely payment.

The proposed settlement leaves several issues to resolve. The initial approximately 6-month period of operations ending December 23, 2010 is not included in the settlement calculation,

with DHA claiming that including these older amounts, estimated at approximately \$2,200,000, would not be “reasonable.” It’s not clear whether this position is based on a legal statute of limitation or similar restriction; the provisions in section 719 of the NDAA for 2018 make payment of arrearages mandatory. As a second issue, the NDAA also contains a limitation on the amount DHA will pay for vaccine in the future, capping payments based on a TRICARE maximum allowable charge.

Because of these outstanding issues, KidsVax has informed DHA that WVA will not waive interest and penalties on assessment amounts not included in the Settlement Period.

Julia reported that in her recent meeting with Senator Murray’s office this week, Senator Murray’s staff indicated they would support WVA’s position on these two issues through language in the committee report that will accompany the 2018 NDAA. She expressed appreciation for the strong and persistent efforts Senator Murray and her staff have made to support WVA in this matter.

The task force committee also reviewed the form of “Payment Acceptance Form” which had previously been presented to WVA as settlement documentation. Importantly, this form would limit the settlement amount to an identified Settlement Period and would not commit the parties to any particular settlement methodology.

Julia also reported that DHA has indicated it will use the methodology described in the Kennell memo to arrive at a settlement amount for the period from October 1, 2017 through March 30, 2018. After April 1, 2018, the WVA normal payment process would apply. Norm reported that there would be no offsetting credits for payments during this period, since DHA has stopped payments during this interim period in which failure to include national drug codes on DBA forms is preventing payment. The NDC issue is expected to be resolved by DHA beginning in April.

Discussion and Recommendations

After these reports and considerable discussion of the settlement offer from DHA and the other outstanding issues, the committee considered the forms of resolutions presented. Michele Roberts indicated she was not prepared to recommend proceeding directly to litigation to recover amounts for the initial assessment period. Several members confirmed that litigation would necessarily follow receipt of the settlement amount. Among other issues to consider are who (WVA or the DOH) or in what sequence the parties would file claims as well as the AG resources for litigation. Jack asked what period should be allowed for the political process to achieve additional results on the prior period amounts and the possible payment limitation provisions of section 719 of the NDAA. Julia indicated that March would be a reasonable period for the political process.

After further discussion, the following motions were moved, seconded and approved unanimously:

To recommend to the Board to accept DHA’s December 20, 2018 offer of approximately \$12,200,000 exclusive of interest and penalties, for assessments owed from

December 23, 2010 through September 30, 2017 and to authorize KidsVax to proceed accordingly in consultation with outside counsel.

To recommend to the Board that it instruct KidsVax to advise DHA that WVA will not waive interest and penalties for any assessment amounts owed or incurred outside of the Settlement Period.

To recommend to the Board that it instruct KidsVax to prepare for potential contingency fee litigation to recover assessment amounts incurred, beginning in May 2010 and ending on December 22, 2010.

To recommend to the Board, subject to concurrence by an appropriate official from the State of Washington and payment of the settlement amount by DHA within forty-five (45) days **[of Board action]**, to waive interest and penalties for unpaid assessments attributed to the DHA for the Settlement Period.

Fred Potter reported that he had reviewed the current state of settlement negotiations with Keith Kemper, litigation counsel for the TRICARE matter. Fred reported that Keith has suggested, based on the settlement currently anticipated for the Settlement Period, that a fee of \$200,000 would be reasonable for his firm. This amount represents a compromise of a higher amount which arguably might be provided in the engagement letter. The engagement letter does not contemplate the legislative route which WVA has pursued to bring about the settlement. Julia indicated Keith had reported that he estimates that his charges for time incurred would be close to this amount. There was consensus that this amount would be fair and generous to KidsVax. If additional litigation is pursued, a new engagement letter would be prepared.

Dr. Sobeck indicated that the Board would be considering a bonus for KidsVax in an amount not yet determined and in addition to incentive goals in the current contract.

Adjournment

There being no further business, the meeting was adjourned at 1:30 p.m.

Respectfully submitted:

Anne Redman

Attest:

John Sobeck, MD



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Memorandum

December 20, 2017

TO: Sharon Seelmeyer

FROM: Dave Kennell
Doug Herbert

CC: Christina Superina

SUBJECT: Methodology Used to Calculate DHA Payments to the Washington Vaccine Association (WVA) and Results for the December 23, 2010 to September 30, 2017 Period

Introduction

We submitted a memo to you on November 22, 2017 on a proposed method to calculate payments to the Washington Vaccine Association. After receiving comments from KidsVax, we revised the methodology and used it to calculate DHA payments to the WVA. This memo describes the actual steps we took and the results.

Methodology

- 1. Extract all paid or denied vaccine and vaccine administration claims for children in Washington -** - We extracted all purchased care vaccine claims and vaccine administration claims incurred during the 12-month period from July 1, 2016 to June 30, 2017 for any TRICARE-eligible beneficiary under age 19 who was provided a vaccine by a civilian provider in Washington.¹ For this population, we included both paid and denied claims with vaccine and/or vaccine administration services.

¹ At the request of KidsVax, the extraction also included any ADSMs under age 19 who were vaccinated in purchased care.

2. **Calculate allowed amounts using the WVA pricing grid for paid vaccine claims - -**

Using the paid (non-denied) vaccine claims, we calculated the total allowed amount for vaccines using the WVA grid price for the July 2016-June 2017 period.² We found 15 vaccines had CPT codes that were not on the WVA pricing grid for the July 2016-June 2017 period and we used the following procedures to establish their price: 1) we priced vaccines without a WVA grid price during the July 2016-June 2017 period using the WVA grid price for the July 2015-June 2016 period if possible; 2) because some paid vaccine codes used CPT codes that had never been on the WVA pricing grid, if there was a TRICARE CMAC, we used that value; if there was no CMAC, we used the TRICARE average allowed amount in FY17 in the 40 states that did not have an SVP program. In cases in which there were multiple grid prices for the same CPT code (based on NDC code), we used the highest price in the WVA pricing grid. Attachment A shows how we priced all of the vaccine codes.³

3. **Identify relevant denied claims and calculate their allowed amounts using the WVA pricing grid - -** We calculated the value of the allowed amount on each denied claim using the WVA grid price for the July 2016-June 2017 period (as we did for the paid claims in step 2).

In October 2017 we proposed using data from the April 2017-August 2017 period to conduct these calculations because TRICARE vaccine claims during that period had a much smaller proportion of denials than earlier periods. However, KidsVax requested that a 12-month period be used and suggested that it be the July 2016-June 2017 period. Unfortunately, using the July 2016-June 2017 period meant that our calculations were based on a period (July 2016- March 2017) in which three-quarters of all TRICARE

² A very small number (less than 0.1%) of extracted vaccine claims indicated that more than one "vaccine service" had occurred on a given date for a given CPT code. For example, one claim indicated that one child had received over 400 DTaP vaccinations in one day. As a result, we assumed one service on each day per child for each CPT.

³ We also included paid vaccine claims with OHI and priced these using the WVA pricing grid.

vaccine services for children in Washington were denied. (Prior to the beginning of 2017, almost all claims for the WVA NPI were denied because WVA was not considered an authorized provider. During the entire 12-month period, many claims without an NDC were denied). Although we attempted to use only denials that had not been paid at a later date and, as agreed with KidsVax, to exclude denied claims due to duplicate claims or lack of TRICARE eligibility, we found that it was difficult to determine which denied claims should be excluded. One problem is that it was unclear why many TRICARE vaccine claims for children were denied. For example, the fourth most common reason for denying TRICARE vaccine services in Washington during this period was denial code “58”, which means that a claim was denied because the payer deemed it was rendered in an “inappropriate or invalid place of service”. However, when we analyzed a large sample of these denied claims, almost 95 percent had a provider’s office as “place of service”. To our knowledge, this should not be a reason for denying a vaccination. Other denial codes had similar anomalies. We decided to exclude only four denial codes which unambiguously should have been denied by TRICARE: denial codes 18, 31, 32, and B13, which are denial codes for duplicate claims or for non-coverage (see Attachment B). By including all the denials except for these four denial codes for duplicate claims and lack of coverage, this method includes too many denials and thus overstates the level of TRICARE vaccine payments. This problem is exacerbated by the use of a 12-month period that includes 9 months when approximately three-quarters of all vaccine payments were denied.

4. **Estimate allowed amounts for vaccine administration claims without an accompanying vaccine code** - - We found many paid and denied vaccine administration claims without an accompanying vaccine code.⁴ Upon reviewing a sample

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We matched vaccine and vaccine administration claims using the unique beneficiary identification number and the date of service. If a vaccine could not be matched to a vaccine administration code, it was considered a “vaccine only” claim. If a vaccine administration code could not be matched to a vaccine claim, it was considered a “vaccine administration only” claim.

of these “vaccine administration only” claims, we found that some could be linked to vaccine claims that had been submitted 1-10 days before or after the vaccine administration claim. We also found that many “vaccine administration only” claims had OHI on them, but we could not find matching vaccine claims for these OHI claims, most likely because the full amount of the vaccine had been paid by OHI. Because we were unable to match many of these “vaccination admin only” claims to vaccine claims, we decided to estimate the value of the vaccines on these “vaccine administration only” claims by adding a “load” of 1.8 percent to the total value of the paid and denied vaccine claims (as recommended by KidsVax).⁵

5. Sum total allowed amounts for paid and denied claims for July 2016-June 2017 - -

We summed the estimated allowed amounts for paid claims estimated in (2) to the estimated value of allowed amounts on denied claims calculated in (3) and then added an estimated 1.8 percent “load” for “vaccine administration only” claims, as described in (4). This sum is equal to the total allowed amount (using the WVA pricing grid) for child vaccines for the 12-month period from July 2016 – June 2017.

6. Calculate the inflation-adjusted amount for each period from December 23, 2010-June 30, 2017 - -

To determine how much the vaccines used in the July 2016-June 2017 period would have cost in Washington during earlier years, we repriced the claims from the July 2016-June 2017 period using the WVA grid prices from earlier periods.

This resulted in an aggregate amount for the following additional six periods:

- December 23, 2010-May 31, 2011
- June 1, 2011-January 31, 2012
- February 1, 2012-March 31, 2013
- April 1, 2013-November 30, 2013
- December 1, 2013-June 30, 2015
- July 1, 2015-June 30, 2016

⁵

KidsVax stated that three insurers had calculated that the average load for “administration only” claims for WVA vaccines was 1.2 percent and recommended that DHA assume 1.8 percent.

One difficulty we encountered is that because some vaccines did not have WVA grid prices in earlier years, we were unable to use the WVA grids from earlier years to deflate the prices. In these cases, we based the deflated values for vaccines that did not have a WVA grid price on the trend in WVA grid prices for the 15 vaccines that had WVA grid prices for all 7 periods (these 15 vaccines accounted for over 80 percent of the aggregate costs of the WVA vaccines provided to TRICARE children).⁶ Attachment C provides the index values that we calculated and Attachment D provides the WVA pricing grid we used for each period.

7. **Calculate the population and inflation-adjusted aggregate amount for each of the periods - -** Because the calculations in (6) started with data for the 12-month period from July 2016-June 2017, the aggregate amount for each of the seven periods reflects 12 months of claims, even though some periods are not 12 months long. To adjust for differences in the length of the periods and to adjust for changes in the number of TRICARE beneficiaries during these periods, we then multiplied the inflation-adjusted cost for each of the six additional periods by the ratio of the number of SVP-covered life months in each period to the number of SVP-covered life months in the July 2016-June 2017 period using the data in Attachment E.
8. **Identify the allowed amounts already paid to WVA - -** We identified the actual allowed amounts already paid by DHA to the WVA (using the WVA NPI) during each period for TRICARE beneficiaries who were under age 19. The actual allowed amounts paid to the WVA are shown in Attachment F.
9. **Calculate net payments to WVA - -** The net DHA payment amount was equal to the sum of the gross values in (7) less the amounts already paid to WVA in (8). This is the net amount that DHA should pay the WVA for the December 23, 2010 – June 30, 2017

⁶ The weights in the calculation were based on vaccine use by TRICARE children under age 19 during the July 2016-June 2017 period.

period. For the July 1, 2017-September 30, 2017 period, we used the July 2016-June 2017 value calculated in Step 5, made no adjustment for inflation (because the grid prices did not change on July 1, 2017), and used the population values shown in Attachment E and the payments already shown in Attachment F to calculate the net value for that 3-month period.

After April 1, 2018 DHA will use a similar method to calculate the payment to WVA for the October 1, 2017-March 31, 2018 period. Similar to the method described above, the WVA pricing grid for the July 1, 2017-March 31, 2018 period will be used (assuming there is no newer pricing grid during this period). The population estimates shown in Attachment E will also be updated for the October 2017-March 2018 periods as will the actual payments made to the WVA for the October 2017-March 2018 period.

Results

Table 1 provides the results of this methodology for the July 2016-June 2017 period. As shown in Table 1, the value of denied vaccine claims was about 50 percent higher than the value of paid vaccine claims. We found that none of the paid or denied vaccine claims were for ADSMs and that about 4.4 percent of paid and vaccine claims costs were for MTF-Prime enrollees.

If we exclude vaccines (paid or denied) for MTF-Prime enrollees, the total vaccine costs in Washington during this period equaled approximately \$2.5 million.⁷ Per child, the cost of vaccines in Washington averaged about \$100 during the July 2016-June 2017 period, which is about 20 percent less than the average cost of vaccines per child in the non-SVP states during this same period.

⁷ About 4.7 percent of civilian-sector vaccinations (purchased care) were for MTF-Prime enrollees (accounting for about 4.4 percent of the sum of paid and denied vaccine costs).

Table 1
TRICARE Purchased Care Pediatric Vaccine Costs
During the July 2016-June 2017 Period

| <u>Category of Vaccine Claim</u> | <u>Value</u> |
|--|-----------------|
| Value of Paid Vaccine Claims | \$1,043,356 |
| Value of Denied Vaccine Claims | \$1,519,050 |
| Subtotal | \$2,562,406 |
| Estimated Value of Vaccines on "Vaccine Administration Only" Claims | <u>\$46,123</u> |
| Total | \$2,608,529 |

Table 2
Estimated TRICARE Pediatric Vaccine Amounts to Be Paid to WVA

| <u>Period</u> | <u>Value of Vaccine Claims Adjusted For Inflation and Population</u> | <u>Amounts Already Paid to WVA</u> | <u>Difference</u> |
|------------------|--|--|-------------------|
| 12/23/10-5/31/11 | \$1,375,198 | \$18,519 | \$1,356,679 |
| 6/1/11-1/31/12 | \$1,324,360 | \$11,479 | \$1,312,882 |
| 2/1/12-3/31/13 | \$1,258,013 | \$4,334 | \$1,253,680 |
| 4/1/13-11/30/13 | \$979,719 | \$160,131 | \$819,588 |
| 12/1/13-6/30/15 | \$3,127,060 | \$485,787 | \$2,641,273 |
| 7/1/15-6/30/16 | \$2,439,069 | \$89,841 | \$2,349,228 |
| 7/1/16-6/30/17 | \$2,608,529 | \$512,492 | \$2,096,037 |
| 7/1/17-9/30/17 | <u>\$651,993</u> | <u>\$262,018</u> | <u>\$389,975</u> |
| Total | \$13,763,941 | \$1,544,601 | \$12,219,342 |

Attachment A**Pricing of Vaccine Claims During the July 2016-June 2017 Period for Codes Not on the WVA Pricing Grid**

| <u>CPT</u> | <u>Price Used</u> | <u>Pricing Method</u> |
|-------------------|--------------------------|------------------------------|
| 90630 | \$20.34 | CMAC |
| 90632 | \$50.85 | CMAC |
| 90634 | \$38.18 | Average Allowed Amount FY17 |
| 90661 | \$22.29 | CMAC |
| 90662 | \$42.72 | CMAC |
| 90673 | \$40.61 | CMAC |
| 90674 | \$21.89 | Average Allowed Amount FY17 |
| 90687 | \$9.40 | CMAC |
| 90702 | \$43.24 | Average Allowed Amount FY17 |
| 90733 | \$133.17 | Average Allowed Amount FY17 |
| 90736 | \$218.52 | Average Allowed Amount FY17 |
| 90740 | \$120.93 | Average Allowed Amount FY17 |
| 90746 | \$61.48 | CMAC |

Attachment B

Denial Codes Found on TRICARE Pediatric Vaccine Claims During the July 2016-June 2017 Period

| <u>Denial Code</u> | <u>Description</u> | <u>Use</u> |
|--------------------|--|------------|
| 4 | The procedure code is inconsistent with the modifier used or a required modifier is missing. | Included |
| 5 | The procedure code/bill type is inconsistent with the place of service. | Included |
| 6 | The procedure/revenue code is inconsistent with the patient's age. | Included |
| 16 | Claim/service lacks information which is needed for adjudication. | Included |
| 22 | This care may be covered by another payer per coordination of benefits. | Included |
| 23 | The impact of prior payer(s) adjudication including payments and/or adjustments. | Included |
| 29 | The time limit for filing has expired. | Included |
| 45 | Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement. | Included |
| 50 | These are non-covered services because this is not deemed a 'medical necessity' by the payer. | Included |
| 58 | Treatment was deemed by the payer to have been rendered in an inappropriate or invalid place of service. | Included |
| 96 | Non-covered charge(s). | Included |
| 97 | The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated. | Included |
| 114 | Procedure/product is not approved by the FDA. | Included |
| 129 | Prior processing information appears incorrect. | Included |
| 146 | Diagnosis was invalid for the date(s) of service reported. | Included |
| 170 | Payment is denied when performed/billed by this type of provider. | Included |
| 185 | The rendering provider is not eligible to perform the service billed. | Included |
| 193 | Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly. | Included |
| 227 | Information requested from the patient/insured/responsible party was not provided or was insufficient/incomplete. | Included |
| 231 | Mutually exclusive procedures cannot be done in the same day/setting. | Included |
| A1 | Claim/Service denied. | Included |
| B7 | This provider was not certified/eligible to be paid for this procedure/service on this date of service. | Included |
| | | |
| <u>Denial Code</u> | <u>Description</u> | |
| 18 | Duplicate claim/service. | Excluded |
| 31 | Patient cannot be identified as our insured. | Excluded |
| 32 | Our records indicate that this dependent is not an eligible dependent as defined. | Excluded |
| B13 | Previously paid. Payment for this claim/service may have been provided in a previous payment. | Excluded |

Attachment C**Index Used to Deflate WVA Grid Prices When WVA Were Prices Were Missing from the WVA Grid In Earlier Years**

| <u>Period</u> | <u>Index Value</u> |
|--------------------|--------------------|
| July 16-June 17 | 1.0 |
| July 15-June 16 | 0.9528 |
| Dec 13-June 15 | 0.7546 |
| April 13-Nov 13 | 0.4907 |
| Feb 12-March 13 | 0.3484 |
| June 11-January 12 | 0.6087 |
| Dec 10-May 11 | 0.7923 |

Attachment D

Washington Vaccine Association Vaccine Prices Used for Each Period

| WVA GRID | May-10 | Jun-11 | Feb-12 | Apr-13 | Dec-13 | Jul-15 | Jul-16 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 90620 Meningococcal B | \$127.35 | \$97.84 | \$56.00 | \$78.88 | \$121.29 | \$153.15 | \$160.74 |
| 90621 Meningococcal B | \$91.70 | \$70.45 | \$40.32 | \$56.79 | \$87.34 | \$110.28 | \$115.74 |
| 90633 HEPA-P (Merck) | \$28.17 | \$13.25 | \$7.83 | \$11.30 | \$17.19 | \$22.11 | \$24.98 |
| 90647 HIB (Merck) | \$11.21 | \$8.61 | \$4.93 | \$6.66 | \$10.26 | \$12.29 | \$17.44 |
| 90648 HIB (sanofi-pasteur) | \$23.13 | \$8.66 | \$4.93 | \$6.66 | \$10.26 | \$12.29 | \$13.35 |
| 90649 HPV (Merck) | \$127.66 | \$108.72 | \$52.66 | \$79.49 | \$128.05 | \$154.09 | \$154.09 |
| 90650 HPV (GlaxoSmithKline) | \$119.75 | \$92.00 | \$52.66 | \$79.49 | \$128.05 | \$140.36 | \$140.36 |
| 90651 HPV (Merck) | \$145.14 | \$111.51 | \$63.82 | \$89.89 | \$138.23 | \$174.54 | \$177.69 |
| 90655 Influenza (d) | \$13.79 | \$10.59 | \$6.06 | \$8.54 | \$13.45 | \$13.45 | \$13.45 |
| 90656 Influenza (e) | \$12.43 | \$9.55 | \$5.47 | \$7.70 | \$11.58 | \$11.58 | \$11.58 |
| 90657 Influenza (b) | \$12.11 | \$9.30 | \$5.12 | \$6.40 | \$9.63 | \$9.63 | \$9.63 |
| 90658 Influenza (a) | \$10.74 | \$8.25 | \$4.54 | \$6.40 | \$9.63 | \$9.63 | \$9.63 |
| 90660 Influenza (c) | \$20.44 | \$15.70 | \$8.64 | \$12.07 | - | - | - |
| 90670 PCV13 | \$106.58 | \$91.75 | \$53.46 | \$76.75 | \$117.83 | \$151.98 | \$159.57 |
| 90672 Influenza (f) | \$20.26 | \$15.57 | \$8.91 | \$12.55 | \$19.30 | \$24.54 | \$23.69 |
| 90680 Rota (Merck) | \$68.20 | \$59.18 | \$32.86 | \$44.12 | \$70.36 | \$83.15 | \$78.17 |
| 90681 Rota (GlaxoSmithKline) | \$74.73 | \$57.41 | \$32.86 | \$44.12 | \$70.36 | \$110.55 | \$109.72 |
| 90685 Influenza (h) | \$19.39 | \$14.90 | \$8.53 | \$12.01 | \$18.47 | \$23.32 | \$23.16 |
| 90686 Influenza (g) | \$15.77 | \$12.12 | \$6.93 | \$9.77 | \$15.02 | \$18.27 | \$16.81 |
| 90688 Influenze (Fluzone) | \$13.16 | \$10.11 | \$5.79 | \$8.15 | \$12.53 | \$15.83 | \$16.61 |
| 90696 DTaP-IPV (GlaxoSmithKline) | \$41.68 | \$32.02 | \$18.33 | \$26.13 | \$40.84 | \$50.05 | \$48.59 |
| 90698 DTaP/IPV/Hib | \$73.82 | \$50.70 | \$28.90 | \$40.11 | \$61.62 | \$70.69 | \$79.53 |
| 90700 DTaP (sanafi-pasteur) | \$23.28 | \$13.25 | \$7.28 | \$11.18 | \$17.34 | \$20.85 | \$23.38 |
| 90707 MMR | \$47.34 | \$18.64 | \$10.44 | \$13.99 | \$21.74 | \$25.87 | \$28.10 |
| 90710 MMRV | \$126.32 | \$85.72 | \$47.15 | \$67.15 | \$104.63 | \$141.71 | \$159.66 |
| 90713 IPV | \$24.21 | \$11.74 | \$6.58 | \$8.86 | \$13.66 | \$13.66 | \$17.78 |
| 90714 TD (Mass Biolog) | \$19.10 | \$16.50 | \$9.07 | \$12.51 | \$19.33 | \$24.47 | \$25.60 |
| 90715 Tdap (GlaxoSmithKline) | \$36.68 | \$28.54 | \$16.27 | \$22.39 | \$33.45 | \$40.63 | \$43.41 |
| 90716 Varicella | \$78.97 | \$67.08 | \$38.35 | \$53.51 | \$82.90 | \$108.90 | \$107.66 |
| 90723 DTaP/IPV/HB | \$69.31 | \$49.75 | \$28.13 | \$38.03 | \$57.84 | \$70.02 | \$72.72 |
| 90732 PNEUMO | \$44.85 | \$34.46 | \$19.72 | \$27.78 | \$43.46 | \$57.17 | \$64.84 |
| 90734 MCV4 (sanofi-pasteur) | \$101.34 | \$79.75 | \$45.16 | \$62.42 | \$90.33 | \$109.93 | \$119.09 |
| 90743 HEP B (Merck) | \$20.94 | \$10.25 | \$5.69 | \$7.71 | \$12.10 | \$14.40 | \$17.19 |
| 90744 HEP B (Glaxp Smith Kline) | \$20.94 | \$10.25 | \$5.69 | \$7.71 | \$12.10 | \$14.40 | \$16.21 |
| 90748 HEP B-HIB | \$36.89 | \$28.34 | \$16.22 | \$21.85 | \$26.91 | \$26.91 | \$26.91 |
| Not on WVA GRID | | | | | | | |
| 90630 Influenza | \$16.12 | \$12.38 | \$7.09 | \$9.98 | \$15.35 | \$19.38 | \$20.34 |
| 90632 HEP A | \$40.29 | \$30.95 | \$17.72 | \$24.95 | \$38.37 | \$48.45 | \$50.85 |
| 90634 HEP A | \$30.25 | \$23.24 | \$13.30 | \$18.73 | \$28.81 | \$36.38 | \$38.18 |
| 90661 Influenza | \$17.66 | \$13.57 | \$7.77 | \$10.94 | \$16.82 | \$21.24 | \$22.29 |
| 90662 Influenza | \$33.85 | \$26.00 | \$14.88 | \$20.96 | \$32.24 | \$40.70 | \$42.72 |
| 90673 Influenza | \$32.18 | \$24.72 | \$14.15 | \$19.93 | \$30.64 | \$38.69 | \$40.61 |
| 90674 Influenza | \$20.26 | \$15.57 | \$8.91 | \$12.55 | \$19.30 | \$24.54 | \$21.89 |
| 90687 Influenza | \$7.45 | \$5.72 | \$3.27 | \$4.61 | \$7.09 | \$8.96 | \$9.40 |
| 90702 Tetanus and Diphtheria | \$34.26 | \$26.32 | \$15.06 | \$21.22 | \$32.63 | \$41.20 | \$43.24 |
| 90733 Meningococcal polysaccharide | \$105.51 | \$81.06 | \$46.40 | \$65.35 | \$100.49 | \$126.88 | \$133.17 |
| 90736 Zoster (Shingles) | \$173.13 | \$133.01 | \$76.13 | \$107.23 | \$164.90 | \$208.21 | \$218.52 |
| 90740 HEP B | \$95.81 | \$73.61 | \$42.13 | \$59.34 | \$91.25 | \$115.22 | \$120.93 |
| 90746 HEP B | \$48.71 | \$37.42 | \$21.42 | \$30.17 | \$46.39 | \$58.58 | \$61.48 |

Attachment E

SVP-Covered Reliants in WA December 2010-September 2017

| | | <u>ADD</u> | <u>NADD</u> | <u>TOTAL</u> | | | <u>ADD</u> | <u>NADD</u> | <u>TOTAL</u> |
|----------|-----------|------------|-------------|--------------|---------|-----------|------------|-------------|--------------|
| 2010 | December | 20,098 | 10,164 | 30,262 | 2015 | January | 11,758 | 11,358 | 23,116 |
| 2011 | January | 19,974 | 10,256 | 30,230 | | February | 11,686 | 11,260 | 22,946 |
| | February | 19,957 | 10,260 | 30,217 | | March | 11,744 | 11,227 | 22,971 |
| | March | 19,905 | 10,318 | 30,223 | | April | 11,580 | 11,205 | 22,785 |
| | April | 25,751 | 11,826 | 37,577 | | May | 11,678 | 11,283 | 22,961 |
| | May | 19,631 | 10,305 | 29,936 | | June | 11,611 | 11,263 | 22,874 |
| | June | 19,485 | 10,320 | 29,805 | | July | 11,772 | 11,269 | 23,041 |
| | July | 19,710 | 10,368 | 30,078 | | August | 11,772 | 11,125 | 22,897 |
| | August | 19,571 | 10,415 | 29,986 | | September | 11,846 | 11,198 | 23,044 |
| | September | 19,504 | 10,525 | 30,029 | | October | 11,588 | 12,858 | 24,446 |
| | October | 19,477 | 11,239 | 30,716 | | November | 11,730 | 12,651 | 24,381 |
| | November | 19,723 | 10,969 | 30,692 | | December | 11,953 | 12,646 | 24,599 |
| December | 19,203 | 10,924 | 30,127 | 2016 | January | 11,547 | 12,697 | 24,244 | |
| 2012 | January | 18,992 | 10,881 | | 29,873 | February | 11,759 | 12,572 | 24,331 |
| | February | 18,804 | 10,897 | | 29,701 | March | 11,735 | 12,504 | 24,239 |
| | March | 18,596 | 10,826 | | 29,422 | April | 11,694 | 12,616 | 24,310 |
| | April | 18,468 | 10,897 | | 29,365 | May | 11,728 | 12,525 | 24,253 |
| | May | 18,414 | 10,830 | | 29,244 | June | 11,929 | 12,664 | 24,593 |
| | June | 18,235 | 10,784 | | 29,019 | July | 11,900 | 12,655 | 24,555 |
| | July | 18,122 | 10,847 | | 28,969 | August | 12,072 | 12,695 | 24,767 |
| | August | 17,837 | 10,839 | | 28,676 | September | 12,021 | 12,591 | 24,612 |
| | September | 17,663 | 10,756 | | 28,419 | October | 11,917 | 12,744 | 24,661 |
| | October | 17,552 | 11,178 | | 28,730 | November | 12,042 | 12,881 | 24,923 |
| | November | 17,446 | 11,099 | | 28,545 | December | 11,776 | 12,819 | 24,595 |
| | December | 17,264 | 11,063 | 28,327 | 2017 | January | 11,606 | 12,903 | 24,509 |
| 2013 | January | 17,105 | 11,143 | 28,248 | | February | 11,598 | 12,879 | 24,477 |
| | February | 16,989 | 11,169 | 28,158 | | March | 11,646 | 12,967 | 24,613 |
| | March | 16,889 | 11,189 | 28,078 | | April | 11,598 | 13,005 | 24,603 |
| | April | 21,008 | 11,476 | 32,484 | | May | 11,616 | 12,981 | 24,597 |
| | May | 16,209 | 11,300 | 27,509 | | June | 11,702 | 13,076 | 24,778 |
| | June | 16,138 | 11,335 | 27,473 | | July | 11,586 | 13,013 | 24,599 |
| | July | 16,277 | 11,421 | 27,698 | | August | 12,069 | 13,057 | 25,126 |
| | August | 15,879 | 11,389 | 27,268 | | September | 11,369 | 12,814 | 24,183 |
| | September | 15,730 | 11,315 | 27,045 | | | | | |
| | October | 15,674 | 11,464 | 27,138 | | | | | |
| | November | 15,657 | 11,355 | 27,012 | | | | | |
| | December | 15,466 | 11,333 | 26,799 | | | | | |
| 2014 | January | 15,138 | 11,396 | 26,534 | | | | | |
| | February | 14,982 | 11,325 | 26,307 | | | | | |
| | March | 14,675 | 11,187 | 25,862 | | | | | |
| | April | 14,467 | 11,103 | 25,570 | | | | | |
| | May | 14,377 | 11,025 | 25,402 | | | | | |
| | June | 14,296 | 10,978 | 25,274 | | | | | |
| | July | 14,721 | 11,157 | 25,878 | | | | | |
| | August | 13,383 | 11,043 | 24,426 | | | | | |
| | September | 12,732 | 11,066 | 23,798 | | | | | |
| | October | 12,254 | 11,405 | 23,659 | | | | | |
| | November | 12,142 | 11,317 | 23,459 | | | | | |
| | December | 11,902 | 11,317 | 23,219 | | | | | |

MEMO

1/14/2018

To: Julia Zell, WVA Executive Director

From: Norman Roberge, Accountant KidsVax

Subject: TRICARE proposed payments for pediatric vaccines for period 12/23/10 – 09/30/17

I have reviewed the memorandum dated December 20, 2017 from Kennell and Associates, Inc (Kennell memo), who are the consultants for Department of Health Agency (DHA) (which may be referred in this memo as TRICARE), on the matter of pediatric vaccines estimated to be due the Washington Vaccine Association (WVA) for the period December 23, 2010 through September 30, 2017.

The Kennell memo provided summary information for various factors used in their analysis on the amounts due WVA. This information was enough to perform an initial review of the proposal.

The Kennell memo based their calculation on detailed claim information (available upon request) for the period of July 1, 2016 through June 30, 2017. This period was acceptable to WVA as it provided Kennell with a full year of claims. Kennell accepted all claims processed for this period except for duplicates and patients not identified as an eligible dependent. The claims were priced at WVA grid price in effect for the period indicated above. This calculation has an estimated value of \$2,562,406. At the insistence of the WVA, the estimated value was increased by 1.8% for vaccines that were administered but the providers did not file a vaccine claim. (WVA's five largest payers file a settlement report for these types of claims.) The additional 1.8% represents \$46,123 with a grand total for the period of \$2,608,529.

Kennell's approach for the balance of the periods December 23, 2010 through June 30, 2016 was to utilize a series of inflation values for the WVA pricing grids in effect during this time and a second series of values for the TRICARE beneficiaries in each of the months during this period.

Norman Roberge (Norm) review approach:

- 1- Tested inflation index and found them to be acceptable
- 2- Tested the vaccine grid pricing schedule and found it to be acceptable.
- 3- Accepted the 1.8% markup as this was the amount provided by WVA
- 4- Compared data that WVA had from its work with DHA and provided to both DHA and WVA in a joint memo known as the "Woskow/Roberge memo" dated 03/26/2015. This memo covered the period May 2010 through March 2013.

Utilizing above information, Norm found that amounts calculated by Kennell were greater than amounts calculated by WVA. This is an acceptable result since the claims being filed during the period of July 2016 through June 2017 have a much higher compliance rate from providers than during the beginning of the program.

Norm Roberge Recommendation

I recommend that WVA accept the TRICARE proposal as outlined in the Kennell memo dated December 20, 2017 of \$12,219,342. This amount consists of values shown on Table 2 of the memo which covers vaccines for the period of December 23, 2010 through September 30, 2017. Gross vaccine claims for the period total \$13,763,941 less collections of \$1,544,601 equals a remaining balance of \$12,219,342.

I make no recommendation as to interest or penalties that may be imposed.

I must point out that the period of May 2010 through December 22, 2010 has not been addressed by the Kennell / TRICARE memo dated December 20, 2017 discussed in this memo. The outstanding amount for this period is between 1 to 2 million dollars.

In addition the period of October 2017 through March 2018 will continue to be paid in current fashion with full review of this period for denied claims beginning in April 2018 when the new TRICARE claims processing contractor is in place.

Washington Vaccine Association

TRICARE Collection Expenditures
December 24, 2013 - January 5, 2018

Summary of TRICARE Direct Collection Expenses:

| | | |
|---|-------------------------------|---|
| KidsVax Administrative Services | \$ 702,671.19 | |
| Crowell & Moring - Legislative Services | \$ 303,544.33 | |
| Perkins Coie - Legal Fees | \$ 4,678.57 | |
| Ellis, Li & McKinstry - Legal Fees - Contingency Retainer | <u>\$ 25,000.00</u> | * |
| Sub Total | \$ 1,035,894.09 | |
| Line of Credit Interest Expense Attributed to TRICARE | <u>\$ 812,993.00</u> | |
| Total Direct Expenditures to Date | <u>\$ 1,848,887.09</u> | |

* Note: Contingency agreement with Ellis, Li & McKinstry is still in effect.

It should be noted that above costs do not include indirect costs such as added board time, incremental audit costs, and lost investment revenue.

Washington Vaccine Association

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TRICARE Collection Expenditures

December 24, 2013 - January 5, 2018

| | | | | | Inoivce | | |
|---|---------|---------------------|---------|---------------------------|--------------|-------------|--------------|
| Date | Type | Num | Name | Memo/Description | Amount | Payments | Balance |
| TRICARE - KidsVax Administrative Services | | | | | | | |
| 12/1/2014 | Invoice | TRICARE-2014-11 | KidsVax | July 2014 - November 2014 | \$ 25,515.75 | | \$ 25,515.75 |
| 1/2/2015 | Payment | 1015 | KidsVax | | | (20,000.00) | 5,515.75 |
| 1/10/2015 | Inoivce | TRICARE-2015-01 | KidsVax | December 2014 | 5,623.57 | | 11,139.32 |
| 3/17/2015 | Invoice | TRICARE-2015-02 | KidsVax | January - February 2015 | 636.25 | | 11,775.57 |
| 3/23/2015 | Payment | ACH | KidsVax | | | (10,000.00) | 1,775.57 |
| 03/23/2015 | Payment | ACH | KidsVax | | | (1,775.57) | - |
| 4/3/2015 | Invoice | TRICARE-2015-02 (a) | KidsVax | March 2015 | 4,305.25 | | 4,305.25 |
| 4/21/2015 | Payment | ACH | KidsVax | | | (4,305.25) | - |
| 5/11/2015 | Invoice | TRICARE-2015-04 | KidsVax | April 2015 | 6,883.50 | | 6,883.50 |
| 5/12/2015 | Payment | ACH | KidsVax | | | (6,883.50) | - |
| 6/1/2015 | Invoice | TRICARE-2015-04 (a) | KidsVax | May 2015 | 1,304.25 | | 1,304.25 |
| 6/2/2015 | Payment | ACH | KidsVax | | | (1,304.25) | - |
| 7/1/2015 | Invoice | TRICARE-2015-06 | KidsVax | June 2015 | 7,798.75 | | 7,798.75 |
| 7/2/2015 | Payment | ACH | KidsVax | | | (7,798.75) | - |
| 08/04/2015 | Invoice | TRICARE-2015-07 | KidsVax | July 2015 | 15,070.73 | | 15,070.73 |
| 8/10/2015 | Payment | ACH | KidsVax | | | (15,070.73) | - |
| 9/8/2015 | Invoice | TRICARE-2015-08 | KidsVax | August 2015 | 9,187.10 | | 9,187.10 |
| 9/10/2015 | Payment | ACH | KidsVax | | | (9,187.10) | - |
| 10/8/2015 | Invoice | TRICARE-2015-09 | KidsVax | September 2015 | 4,823.84 | | 4,823.84 |
| 10/19/2015 | Payment | ach | KidsVax | | | (4,823.84) | - |
| 11/2/2015 | Invoice | TRICARE-2015-10 | KidsVax | October 2015 | 9,763.85 | | 9,763.85 |
| 11/17/2015 | Payment | ACH | KidsVax | | | (9,763.85) | - |
| 12/1/2015 | Invoice | TRICARE-2015-11 | KidsVax | November 2015 | 22,661.61 | | 22,661.61 |
| 12/07/2015 | Payment | ACH | KidsVax | | | (20,000.00) | 2,661.61 |
| 1/6/2016 | Invoice | TRICARE-2015-12 | KidsVax | December 2015 | 26,014.84 | | 28,676.45 |
| 01/07/2016 | Payment | ACH | KidsVax | | | (20,000.00) | 8,676.45 |
| 1/31/2016 | Inoivce | TRICARE-2016-01 | KidsVax | January 2016 | 6,194.44 | | 14,870.89 |
| 02/04/2016 | Payment | ACH | KidsVax | | | (14,870.89) | - |
| 2/29/2016 | Inoivce | TRICARE-2016-02 | KidsVax | February 2016 | 17,622.46 | | 17,622.46 |
| 3/8/2016 | Payment | ACH | KidsVax | | | (17,622.46) | - |
| 3/31/2016 | Invoice | TRICARE-2016-03 | KidsVax | March 2016 | 18,959.05 | | 18,959.05 |
| 4/6/2016 | Payment | ACH | KidsVax | | | (18,959.05) | - |
| 4/30/2016 | Invoice | TRICARE-2016-04 | KidsVax | April 2016 | 10,080.84 | | 10,080.84 |

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TRICARE Collection Expenditures

December 24, 2013 - January 5, 2018

| | | | | | Inoivce | | |
|------------|---------|------------------|---------|----------------------------|-----------|-------------|------------|
| Date | Type | Num | Name | Memo/Description | Amount | Payments | Balance |
| 5/17/2016 | Payment | ACH | KidsVax | | | (12,454.20) | (2,373.36) |
| 5/31/2016 | Invoice | TRICARE-2016-05 | KidsVax | May 2016 (issued 05/23/16) | 15,655.91 | | 13,282.55 |
| 5/23/2016 | Payment | ACH | KidsVax | | | (15,655.91) | (2,373.36) |
| 5/31/2016 | Invoice | TRICARE-2016-05b | KidsVax | May 2016 (supplemental) | 17,712.21 | | 15,338.85 |
| 6/10/2016 | Payment | ACH | KidsVax | | | (4,344.09) | 10,994.76 |
| 6/30/2016 | Inoivce | TRICARE-2016-06 | KidsVax | June 2016 | 25,941.40 | | 36,936.16 |
| 7/11/2016 | Payment | ACH | KidsVax | | | (20,000.00) | 16,936.16 |
| 7/31/2016 | Invoice | TRICARE-2016-07 | KidsVax | July 2016 | 6,988.82 | | 23,924.98 |
| 8/3/2016 | Payment | ACH | KidsVax | | | (20,000.00) | 3,924.98 |
| 8/31/2016 | Inoivce | TRICARE-2016-08 | KidsVax | August 2016 | 14,089.46 | | 18,014.44 |
| 9/7/2016 | Payment | ACH | KidsVax | | | (20,000.00) | (1,985.56) |
| 9/30/2016 | Invoice | TRICARE-2016-09 | KidsVax | September 2016 | 11,251.74 | | 9,266.18 |
| 10/4/2016 | Payment | ACH | KidsVax | | | (11,639.54) | (2,373.36) |
| 10/31/2016 | Invoice | TRICARE-2016-10 | KidsVax | October 2016 | 21,408.81 | | 19,035.45 |
| 11/2/2016 | Payment | ACH | KidsVax | | | (20,000.00) | (964.55) |
| 11/30/2016 | Invoice | TRICARE-2016-11 | KidsVax | November 2016 | 24,822.55 | | 23,858.00 |
| 12/7/2016 | Payment | ACH | KidsVax | | | (20,000.00) | 3,858.00 |
| 12/31/2016 | Invoice | TRICARE-2016-11 | KidsVax | December 2016 | 33,738.79 | | 37,596.79 |
| 1/5/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 17,596.79 |
| 1/31/2017 | Invoice | TRICARE-2017-01 | KidsVax | January 2017 | 37,558.08 | | 55,154.87 |
| 2/3/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 35,154.87 |
| 2/28/2017 | Invoice | TRICARE-2017-02 | KidsVax | February 2017 | 24,507.30 | | 59,662.17 |
| 3/6/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 39,662.17 |
| 3/31/2017 | Invoice | TRICARE-2017-03 | KidsVax | March 2017 | 36,088.97 | | 75,751.14 |
| 4/7/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 55,751.14 |
| 4/30/2017 | Invoice | TRICARE-2017-04 | KidsVax | April 2017 | 16,050.26 | | 71,801.40 |
| 5/1/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 51,801.40 |
| 5/31/2017 | Invoice | TRICARE-2017-05 | KidsVax | May 2017 | 20,351.18 | | 72,152.58 |
| 6/6/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 52,152.58 |
| 6/30/2017 | invoice | TRICARE-2017-06 | KidsVax | June 2017 | 42,278.75 | | 94,431.33 |
| 7/17/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 74,431.33 |
| 7/31/2017 | Invoice | TRICARE-2017-07 | KidsVax | Juloy 2017 | 51,900.00 | | 126,331.33 |
| 8/8/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 106,331.33 |
| 8/31/2017 | Invoice | TRICARE-2017-08 | KidsVax | August 2017 | 44,318.87 | | 150,650.20 |
| 9/18/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 130,650.20 |
| 9/30/2017 | Inoivce | TRICARE-2017-09 | KidsVax | September 2017 | 62,088.50 | | 192,738.70 |
| 10/5/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 172,738.70 |
| 10/31/2017 | Invoice | TRICARE-2017-10 | KidsVax | October 2017 | 59,445.43 | | 232,184.13 |
| 11/9/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 212,184.13 |
| 11/30/2017 | Invoice | TRICARE-2017-11 | KidsVax | November 2017 | 49,046.35 | | 261,230.48 |
| 12/5/2017 | Payment | ACH | KidsVax | | | (20,000.00) | 241,230.48 |

Washington Vaccine Association

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TRICARE Collection Expenditures

December 24, 2013 - January 5, 2018

| | | | | | Inoivce | | |
|--|-------------|--------------------------|------------------|--|-------------------|---------------------|-------------------|
| Date | Type | Num | Name | Memo/Description | Amount | Payments | Balance |
| 12/30/2017 | Credit Memo | TRICARE-2017-12 (credit) | KidsVax | Credit - KidsVax internal review | (133,468.78) | | 107,761.70 |
| 12/31/2017 | Invoice | TRICARE-2017-12 (credit) | KidsVax | December 2017 | 28,450.51 | | 136,212.21 |
| 1/3/2018 | Payment | ACH | KidsVax | | | (50,000.00) | 86,212.21 |
| 1/4/2018 | Payment | ACH | KidsVax | | | (50,000.00) | 36,212.21 |
| 1/5/2018 | Payment | ACH | KidsVax | | | (38,584.81) | (2,372.60) |
| | | | | | | | |
| Total - Tricare - KidsVax Administrative Services | | | | | 702,671.19 | (705,043.79) | (2,372.60) |
| | | | | | | | |
| | | | | | | | |
| TRICARE - Legislative Services Crowell & Moring | | | | | | | |
| 9/30/2015 | Invoice | 1508514 | Crowell & Moring | August 2015 | 10,000.00 | | 10,000.00 |
| 10/6/2015 | Invoice | 1508865 | Crowell & Moring | September 2015 | 10,000.00 | | 20,000.00 |
| 10/19/2015 | Payment | KidsVax 2794 (10/9/15) | KidsVax | Reimbursement of payment Aug 2015 inv | | (10,000.00) | 10,000.00 |
| 10/30/2015 | Payment | KidsVax 1274 (10/30/15) | KidsVax | Reimbursement of payment Sep 2015 inv | | (10,000.00) | - |
| 11/11/2015 | Invoice | 1513031 | Crowell & Moring | October 2015 | 10,000.00 | | 10,000.00 |
| 11/17/2015 | Payment | KidsVax 1277 (11/19/15) | KidsVax | Reimbursement of payment Oct 2015 inv | | (10,000.00) | - |
| 12/21/2015 | Invoice | 1517514 | Crowell & Moring | November 2015 | 10,000.00 | | 10,000.00 |
| 12/22/2015 | Payment | KidsVax 1280 (12/22/15) | KidsVax | Reimbursement of payment Nov 2015 inv | | (10,000.00) | - |
| 1/27/2016 | Invoice | 1520333 | Crowell & Moring | December 2015 | 10,000.00 | | 10,000.00 |
| 1/29/2016 | Payment | KidsVax 2912 (01/27/16) | KidsVax | Reimbursement of payment Dec 2015 inv | | (10,000.00) | - |
| 2/3/2016 | Payment | KidsVax 2921 (02/03/16) | KidsVax | Reimbursement of payment Jan 2016 inv | | (10,000.00) | (10,000.00) |
| 2/12/2016 | Invoice | 1521504 | Crowell & Moring | January 2016 | 10,031.19 | | 31.19 |
| 2/23/2016 | Payment | KidsVax 2942 | KidsVax | Reimbursement of payment Jan 2016 inv (part of ck # 2942 | | (31.19) | 0.00 |
| 3/28/2016 | Invoice | 1526649 | Crowell & Moring | February 2016 | 10,000.00 | | 10,000.00 |
| 3/30/2016 | Payment | KidsVax 2978 (03/30/16) | KidsVax | Reimbursement of payment Feb 2016 inv | | (10,000.00) | - |
| 4/15/2016 | Invoice | 1527785 | Crowell & Moring | March 2016 | 10,055.62 | | 10,055.62 |
| 4/20/2016 | Payment | KidsVax 1288 (04/26/16) | KidsVax | Reimbursement of payment Mar 2016 inv | | (10,055.62) | - |
| 5/11/2016 | Invoice | 1531176 | Crowell & Moring | April 2016 | 10,000.00 | | 10,000.00 |
| 6/3/2016 | Payment | KidsVax 1289 (06/01/16) | KidsVax | Reimbursement of payment Apr 2016 | | (10,000.00) | - |
| 6/6/2016 | Invoice | 1533414 | Crowell & Moring | May 2016 | 10,000.00 | | 10,000.00 |
| 6/8/2016 | Payment | KidsVax 1291 (06/08/16) | KidsVax | Reimbursement of payment May 2016 | | (10,000.00) | - |
| 7/15/2016 | Invoice | 1538624 | Crowell & Moring | June 2016 | 10,066.68 | | 10,066.68 |
| 7/19/2016 | Payment | KidsVax 1301 | KidsVax | Reimbursement of payment June 2016 | | (10,066.68) | - |
| 8/15/2016 | Invoice | 1541514 | Crowell & Moring | July 2016 | 10,000.00 | | 10,000.00 |
| 8/17/2016 | Payment | KidsVax 1303 (08/18/16) | KidsVax | Reimbursement of payment July 2016 | | (10,000.00) | - |
| 9/12/2016 | Invoice | 1543480 | Crowell & Moring | August 2016 | 10,000.00 | | 10,000.00 |
| 9/16/2016 | Payment | KidsVax 1306 (09/16/16) | KidsVax | Reimbursement of payment August 2016 | | (10,000.00) | - |
| 10/13/2016 | Invoice | 1546647 | Crowell & Moring | September 2016 | 10,040.28 | | 10,040.28 |
| 10/14/2016 | Payment | KidsVax 1309 (10/14/16) | KidsVax | Reimbursement of payment September 2016 | | (10,040.28) | - |
| 11/15/2016 | Invoice | 1550080 | Crowell & Moring | October 2016 | 10,681.22 | | 10,681.22 |
| 11/17/2016 | Payment | KidsVax 1312 (11/17/16) | KidsVax | Reimbursement of payment October 2016 | | (10,681.22) | - |

Washington Vaccine Association

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TRICARE Collection Expenditures

December 24, 2013 - January 5, 2018

| | | | | | Inoivce | | |
|---|----------------|-------------------------|------------------|---|-------------------|---------------------|-----------|
| Date | Type | Num | Name | Memo/Description | Amount | Payments | Balance |
| 12/27/2016 | Invoice | 1554394 | Crowell & Moring | November 2016 | 10,000.00 | | 10,000.00 |
| 1/4/2017 | Payment | KidsVax 1318 (01/05/17) | KidsVax | Reimbursement of payment November 2016 | | (10,000.00) | - |
| 1/5/2017 | Invoice | 1554709 | Crowell & Moring | December 2016 | 10,000.00 | | 10,000.00 |
| 1/9/2017 | Payment | KidsVax 1319 (01/10/17) | KidsVax | Reimbursement of payment Decemberr 2016 | | (10,000.00) | - |
| 2/9/2017 | Invoice | 1558086 | Crowell & Moring | January 2017 | 12,101.26 | | 12,101.26 |
| 2/14/2017 | Payment | KidsVax 1322 (02/14/17) | KidsVax | Reimbursement of payment January 2017 | | (12,101.26) | - |
| 3/15/2017 | Invoice | 1561577 | Crowell & Moring | February 2017 | 12,016.96 | | 12,016.96 |
| 3/17/2017 | Payment | KidsVax 1325 (03/17/17) | KidsVax | Reimbursement of payment February 2017 | | (12,016.96) | - |
| 4/13/2017 | Invoice | 1563958 | Crowell & Moring | March 2017 | 12,119.30 | | 12,119.30 |
| 4/19/2017 | Payment | KidsVax 1326 (04/19/17) | KidsVax | Reimbursement of payment March 2017 | | (12,119.30) | - |
| 5/17/2017 | Invoice | 1567529 | Crowell & Moring | April 2017 | 12,048.98 | | 12,048.98 |
| 6/6/2017 | Payment | KidsVax 1330 (06/06/17) | KidsVax | Reimbursement of payment April 2017 | | (12,048.98) | - |
| 6/19/2017 | Invoice | 1570522 | Crowell & Moring | May 2017 | 12,000.00 | | 12,000.00 |
| 6/23/2017 | Payment | KidsVax 1333 (06/23/17) | KidsVax | Reimbursement of payment May 2017 | | (12,000.00) | - |
| 7/7/2017 | Invoice | 1571724 | Crowell & Moring | June 2017 | 12,011.34 | | 12,011.34 |
| 8/9/2017 | Invoice | 1574924 | Crowell & Moring | July 2017 | 12,282.73 | | 24,294.07 |
| 9/14/2017 | Invoice | 1578443 | Crowell & Moring | August 2017 | 12,000.00 | | 36,294.07 |
| 10/9/2017 | Invoice | 1580918 | Crowell & Moring | September 2017 | 12,030.77 | | 48,324.84 |
| 11/15/2017 | Invoice | 1584743 | Crowell & Moring | October 2017 | 12,058.00 | | 60,382.84 |
| 12/4/2017 | Payment | KidsVax 1343 (12/04/17) | KidsVax | Reimbursement of payment October 2017 | | (12,058.00) | 48,324.84 |
| 12/7/2017 | Payment (1of4) | KidsVax 1334 (07/11/17) | KidsVax | Reimbursement of payment June 2017 | | (12,011.34) | 36,313.50 |
| 12/7/2017 | Payment (2of4) | KidsVax 3856 (08/16/17) | KidsVax | Reimbursement of payment July 2017 | | (12,282.73) | 24,030.77 |
| 12/7/2017 | Payment (3of4) | KidsVax 1337 (09/19/17) | KidsVax | Reimbursement of payment Auigust 2017 | | (12,000.00) | 12,030.77 |
| 12/7/2017 | Payment (4of4) | KidsVax 1338 (11/02/17) | KidsVax | Reimbursement of payment September 2017 | | (12,030.77) | - |
| 12/14/2017 | Invoice | 1587632 | Crowell & Moring | November 2017 | 12,000.00 | | 12,000.00 |
| 12/19/2017 | Payment | KidsVax 1345 (12/19/17) | KidsVax | Reimbursement of payment November 2017 | | (12,000.00) | - |
| | | | | | | | |
| Total - TRICARE - Legislative Services | | | | | 303,544.33 | (303,544.33) | |
| | | | | | | | |
| Legal Fees - TRICARE -Perkins Coie | | | | | | | |
| 11/24/2015 | Invoice | 5404499 | Perkins Coie | October 2015 | 142.80 | | 142.80 |
| 11/25/2015 | Payment | 1987 | Perkins Coie | | | (142.80) | - |
| 1/23/2016 | Invoice | 5429249 | Perkins Coie | December 2015 | 152.32 | | 152.32 |
| 2/24/2016 | Payment | 1992 | Perkins Coie | | | (152.32) | - |
| 9/27/2017 | Invoice | 5709483 | Perkins Coie | August 2017 | 414.80 | | 414.80 |
| 9/28/2017 | Payment | 2031 | Perkins Coie | | | (414.80) | - |
| 10/10/2017 | Invoice | 5716991 | Perkins Coie | September 2017 | 3,968.65 | | 3,968.65 |
| 10/11/2017 | Payment | 2033 | Perkins Coie | | | (3,968.65) | - |
| | | | | | | | |
| | | | | | 4,678.57 | (4,678.57) | |
| | | | | | | | |

Washington Vaccine Association

Line of Credit [Principal / Interest / Fees Analysis] and TRICARE Uncollected incl Interest

| Month | LOC - Princ | Cumulative Interest | Cumulative Fees | Cumulative Total LOC | Cumulative TRICARE Uncollected Assessments |
|--------|---------------|---------------------|-----------------|----------------------|--|
| Sep-13 | \$ 10,000,000 | \$ - | | \$ 10,000,000 | \$ 3,792,356 |
| Oct-13 | \$ 10,000,000 | \$ 28,559 | | \$ 10,028,559 | \$ 3,882,793 |
| Nov-13 | \$ 10,000,000 | \$ 53,038 | | \$ 10,053,038 | \$ 3,956,512 |
| Dec-13 | \$ 10,000,000 | \$ 78,333 | | \$ 10,078,333 | \$ 4,067,507 |
| Jan-14 | \$ 10,000,000 | \$ 103,628 | | \$ 10,103,628 | \$ 4,210,791 |
| Feb-14 | \$ 10,000,000 | \$ 126,476 | | \$ 10,126,476 | \$ 4,332,305 |
| Mar-14 | \$ 11,000,000 | \$ 151,771 | | \$ 11,151,771 | \$ 4,449,042 |
| Apr-14 | \$ 11,000,000 | \$ 179,187 | | \$ 11,179,187 | \$ 4,578,904 |
| May-14 | \$ 11,000,000 | \$ 207,012 | | \$ 11,207,012 | \$ 4,715,583 |
| Jun-14 | \$ 11,000,000 | \$ 233,939 | | \$ 11,233,939 | \$ 4,843,219 |
| Jul-14 | \$ 11,000,000 | \$ 261,763 | | \$ 11,261,763 | \$ 4,997,509 |
| Aug-14 | \$ 11,500,000 | \$ 290,608 | | \$ 11,790,608 | \$ 5,203,274 |
| Sep-14 | \$ 12,000,000 | \$ 319,330 | | \$ 12,319,330 | \$ 5,364,115 |
| Oct-14 | \$ 12,000,000 | \$ 349,684 | | \$ 12,349,684 | \$ 5,332,687 |
| Nov-14 | \$ 12,000,000 | \$ 379,059 | | \$ 12,379,059 | \$ 5,456,795 |
| Dec-14 | \$ 12,000,000 | \$ 409,414 | | \$ 12,409,414 | \$ 5,506,136 |
| Jan-15 | \$ 12,000,000 | \$ 439,768 | | \$ 12,439,768 | \$ 5,617,607 |
| Feb-15 | \$ 12,000,000 | \$ 467,184 | | \$ 12,467,184 | \$ 5,710,709 |
| Mar-15 | \$ 12,000,000 | \$ 497,539 | | \$ 12,497,539 | \$ 5,834,729 |
| Apr-15 | \$ 12,500,000 | \$ 527,934 | | \$ 13,027,934 | \$ 5,979,429 |
| May-15 | \$ 14,000,000 | \$ 562,735 | | \$ 14,562,735 | \$ 6,133,640 |
| Jun-15 | \$ 15,000,000 | \$ 598,801 | | \$ 15,598,801 | \$ 6,284,480 |
| Jul-15 | \$ 15,000,000 | \$ 636,895 | | \$ 15,636,895 | \$ 6,486,434 |
| Aug-15 | \$ 15,000,000 | \$ 675,729 | | \$ 15,675,729 | \$ 6,773,847 |
| Sep-15 | \$ 15,000,000 | \$ 713,229 | | \$ 15,713,229 | \$ 6,995,051 |
| Oct-15 | \$ 15,000,000 | \$ 751,979 | | \$ 15,751,979 | \$ 7,228,476 |
| Nov-15 | \$ 15,000,000 | \$ 789,479 | | \$ 15,789,479 | \$ 7,423,165 |
| Dec-15 | \$ 14,000,000 | \$ 827,933 | | \$ 14,827,933 | \$ 7,585,600 |
| Jan-16 | \$ 14,000,000 | \$ 866,301 | | \$ 14,866,301 | \$ 7,792,904 |
| Feb-16 | \$ 12,000,000 | \$ 899,947 | | \$ 12,899,947 | \$ 7,960,239 |
| Mar-16 | \$ 12,000,000 | \$ 933,432 | | \$ 12,933,432 | \$ 8,132,324 |
| Apr-16 | \$ 12,000,000 | \$ 965,437 | | \$ 12,965,437 | \$ 8,311,299 |
| May-16 | \$ 11,000,000 | \$ 997,773 | | \$ 11,997,773 | \$ 8,479,056 |
| Jun-16 | \$ 10,000,000 | \$ 1,026,923 | | \$ 11,026,923 | \$ 8,632,990 |
| Jul-16 | \$ 10,000,000 | \$ 1,055,109 | | \$ 11,055,109 | \$ 8,795,682 |
| Aug-16 | \$ 9,000,000 | \$ 1,083,173 | | \$ 10,083,173 | \$ 8,999,776 |
| Sep-16 | \$ 7,000,000 | \$ 1,107,916 | | \$ 8,107,916 | \$ 9,171,343 |
| Oct-16 | \$ 5,000,000 | \$ 1,127,699 | | \$ 6,127,699 | \$ 9,360,899 |
| Nov-16 | \$ 2,500,000 | \$ 1,136,680 | | \$ 3,636,680 | \$ 9,534,737 |
| Dec-16 | \$ - | \$ 1,141,384 | | \$ 1,141,384 | \$ 9,680,310 |

Total LOC Inter

| Cumulative TRICARE Uncollected Interest | Cumulative TRICARE Uncollected Total | % between TRICARE Uncollected & Cumm LOC | Interest Expense Attributed to TRICARE |
|--|---|---|---|
| \$ 1,329,296 | \$ 5,121,652 | 51.22% | \$ - |
| \$ 1,398,550 | \$ 5,281,343 | 52.66% | \$ 15,040 |
| \$ 1,456,923 | \$ 5,413,435 | 53.85% | \$ 13,182 |
| \$ 1,518,406 | \$ 5,585,913 | 55.42% | \$ 14,020 |
| \$ 1,581,585 | \$ 5,792,376 | 57.33% | \$ 14,502 |
| \$ 1,640,448 | \$ 5,972,753 | 58.98% | \$ 13,476 |
| \$ 1,707,674 | \$ 6,156,716 | 55.21% | \$ 13,965 |
| \$ 1,774,394 | \$ 6,353,298 | 56.83% | \$ 15,581 |
| \$ 1,845,389 | \$ 6,560,972 | 58.54% | \$ 16,290 |
| \$ 1,916,052 | \$ 6,759,271 | 60.17% | \$ 16,202 |
| \$ 1,991,087 | \$ 6,988,596 | 62.06% | \$ 17,266 |
| \$ 2,068,479 | \$ 7,271,753 | 61.67% | \$ 17,790 |
| \$ 2,146,339 | \$ 7,510,454 | 60.96% | \$ 17,510 |
| \$ 2,229,334 | \$ 7,562,021 | 61.23% | \$ 18,587 |
| \$ 2,309,126 | \$ 7,765,921 | 62.73% | \$ 18,428 |
| \$ 2,393,538 | \$ 7,899,674 | 63.66% | \$ 19,324 |
| \$ 2,478,703 | \$ 8,096,310 | 65.08% | \$ 19,756 |
| \$ 2,557,028 | \$ 8,267,737 | 66.32% | \$ 18,181 |
| \$ 2,645,320 | \$ 8,480,049 | 67.85% | \$ 20,597 |
| \$ 2,732,528 | \$ 8,711,957 | 66.87% | \$ 20,326 |
| \$ 2,824,926 | \$ 8,958,566 | 61.52% | \$ 21,409 |
| \$ 2,916,551 | \$ 9,201,031 | 58.99% | \$ 21,274 |
| \$ 3,013,612 | \$ 9,500,046 | 60.75% | \$ 23,144 |
| \$ 3,113,760 | \$ 9,887,607 | 63.08% | \$ 24,495 |
| \$ 3,214,819 | \$ 10,209,870 | 64.98% | \$ 24,366 |
| \$ 3,322,740 | \$ 10,551,216 | 66.98% | \$ 25,956 |
| \$ 3,430,536 | \$ 10,853,701 | 68.74% | \$ 25,778 |
| \$ 3,544,999 | \$ 11,130,599 | 75.07% | \$ 28,866 |
| \$ 3,661,945 | \$ 11,454,849 | 77.05% | \$ 29,563 |
| \$ 3,770,353 | \$ 11,730,592 | 90.94% | \$ 30,596 |
| \$ 3,896,982 | \$ 12,029,306 | 93.01% | \$ 31,144 |
| \$ 4,018,242 | \$ 12,329,541 | 95.10% | \$ 30,435 |
| \$ 4,146,279 | \$ 12,625,335 | 100.00% | \$ 32,336 |
| \$ 4,272,591 | \$ 12,905,581 | 100.00% | \$ 29,150 |
| \$ 4,405,545 | \$ 13,201,227 | 100.00% | \$ 28,186 |
| \$ 4,540,984 | \$ 13,540,760 | 100.00% | \$ 28,064 |
| \$ 4,675,074 | \$ 13,846,417 | 100.00% | \$ 24,743 |
| \$ 4,816,255 | \$ 14,177,154 | 100.00% | \$ 19,783 |
| \$ 4,955,685 | \$ 14,490,422 | 100.00% | \$ 8,981 |
| \$ 5,102,420 | \$ 14,782,730 | 100.00% | \$ 4,704 |

| | |
|--|-------------------|
| est Attributed to Uncollected TRICARE Assessments and Interest | <u>\$ 812,993</u> |
|--|-------------------|

**State Vaccination Program Assessment
TRICARE Payment Acceptance Form**

WVA-2018-02-16 Special Meeting Page 26 of 61

The undersigned signatories represent that they are fully authorized to execute this Agreement on behalf of Washington Vaccine Association and the Washington State, Department of Health, Childhood Vaccine Program (the "Program"), respectively, as indicated below. As such, the Program confirms acceptance of settlement with respect to the following amount(s) and period(s) specified below:

Assessments for Time Periods: 12/23/2010 - 9/30/2017 ("Specified Assessments")

Upon transfer by bank check deposited in the mail, Certified Mail, Return Receipt Requested, to the mailing address set forth below, or wire transfer in the amount of Twelve Million Two Hundred Nineteen, Three Hundred, Forty-Two Dollars (\$12,219,342) ("Stipulated sum"), the Program agrees as follows:

1. The Stipulated sum is accepted as the full and final payment for the Specified Assessments.
2. All corresponding interest, penalties, late or other charges, if any, for the Specified Assessment are hereby waived.
3. No other action or attempts to collect shall be undertaken for the assessment Time Periods specified above.
4. All of the Specified Assessments shall be deemed "PAID IN FULL," and the Program will so report to any third party making inquiry.

The Program acknowledges that the National Defense Authorization Act of FY 2017, Section 719, and the National Defense Authorization Act for Fiscal Year 2018, Section 718, authorize the Department of Defense to make this payment. By accepting the Stipulated sum, the Program shall completely release, acquit, and forever discharge the Government, Department of Defense, Defense Health Agency, TRICARE, and any and all Managed Care Support Contractors (MCSCs) (including, but not limited to, their and its past and present officers, directors, employees, agents, stockholders, attorneys, servants, representatives, divisions, departments, acquisitions, offices, parents, subsidiaries, affiliates, and partners, and the predecessors, successors, heirs, executors, administrators, and assigns of each of the foregoing) (hereinafter collectively referred to as "Releasees") from any and all claims, demands, actions, suits, causes of action, appeals, whether asserted as a class, individually, or otherwise, damages whenever incurred, and liabilities of any nature whatsoever (including costs, penalties, and attorneys' fees) that Program ever had, now has, or hereafter can, shall, or may have against Releasees, whether known or unknown, on account of or arising out of or resulting from vaccines that are, will be, or have been provided through the Program to TRICARE covered beneficiaries for the assessment Time Period(s) specified above.

Program:

Washington State, Department of Health

By: _____

Signed

Printed

Print Title: _____

Washington Vaccine Association

By: _____

Signed

Printed

Print Title: _____

Witness: _____

Signed

Printed

Date: _____

Witness: _____

Signed

Printed

Date: _____

Mailing Address for this payment:

c/o Perkins Coie LLP
Attention: Anne Redman
1201 Third Ave, Suite 4900
Seattle, WA 98101- 30990

In the event that the Stipulated sum is not received within forty-five (45) days from the last above-stated Date, this form shall be voidable thereafter by its Signers, provided, however, that any attempt to void this form shall be ineffective if the Stipulated sum is subsequently received and not promptly returned to TRICARE.

ELLIS, LI & MCKINSTRY PLLC
ATTORNEYS AT LAW

December 2, 2013

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Board of Directors
Washington Vaccine Association
P.O. Box 94002
Seattle, Washington 98124-9402

Re: *Washington Vaccine Association v. TRICARE*
Letter of Representation / Fee Agreement

Dear Members of the Board:

Thank you for giving us the opportunity to represent you in the dispute with TRICARE and its third party administrators. While it raises some interesting issues, I am sure that the long and fruitless attempt to obtain equitable participation by TRICARE has become nothing but frustrating. We are, however, pleased that you have hired us and we look forward to working with you and to the chance to bring a little litigation "pressure" to bear in this matter.

THE LITIGATION MATTER: RECOVERY OF DBA's FROM TRICARE.

You have agreed to hire Ellis, Li & McKinstry, PLLC (ELM) to pursue recovery of dosage based assessments that, to date, have been ignored and remain unpaid by the TRICARE Alliance and its third party administrators. TRICARE's original third party administrator was TriWest, but is now United Healthcare. We will pursue payment from both third party administrators (or TRICARE as necessary) on behalf of WVA.

We, as the attorneys, will represent you in a professional and competent manner. We will avoid any representation that is in conflict with your legal rights and interests. We will keep you informed of all important proceedings and significant correspondence. We will give you all necessary information to allow you to make informed decisions on important issues related to your matter. We will place all of your funds in a trust account, unless those funds represent payment to us for fees earned or costs that we have paid on your behalf, as explained more fully below.

WVA is the client. In this case we ask that WVA create a sub-committee or task force appointed by the Board that is empowered to communicate with us and that can advise on the litigation. We recommend a group of 3 that is readily available and able to be responsive to issues that might arise, subject to board direction where appropriate.

ELLIS, LI & MCKINSTRY PLLC
ATTORNEYS AT LAW

December 2, 2013

Page 2

ELM will provide written status reports on the matter, including projected timelines, not less frequently than quarterly during the first year of the engagement and every six months thereafter (unless otherwise agreed between ELM and WVA). ELM will brief the sub-committee or task force and the Board itself from time to time as either group reasonably may request.

MODIFIED CONTINGENT FEE ARRANGEMENT.

As we set out in your last board meeting, we have agreed to take this case on a modified contingent fee basis. The fee will include a guaranteed initial fee payment, followed by a graduated percentage of any recovery. That percentage will increase the longer we serve as counsel. Here is how that will work:

1. WVA will make an initial payment of \$25,000.
2. \$5,000 of the initial payment will be held in trust to cover the costs of litigation. WVA will be responsible for costs or expenses incurred in the negotiation and trial of this matter. These "costs" are not included as part of our fee, but rather are owed separately. Costs include all out of pocket expenses and, without intending to be exclusive, include messenger service, expert fees, travel, deposition expenses (court reporter fees and transcripts), and any arbitration fees. These costs will be itemized on a monthly bill. If there are any costs that are not paid by you during the pending of this matter, those costs will be deducted from the proceeds at the time your matter is resolved. The deposit for costs will be replenished to \$5,000 any time the trust account drops below \$1,000.
3. \$20,000 of the initial payment will be a minimum fee. This minimum fee is to protect the lawyers against a "zero" recovery or a settlement that does not involve a payment by TRICARE or its TPAs. The minimum fee will be "earned" upon receipt and will be deposited in ELM's general account.
4. If this matter is settled or resolved before the Initial Written Demand (defined below) is delivered, our fee will be the minimum. Thereafter, at any time within 90 days of the date the Initial Written Demand is delivered to TRICARE, TriWest or United Healthcare, our fee will be the minimum plus 2% of any amounts recovered but not more than One Hundred Thousand Dollars (\$100,000) in total.
5. If this matter is settled or resolved after 90 days after the Initial Written Demand is delivered to TRICARE, TriWest or United Healthcare, but before any ruling on an initial motion to dismiss all or most of the claims, our fee will be the minimum, plus 5% of any amounts recovered.

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6. If this case survives the initial motion to dismiss all or most of the claims and then this matter is settled or resolved, either prior to a hearing or trial, or by a judgment or ruling from an arbitrator or judge, our fee will be the minimum plus 10% of any amount recovered.

7. We will also assist you in seeking imposition and recovery of interest charges, civil penalties, attorney's fees and costs. Any of those amounts recovered will be subject to the same fee arrangement set out in this letter, whether those are paid to WVA directly or to the universal vaccine purchase account created under RCW 43.70.720, or in any other manner that benefits WVA.

8. While any decision to settle will be solely the prerogative of WVA, if at any point after ELM files suit or otherwise initiates an action, WVA settles or ceases to pursue this claim without a ruling terminating the claim AND without any recovery of past amounts owed (e.g., WVA settles by agreeing that TRICARE is responsible only for future payments), then WVA will pay ELM the greater of 1) the minimum fee, or 2) 125% of the hourly time ELM has worked to pursue this claim.

9. Our hourly fee rates vary depending on experience and are adjusted periodically. They currently run from \$180 to \$450 an hour. Keith Kemper and Steve O'Ban will be the primary attorneys handling this matter and each bills his time at \$360 an hour. We will use our best judgment in the use of other attorneys or paralegals in the office so as to provide the most efficient service to you at the most effective rate. We will provide monthly billing statements to you, documenting our costs to be reimbursed and showing our time and tasks accomplished.

10. If there is an appeal of this case, we will increase our fee by ten percent (10%) (from 10% to 20%) to cover the additional work involved in the appeal of the case and the greater risk and delay in payment that are inherent in an appeal. However, the decision whether or not to appeal is one that must be mutually agreed upon by you and ELM.

11. It is understood that at no time shall any payments be made to ELM from the universal vaccine purchase account mentioned in paragraph 7. This agreement creates no obligations to ELM on behalf of the State of Washington. All payments due hereunder shall be made by WVA from WVA funds. In the event that the fees earned by ELM hereunder exceed One Millions Dollars (\$1MM), any amounts in excess of \$1MM which WVA determines in its sole discretion needs to be deferred due to WVA cash flow concerns may be paid by WVA, with simple interest of 4%, over a period not to exceed eighteen (18) months from the date such fees are earned by ELM.

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OTHER TERMS OF REPRESENTATION.

We have proposed an initial timetable for action in this matter. It will run from the timing of your decision to hire us. Two weeks from the date of the initial payment, we will get a demand letter (Initial Written Demand) to Paul Hutter or other appropriate representative or representatives of TRICARE, TriWest, and United HealthCare. If that does not result in resolution or a fruitful discussion that is leading toward settlement, we will, with your approval, file the claim three weeks after the demand.

This case may require us to employ experts to prepare your case. These experts will be submitting their fees and reimbursable costs to you in the course of their work. You may be asked to pay these fees and costs to such experts directly. We will exercise our best judgment in the selection of experts to assist in the preparation of your case. We will hire experts who are available and best qualified, in our judgment, for this case, while continuing to be mindful of the cost to you for their services. Also, we will consult with you prior to hiring any expert in order to keep you fully informed so that there are no surprises when it comes to the cost for any particular expert.

While we look forward to working with you and anticipate a successful working relationship, we are obligated to include that this Fee Agreement can be terminated by either party at any time upon reasonable notice to the other party. If you decide to terminate our services, you agree to pay us a reasonable fee for our services rendered to that date and to reimburse us for all costs advanced. Also, as we mentioned at our earlier meeting, if you believe that our fee is unreasonable, Washington law provides to you the right to petition a court to determine the reasonableness of the fee being charged (RCW 4.24.005). It will certainly be our goal to work with you to make sure that the value we provide is worth every penny that you ultimately pay to us. If we cannot reach an agreement with you concerning the amount of our fee, we agree to arbitrate our disagreement with a mutually agreeable arbitrator.

If there are other arrangements you would like us to consider, let us know. Otherwise, please sign this letter where indicated below indicating your understanding and agreement to the terms set forth in this letter. Again, we thank you for the opportunity to represent you and we look forward to working together.

Very truly yours,

ELLIS, LI & MCKINSTRY PLLC




Keith A. Kemper

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TERMS ACCEPTED BY WVA:

By: 
Name

Dated: December 2, 2013

Its: Executive Director hereunto duly authorized
Title

Common Interest Agreement

1. The Parties. The Parties to this agreement are: The State of Washington, Department of Health (Department) and the Washington Vaccine Association (WVA). The parties are involved in a dispute with the Defense Health Agency (DHA) regarding the DHA's failure to pay vaccine assessments to the WVA. The Parties reasonably anticipate the dispute may result in litigation.
2. Common Interest Materials. The Parties share a common interest in researching, developing, and pursuing common, similar and/or joint positions, claims, and defenses to collect the unpaid vaccine assessments, interests, and penalties from the DHA and any and all of its third party administrators. The Parties agree to collaborate to further those ends. To further their common interests, the Parties intend to share and exchange strategies, legal theories, confidences, documents or other information (Information).
3. Retention of Counsel. Each of the Parties understands that they are represented exclusively by their own counsel and that nothing in this Agreement, or the actions contemplated by it, creates an attorney-client relationship with the other Party's counsel.
4. Preservation of Attorney-Client and Work-Product Privilege. The legal privileges for attorney-client communications and attorney work-product shall apply to all Information shared between the Parties.
5. Disclosure. To ensure the protection of the mental impressions, conclusions, opinions, legal theories and other work-product of counsel, as well as any other privileged or confidential information, each Party and its counsel agree not to disclose Information received from the other or its counsel, except as permitted by this Agreement, to any person or entity other than (a) counsel and their staff; (b) experts or consultants retained by the Parties for the pursuit of the claims and/or defenses and (c) employees or principals (e.g., Board-members) of the Parties who are involved in, or have responsibilities with respect to, the dispute with the DHA. The Parties and their counsel shall act reasonably to protect and preserve the confidentiality of shared Information and inform those permitted access to it of its confidential nature.
6. Past Communications and Information-sharing. To the extent that the Parties or their counsel have already been in communication with one another regarding the DHA dispute, their communications and work product, to the extent it would be covered by the privileges and protections of Section 4, are now subject to this Agreement.
7. Documents not Subject to Privilege. Facts and other information not otherwise privileged from disclosure shall not gain any privilege simply because such facts and other information may be shared or exchanged under this Agreement.

8. Termination. Either party may terminate this agreement by notifying the other party in writing. Upon termination, both Parties will continue to maintain the confidentiality of Information shared under this Agreement.

9. Amendment. This Agreement may be amended only by a writing signed by each of the Parties.

10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. Authority. The undersigned represent that they are fully authorized to enter into this Agreement and, upon such execution, this Agreement shall be binding on that Party.

State of Washington, Department of Health
By:
Date:

Washington Vaccine Association
By:
Date:



Ensuring Funds for Childhood Vaccines

Memo to: Washington Vaccine Association board
 From: John Sobeck, M.D., Chairman
 Subject: Recognition of KidsVax[®] work on TRICARE matter
 Date: February 1, 2018

At the time the Washington Vaccine Association (WVA) board authorizes settlement of a portion of the TRICARE arrearage for over \$12 million, I believe it is appropriate for us to recognize the major role KidsVax[®] (KV) has had in developing and executing the successful strategy that has brought us to this point. After checking with WVA's outside general counsel, Anne Redman, I believe it is appropriate for us both to favorably evaluate KV's work insofar as that affects the annual award related to this year's administrative services work and, additionally, award a 1-time spot bonus out of the arrearage collections as they actually are received by WVA.

I note that the work already has resulted in the TRICARE "spigot," so to speak, being partially opened. As documented in periodic updates to the board, WVA collections from TRICARE to date (which surpassed \$1.5 million through September 30, 2017 and continue each month) already stand at several times the WVA out-of-pocket investment in this recovery effort. We are about to consider accepting \$12.2 million additional on the arrears while still reserving the right to seek recovery over and above regular ongoing monthly collections for TRICARE beneficiaries from UnitedHealth Military dosage based assessment processing for the periods (a) before 12/23/2010 and (b) between 9/30/2017 and 4/1/2018.

Meanwhile KV has made great progress in getting into the TRICARE operating manual language which will instruct future TRICARE contractors, who start work April 1, to process WVA's dosage based assessments properly going forward. While there is still work to be done, language accepted by TRICARE to this point should compel timely payment on behalf of TRICARE beneficiaries at levels significantly above where they are now.

Finally, I note that, calling upon KV's own professional contacts in Washington state and DC, KV obtained a quality WA firm to accept a contingent fee arrangement to prosecute WVA's arrearage claim and a DC lobbying firm well suited to deliver, as it has to date, two successive statutes tightening the noose on TRICARE with respect to state vaccine program (SVP) compliance. KV built, starting with WVA and its other SVP clients, a core coalition which consistently kept this issue before Congress on a multi-state, bipartisan basis. That, alone, is quite a feat in today's environment. WVA's outside litigation counsel specifically recognized the work of KV in securing this recovery as it reduced its requested fee, which its engagement letter set at 5%, to \$200,000, i.e. somewhat less than 2%.¹

Accordingly, I recommend to the WVA Board that:

1. We, at this time, while the facts are fresh in our minds, set the factor for our evaluation of the TRICARE portion of KV's 2017-18 contract year work at "4" on our "0-4" scale.
2. Contingent upon WVA actually collecting more than \$12 Million additional on the TRICARE arrearage, as is currently contemplated, we (i) award KV 2% of actual cash collections from this settlement and any additional partial settlements for assessment periods prior to 4/1/2018 and (ii) authorize KV to make any applicable 2% payments as good funds are collected on WVA's behalf.

¹ Note, that engagement letter already had terms quite favorable to WVA and had been negotiated on WVA's behalf by KV. Other firms had declined to accept this work which was considered either too risky or too difficult and would likely have sought fees of 25%-40% for such contingent fee work.



BE IT RESOLVED

WHEREAS, the Washington Vaccine Association, created by the legislature in 2010 to provide a funding mechanism for the State's purchase of all recommended childhood vaccines, recognizes that Senator Patty Murray was instrumental in ensuring that military children in the State of Washington continue to have access to all recommended childhood vaccines, and supported the Association in securing funding from the Defense Health Agency for the millions of dollars worth of vaccines provided to Washington's military children through WVA funding;

WHEREAS, Senator Murray and her staff led a bi-partisan, multistate congressional effort to guarantee the Defense Health Agency's payment to all state vaccine programs for their expenditures on behalf of TRICARE with great endurance, dedication, and distinction, helping to protect these unique funding mechanisms that help lower healthcare costs and guarantee vaccine access to all children within a state, regardless of insurance status;

WHEREAS, Senator Murray directed her staff to aid the WVA in crafting a successful strategy to overcome all obstructions preventing TRICARE from equitably participating in universal vaccine programs and supported two successive federal legislative changes in 2017 and 2018 that has enabled DHA to repay monies owed to state vaccine programs and ensured future participation;

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

Signed:

John Sobeck, M.D., Chairman

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



Memorandum

To: Washington Vaccine Association (WVA) Board of Directors

From: Fred L. Potter, Managing Member of KidsVax® (KV)

Re: **Washington State Individual Health Insurance Market Claims-based Reinsurance Program (WA-Re)**

Cc: Julia G. Zell, WVA Executive Director
Anne Redman, Perkins Coie, WVA Outside General Counsel

Date: February 7, 2018

In December of last year, KidsVax® (KV) was contacted by Jane Beyer, Senior Health Policy Advisor in the Washington State Office of the Insurance Commissioner (OIC) about OIC's proposal, through \$200 million annual reinsurance support, to help lower premiums and stabilize WA's individual health insurance market. Some of you may recall that Jane was the lead legislative aide who piloted the WVA statute through the state legislature in 2010. She is a highly regarded, articulate, and extremely bright professional. She is known for doing her homework thoroughly and obtaining positive legislative outcomes.

Jane's initial inquiry was for general background as the OIC pulled together its proposed WA-Re legislation. I first became aware of a specific legislative proposal the last week of December. At that time, the statute contemplated administration by the Washington State Health Insurance Pool (WSHIP). WSHIP, like WVA, is a client of Anne Redman. In a series of calls last month, the OIC asked more detailed questions about WVA's Board, WVA's experience with TPA assessment payments, KV's experience with ERISA plans, and the per capita assessment administration capabilities of KV. Jane conveyed OIC's growing interest in entrusting oversight of WA-Re to WVA with a specific expectation that WVA would be able to contract with KV (or a KV affiliate) to handle all administrative and assessment responsibilities, under the Board's oversight.

At that point, WVA Executive Director, Julia G. Zell, and I alerted WVA Chair, Dr. John Sobeck, and outside general counsel, Anne Redman to these OIC contacts, as well as, with the specific permission and approval of the OIC, Michele Roberts of the Department of Health (DOH). Based upon our own assessment of the situation and the comments from others, we urged Jane, were the shift in administration to the WVA to occur, to add specific provisions as follows to OIC's draft statute:

1. Delegate the governance of WA-Re to a governing board focused on this new program and appointed by the WVA Board. We told Jane the WVA Board is a highly functioning and collegial Board which we thought would be more receptive if individual members were not forced to

dedicate additional time needed for this startup. We also thought a representative of the OIC should be added to this governance group, but not for WVA's existing vaccine funding program.

2. To provide for a separate account and explicit structure to assure that no WVA funds would be required for WA-Re.
3. To include other provisions to protect the existing vaccine program from any challenges that might arise during the setup of this new reinsurance program. We also urged that the funding allow for financial reserves and expressly provide that WA-Re costs would be covered through the WA-Re assessment (i.e., not the WVA vaccine assessment or WVA reserves).

The OIC added language responsive to these recommendations in its updated draft statute which moved administration from WSHIP to WVA. A more recent draft on the House side contains further changes, some suggested by KV, to support the proposed assessment mechanism. Unexpectedly, that draft also moves assessment collections for WSHIP to WVA, seeking to piggyback on the new broader assessment base proposed for WA-Re. Other suggestions from KV in response to OIC questions, including eliminating the redundancy in TPA registration have not been included. Legislation on the House side appears to have gone through its committees fairly smoothly and would have proceeded with the new substituted House bill, had legislative leadership presented the bill for vote.

The Senate side appears to have been a bit rockier. My understanding is that the OIC's proposed funding mechanism was stripped from the bill to test support for its other measures. Even without the funding component included, the support appeared to be less strong than on the House side. My understanding is that consideration is being given to state general account funding of the \$200 million annual reinsurance support rather than the House approach which combined an assessment on a per covered life basis on health benefit payers with federal funds from a §1332 grant. Success of the §1332 grant was a condition precedent to operation of the pool under the House financing structure. Both bills provide for a review of the funding mechanism and possible revisions and, I understand, would automatically sunset after benefit year 2020 if not extended at that time.

Dr. Sobeck asked KV to monitor the situation and advise the Board with full details should it be clear what the legislative direction will be. Failing that, he asked us to afford this general overview so that the Board on February 16 would have opportunity to designate a subgroup to deal with any necessary actions on an interim basis upon enactment of the legislation. Hence this memo.

Meanwhile, the OIC poised a series of questions to KV about the contract terms it would offer and its readiness to timely meet OIC deadlines if this legislation is enacted. Early February, the OIC advised that it intends to entrust governance and oversight of KV's work to WVA regardless of what funding mechanism ultimately is decided. Recognizing the significant additional burden Ms. Zell has been carrying with the TRICARE work, as well as additional factors including my personal experience in assisting the NH Insurance Commissioner with a successful individual market stabilization initiative over a decade ago, it was determined that should this matter be

entrusted to the WVA and KV, I would be program executive director for WA-Re through its start-up phase. To further help with segregation from vaccine funding administration for both WVA and KV, KV has formed a separate affiliate, KV-Re, LLC (KV-Re) to serve as the WA-Re administrator. Additionally, KV has negotiated support agreements for this KV-Re work with BerryDunn (BD), a highly regarded tax, audit, actuarial, and financial services firm with over 150 professionals. BD is particularly strong in healthcare policy analytics. Through Larry Hart, who has completed past projects for KV including work for WVA and the Alaska Vaccine Assessment Program, BD already is familiar with the Pacific Northwest's payer community. BD has agreed both to provide bench strength for KV-Re generally and to provide specialized analytics and actuarial analysis support for KV-Re.

The only action item recommended by KV for the WVA Board's upcoming meeting is to delegate to the WVA Executive Committee or otherwise appoint a subcommittee to act on the following items pending WVA's next Board meeting, should the pending WA state legislation pass:

1. Enter into a contractual agreement with KV-Re to provide turnkey executive director and administrator services for the WA-Re program to be funded solely from WA-Re resources.
2. With assistance from KV-Re, bring a recommended list of nominees to the WVA Board for appointment as the WA-Re Governing Board. (KV would like to include members of the WVA Board who are interested and willing to take on this additional public service undertaking.)

I am pleased to introduce to you by this memo Heather Veen who recently started work at KV as my executive assistant. Heather has a long and distinguished career as an assistant to boards and senior managers, as well as service as a paralegal. Heather presently is maintaining the file of key documents which KV has assembled or produced in relation to potential WA-Re undertakings:

1. House version of WA-Re legislation.
2. Senate version of WA-Re legislation.
3. KV graphical overview of startup operation for WA-Re under the House bill as it was in January 2018 draft form.
4. KV-Re executive director and administrative services contract with special conditions limiting payment obligations to non-WVA vaccine program funds and allowing for termination should the program not proceed or the WVA Board otherwise determine to terminate the contract.

Dr. Sobeck and Ms. Zell, did not want to burden the entire Board with this detailed paperwork prematurely. One thing we now know is that there will be further changes as the legislative process unfolds. Presently, this short legislative session is scheduled to adjourn March 9. The OIC anticipates if the WA-Re program is initiated that the authorizing legislation will be enacted by that date. Nonetheless, should anyone want to have these detailed documents now, recognizing that substantial

further changes are likely, feel free to request them from Heather (her email is HVeen@KidsVax.org). She will be most happy to send them along to you.

I look forward to the WVA Board meeting on February 16. I am pleased that the excellent work that Julia and others have completed to date has yielded what we view as a favorable settlement proposal covering the bulk of the arrearage for WVA's TRICARE assessments. I will welcome the opportunity to respond to any questions you may have concerning the WA-Re matter during that meeting or at any other time which is convenient for you, either as an assembled Board, or individually.



WASHINGTON VACCINE ASSOCIATION

AMENDED AND RESTATED PLAN OF OPERATION

WHEREAS, the Washington State Universal Childhood Vaccine Program operated by the Washington State Department of Health provides vaccines to children less than 19 years of age resident in Washington (the "Program");

WHEREAS, the Washington legislature has enacted SSHB 2551, Ch. 174, 61st Leg., 2010 Reg. Sess. (Wash. 2010) (the "Act"), now codified as Chapter 70.290 RCW, establishing a mechanism to assess insurers and third-party administrators for the costs of vaccines provided to certain children in Washington in support of the Program;

WHEREAS, the Act authorizes the formation of a not-for-profit corporation known as the Washington Vaccine Association (the "Association");

WHEREAS, the Association is governed by a Board of Directors (the "Board");

WHEREAS, as required by the Act, the Board has adopted an Amended and Restated Plan of Operation dated March 29, 2013 ("Plan") in form approved by the Secretary of the Department of Health (the "Secretary");

WHEREAS, the Association desires to amend and restate the Plan, subject to approval by the Secretary;

WHEREAS, the Association has members consisting of (i) all health carriers issuing or renewing health benefit plans in Washington state; and (ii) all third-party administrators ("TPAs") conducting business on behalf of residents of Washington state or Washington health care providers and facilities (collectively the "Members");

RESOLVED that the Board hereby adopts the following Plan as required by the Act.

ARTICLE I

Effective Date; Amendment

This amended and restated Plan and any amendments to same as may be approved from time to time by the Board shall become effective upon the approval of the Secretary. Amendments may include a retroactive effective date if such date is proposed in the amendments and approved by the Secretary. The completion of any blanks in the exhibits will not constitute an amendment to this Plan, but the change in the structure or substance of any exhibit will be considered an amendment requiring approval.

ARTICLE II
Conformity to Act, Articles and Bylaws; Limitation of
Liability; Priority of Documents

The Association shall perform its functions under this Plan and in accordance with the Act, which is hereby incorporated as part of this Plan. The provisions of the Articles of Incorporation and the Bylaws of the Association, as amended from time to time, are incorporated in this Plan of Operation by reference. The liability of the Association, its members, directors, officers, employees and agents, and of health care providers arising from the lawful performance of their duties or required activities under the Act shall be limited as provided in the Act,¹ and further limited as provided in the Articles of Incorporation and Bylaws of the Association, as amended from time to time. The Association is governed by the above referenced documents together with the Policies as described in Article IX. In the event of any conflict between these documents, the order of priority of authority shall be as follows: The Act, Articles of Incorporation, Bylaws, this Plan, and the Policies.

ARTICLE III
Management of the Association and its
Assets

The Association shall have no employees. Rather, the Board shall select one or more third parties to provide services needed to administer the Association and to implement the steps contemplated in the Plan. Included among such third parties, the Board may retain an administrator to serve as its executive director ("Executive Director") and manage the day-to-day affairs of the Association. Unless explicitly elected as such by the Directors, an individual serving as Executive Director shall be neither a Director nor a corporate officer of the Association.

ARTICLE IV
Public Awareness

The Board may establish and maintain public awareness of the Association through development of a website containing basic descriptive data and downloadable copies of the Association's Articles and Bylaws, together with this Plan and such other data as the Board or the Executive Director may determine to be helpful or necessary from time to time. If, in the judgment of the Board, additional efforts are required to establish and maintain public awareness of the Association, the Board shall be authorized to undertake such additional efforts. The Board shall include the estimated costs for its public awareness program in its annual budget.

ARTICLE V
Administrative Expenses; Accounting; Financial Reporting

A. Financial and Other Records. Monthly, quarterly and annual financial records shall be maintained and distributed by the Executive Director in accordance with the schedule set

¹ See, for example, Sec. 8 of the Act.

forth in **Exhibit A**. The quarterly report information shall include rolling forward-looking cash flow projections suitable to assist the Board in assuring adequacy of funds for future vaccine purchases and revising its assessment levels from time to time.

B. Annual Association Audit. The Association shall retain an independent CPA firm to conduct an annual audit of the financial statements of the Association. The audit shall be conducted in accordance with generally accepted auditing standards, and an opinion shall be rendered by the CPA firm as to whether the Association's financial statements are fairly stated in accordance with generally accepted accounting principles. In conjunction with the annual audit, the CPA firm shall produce a management letter for the benefit of the Board. The results of the annual audit, together with the management letter, shall be presented to the Board's audit committee and forwarded to the entire Board. The CPA firm selected by the Association must be authorized to do business in the State of Washington.

C. Budgeting. The Executive Director shall draft an annual expense budget for review, modification as deemed necessary or appropriate, and approval by the Board prior to the commencement of each fiscal year. The Board shall assure that adequate internal control policies and procedures with respect to the handling of Association assets and liabilities by the Executive Director including but not limited to, cash, cash receipts, cash disbursements, assessments, investments, accounts payable, and administrative expenses, are in place, and may, in its discretion, at any time, engage the CPA firm to review such policies and procedures.

D. Bank Accounts. Money and marketable securities shall be kept in bank accounts and investment accounts as approved by the Board. The Association shall deposit receipts and make disbursements from these accounts. All bank accounts/checking accounts shall be established in the name of the Association, and shall be approved by the Board members. Authorized check signers shall be approved by the Board. Two signatures shall be required on all checks in excess of \$2,500.00.

E. Examination and Annual Report. The Association shall be subject to examination by the Secretary. In fulfillment of the requirements for an annual financial report to the Secretary, the Board shall submit audited financial statements of the Association to the Secretary not later than 120 days after the end of the Association's fiscal year.

ARTICLE VI Member Assessments

A. Dosage-Based Assessment. Because the Act contemplates an assessment methodology based on actual usage of vaccines for the pediatric covered lives of each Member respectively (see RCW 70.290.040(3)), the Association has adopted a dosage-based assessment methodology ("DBA Process") further described on **Exhibit B**. Each Member shall timely pay the Association in accordance with the DBA Process the correct assessment amounts in accordance with the Assessment Grid (described in Section C. of this Article) in effect at the time of administration of the vaccine, unless the Association has agreed in advance with a Member to an Alternative Payment Method as set forth in Section B of this Article. The DBA Process is not payment of a medical claim nor does the DBA Process reflect payment for or purchase of a

vaccine. Payment in the DBA Process within the timeframe applicable under Washington State law to a medical claim will be deemed timely payment.

B. Alternative Payment Method. Where the special circumstances of a Member, in the reasonable determination of the Association, warrant adoption of an alternative payment method ("Alternative Payment Method") in order for the Member to meet its obligations to pay timely the Assessment Grid amounts for vaccines used for its pediatric covered lives, the Association and the Member must agree in writing on the Alternative Payment Method. Except as expressly permitted by the Alternative Payment Method, this Alternative Payment Method must include at least the date of service; patient name; vaccine received; and applicable health plan eligibility.

C. Assessment Grid. The Association has posted to its public website a grid of assessment amounts ("Assessment Grid"), by vaccine, to be applied to transactions under the DBA Process. From time to time, the Association will update the Assessment Grid as needed to assure that adequate funds, in aggregate, are available each month for transfer to the State's universal payment vaccination account for timely payment by the State for the vaccines for which the Association is charged to provide funding under the Act. The Association will provide notice to its known Members of any revision to the assessment amounts and such assessment revisions will be posted to the Association's website at least sixty (60) days prior to the effective date of the revisions.

ARTICLE VII

Member Audits; Interest and Late Assessments; Calculation of Penalty; Collection

A. Member Audits. Audit of a Member's compliance with obligations under the Act requires majority vote of the Board or request of the Secretary. The Association may audit compliance when a Member (i) fails to respond fully to any written request authorized by the Board for information concerning such Member's compliance with its assessment obligations; a response is timely if made within forty-five (45) days after the date the request is mailed, postage pre-paid; or (ii) refuses to comply with the DBA Process or, with an Alternative Payment Method approved in writing by the Board. Any Member so audited shall reimburse the costs of such audit as required by the Act within forty-five (45) days of the Board mailing, postage pre-paid, the Member notice that the Board has certified the audit costs. Upon failure of any such Member that has been audited to reimburse the costs of such audit, the Association shall provide notification to the Secretary of the unpaid costs due.

B. Interest and Late Assessments. The Association establishes the interest charge for late payment of assessments equal to the product of (i) the number of days past due times (ii) 0.000493 times (iii) the amount past due. Interest accruals shall commence ninety (90) days following the annual notice of assessment in the case of a delinquent payment pursuant to RCW 70.290.030. In the case of failure to pay amounts due pursuant to the DBA Process, the Association shall send a notice of late payment or payments, and the payments shall be deemed due, and late, and interest shall accrue commencing thirty (30) days following the date the notice of late assessment is mailed, postage pre-paid, to the Member. The interest charge for late payment shall be added to amounts due for any assessment payment received after the applicable

interest accrual commencement date. Upon failure of a Member to make payment within ninety (90) days of the date such payment is due, upon a majority vote of Board, the Association shall provide notification to the Secretary of the total unpaid assessment amounts, due dates thereof, and accruing interest.

C. Calculation of Civil Penalties. Upon receipt of notification from the Association pursuant to this Article, the Secretary shall calculate the civil penalty amount and assess a civil penalty against any Member as required by RCW 70.290.060.

D. Collection. The Association may separately pursue collection of amounts past due as may be authorized by the Board.

ARTICLE VIII

Remittance to Universal Vaccine Purchase Account

The Association shall remit its assessment receipts, less the Association's administrative costs and any reserves set by the Board or the Executive Director from time to time, to the credit of the universal vaccine purchase account ("UVPA") established pursuant to RCW 43.70.720. Funds transferred to the UVPA shall 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 Secretary's or the Secretary's designee shall have access privileges to be able to directly observe the balances in the Association's accounts, and the Association shall promptly respond to any inquiry of the Secretary concerning the availability and timely transfer of funds, enabling the Secretary to make payment of the Association's share under the Act for vaccine purchases made by the State of Washington.

ARTICLE IX

Disputes

A. Member Appeal of Disputes to Board. Members may request permission to appear before the Board at any time in connection with any dispute with the Association relating to an assessment or assessment reconciliation. No request or appeal relating to assessments shall be heard until the protesting party has paid the assessment in full. Any assessment amount paid under protest and not based on Member error, Member negligence, or Member misconduct shall be held in an interest bearing account with principal and interest to be paid to the prevailing party upon final resolution of the protest.

B. Arbitration. Any disputes and differences that cannot be agreed upon by the Association and a Member, may, with the express approval of both parties, be decided by arbitration. The arbitrator(s) will have the authority to interpret this Plan and, in doing so, shall consider the customs and practices of the insurance industry. The arbitration shall be conducted under the auspices of the American Arbitration Association in accordance with its commercial arbitration rules. Such arbitration shall be held in Seattle, Washington. This agreement to arbitrate shall be enforceable and judgment upon any award may be entered in any court having jurisdiction, which the parties hereby stipulate and agree, will include any court of appropriate subject matter jurisdiction located within the state of Washington. Reasonable costs of

arbitration shall be borne equally by the parties and each party shall pay the cost of its own personnel and counsel involved in such proceedings.

ARTICLE X Board Policies

The Board may from time to time adopt and post to the Association website one or more policies ("Policies"). Such Policies shall govern the operation of the Association from and after the date of such posting, subject to further amendment by the Board from time to time.

ARTICLE XI Health Information

A. Authority of WVA. The Association, including its authorized subcontractors, will receive and use certain health information of individuals to whom a vaccine is administered and for which an assessment is collected by the Association as provided by the Act and this Plan of Operation. The Association receives and collects such information pursuant to the grant of authority and direction of the Act as part of the public health activities constituting the Program and solely for such purpose. For clarity, no personal or health information of individuals (including "protected health information" as defined by the HIPAA administrative simplification rules) is or shall be obtained from or disclosed to the Department of Health in connection with the activities of the Association and operation of the Program.

B. Compliance with Health Information Privacy and Security Laws. As required by applicable federal and state law, including the Act, the Association will preserve and protect the privacy and security of individual health information that the Association receives and uses in the course of carrying out its statutory purpose, including without limitation maintaining appropriate privacy and security policies and procedures, and agreements with the Association's contractors, subcontractors and associates to preserve the privacy and security of the health information of individuals.

ARTICLE XII Agreements with Other States

Subject to approvals of the Secretary and the Board, the Association may from time to time (a) enter into one or more agreements with states other than Washington or vaccine funding organizations in such other states to address the needs of Washington resident children who receive vaccines in such other states and/or (b) make payments for vaccines for such children as requested by the Secretary. Such agreements may also address assessment equity and seek to minimize the risk of duplicate assessments for childhood vaccines. Payments under this Article or pursuant to agreements it authorizes shall be considered as vaccine costs in determining the assessments needed by the Association.

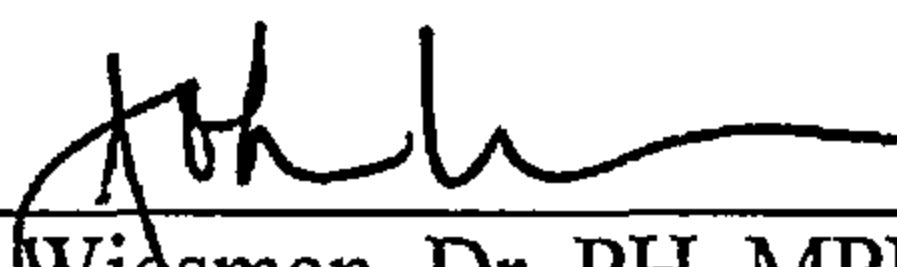
ARTICLE XIII TPA Registration

Each TPA Member shall provide the data elements identified in Exhibit C to the Association by making an initial filing using such web-based tools as shall be offered by the Association and, thereafter, review and update any information so filed with the Association (i) upon the reasonable request of the Association, which shall not, without a two-thirds vote of the Board shall occur more frequently than annually, or (ii) upon the Member's own initiative within ninety (90) days of the date of any change in the contents of any such data previously supplied by the Member to the Association. The Association shall undertake reasonable efforts to make available, generally 24/7 apart from periodic maintenance and backup, a web-based tool which enables TPAs to check and update their Exhibit C information on file with the Association.

In accordance with the Act, the foregoing Plan of Operation, as amended and restated, is approved by the Secretary.

By:

Dated:



John Wiesman, Dr. PH, MPH, Secretary
Washington Department of Health

8/22/17

Exhibit A
Schedule of Financial Statements

Financial Statements will be released on the following schedule:

1. Monthly Statements: To the Treasurer and the Chairman of the Board fifteen (15) business days after the close of each month.
2. Quarterly Statements: To the full Board twenty-five (25) business days after the close of each quarter.
3. Annual Statements: Management's statements will be ready for internal review sixty (60) business days after the close of the year; full statements will be released to the public as soon as the audit is completed and the audit report accepted by the Board.

Exhibit B

Washington Vaccine Association Dosage Based Assessment Methodology

Pursuant to Chapter 70.290 RCW, the Association collects and remits funds from health carriers and third-party administrators (collectively, the “Members”) for the cost of vaccines provided to the Members’ respective covered children in Washington state. The Association has developed a dosage based assessment methodology (“DBA Process”) that uses a process similar to medical claims submissions to assess Members for vaccines administered by providers to children who are Covered Lives of the Members. “Covered lives” has the meaning defined in RCW 70.290.010. Providers administering vaccines to Covered Lives are required to submit a claim to the applicable Member for administration of the vaccine and to submit separately a form (in claims format) complete with the billing code(s) for the vaccine(s) administered, the current vaccine assessment amount as set forth in the Assessment Grid, the Association’s federal tax identifier and NPI (national provider identification) number, and other typical claim form information (date, patient, payer and provider information, etc.).

The provider is paid by the applicable Member for the claim for vaccine administration.

Each such form sent by providers generates payment by the applicable Member to the Association in the amount specified in the Assessment Grid. Per-vaccine assessment amounts are established from time to time by the Association as provided in the Association’s Plan of Operation, Article VI, Section C. These amounts are published to the Association’s website as the Assessment Grid, which lists the assessment amount for each vaccine.

As set forth in Article VI, B., where the special circumstances or character of the Member cannot accommodate the DBA Process, WVA and the Member must enter into an Alternative Payment Method that permits the Association to collect assessments as required by Washington law.

Exhibit C
TPA Data Elements
for
Web-based TPA Registration with the Washington Vaccine Association

Pursuant to the Plan of Operation ("Plan") of the Washington Vaccine Association ("WVA"), third party administrators ("TPAs"), as such entities are defined in the Plan, are required to maintain current information with the WVA on the following data elements:

A. TPA name and address

(to identify the entity and provide basic corporate or other business contact information)

1. TPA legal name.
2. Alternative or d/b/a name(s), if any.
3. Mailing Address:
 - a. Address line 1
 - b. Address line 2
 - c. City
 - d. State
 - e. Zip
4. NAIC and Group #s, if any.
5. Federal Tax ID number.
6. State or jurisdiction of legal formation/ incorporation.

B. Administrative Contact

(contact information for individual primarily responsible for day-to-day WVA compliance)

1. First Name
2. Last Name
3. Position
4. Phone
5. Fax
6. Email

C. Executive Contact

(contact information for executive primarily responsible for overall WVA compliance and/or policy communications)

1. First Name
2. Last Name
3. Position
4. Phone
5. Fax
6. Email
7. Mailing Address
 - a. Address line 1
 - b. Address line 2
 - c. City
 - d. State
 - e. Zip

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.

**February 16, 2018 WVA TRICARE Litigation Taskforce
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 of Directors.

Items under Agenda Section 2:

VOTED: To affirm the appointment of Laura McKenna as a Board Member, whose term renews in 2019 pursuant to RCW 70.290.030 (3)(a).

VOTED: To approve the meeting minutes of the 1/19/2018 WVA TRICARE Litigation Taskforce.

[To approve the meeting minutes of the 1/19/2018 WVA TRICARE Litigation Taskforce with the changes suggested at the meeting.]

Items under Agenda Section 4:

VOTED: To recommend to the Board to accept DHA's 12/20/2017 offer of approximately \$12.2 million, exclusive of interest and penalties, for assessments owed to the WVA from December 23, 2010 through September 30, 2017, (the Settlement Period), and to authorize KV to proceed with all necessary paperwork accordingly, in consultation with outside counsel.

[To recommend to the Board to accept DHA's 12/20/2017 offer of approximately \$12.2 million, exclusive of interest and penalties, for assessments owed to the WVA from December 23, 2010 through September 30, 2017, (the Settlement Period), and to authorize KV to proceed with all necessary paperwork accordingly, in consultation with outside counsel with the changes suggested at the meeting.]

VOTED: To instruct KV to advise DHA that WVA will not waive interest & penalties for any assessment amounts owed or incurred outside of the Settlement Period.

[To instruct KV to advise DHA that WVA will not waive interest & penalties for any assessment amounts owed or incurred outside of the Settlement Period with the changes suggested at the meeting.]

VOTED: To authorize the TRICARE Litigation Taskforce to engage Ellis, Li, & McKinstry to proceed with initial work regarding potential contingency fee litigation with a minimum fee, paid upon execution of the agreement, of a stipulated floor of \$50,000 to recover assessment amounts incurred by DHA beginning in May 2010 and ending on December 22, 2010.

[To authorize the TRICARE Litigation Taskforce to engage Ellis, Li, & McKinstry to proceed with initial work regarding potential contingency fee litigation with a minimum fee, paid upon execution of the agreement, of a stipulated floor of \$50,000 to recover assessment amounts incurred by DHA beginning in May 2010 and ending on December 22, 2010 with the changes suggested at the meeting.]

VOTED: To authorize the WVA Litigation Taskforce, subject to concurrence by an appropriate official from the State of Washington and payment of the settlement amount by DHA within forty-five (45) days of Boards action to waive interest and penalties for unpaid assessments attributed to the DHA for the Settlement Period.

[To authorize the WVA Litigation Taskforce, subject to concurrence by an appropriate official from the State of Washington and payment of the settlement amount by DHA within forty-five (45) days of Boards action to waive interest and penalties for unpaid assessments attributed to the DHA for the Settlement Period with the changes suggested at the meeting.]

VOTED: To authorize _____ and _____, or either one acting alone, to execute any settlement or other documents as may be helpful or necessary, on behalf of the WVA for the Settlement Period.

[To authorize _____ and _____, or either one acting alone, to execute any settlement or other documents as may be helpful or necessary, on behalf of the WVA for the Settlement Period with the changes suggested at the meeting.]

VOTED: To authorize the Chairman Sobeck to enter into a Common Interest Agreement with the Washington Department of Health with respect to the WVA's dispute with the Defense Health Agency.

[To authorize Chairman Sobeck to enter into a Common Interest Agreement with the Washington Department of Health with respect to the WVA's dispute with the Defense Health Agency with the changes suggested that the meeting.]

VOTED: To authorize the TRICARE Litigation Taskforce to engage Ellis, Li, & McKinstry to proceed with initial work regarding potential contingency fee litigation, but with a retainer fee not less than \$50,000 to recover assessment amounts incurred by DHA beginning in May 2010 and ending on December 22, 2010.

[To authorize the TRICARE Litigation Taskforce to engage Ellis, Li, & McKinstry to proceed with initial work regarding potential contingency fee litigation, but with a retainer fee not less than \$50,000 to recover assessment amounts incurred by DHA beginning in May 2010 and ending on December 22, 2010 with the changes suggested at the meeting.]

VOTED: To authorize payment to Ellis, Li, and McKinstry of an additional \$200,000 for services rendered above the \$25,000 previously paid, payable by WVA upon execution of the engagement agreement for recovery of additional TRICARE arrears above the anticipated DHA payment to the WVA for the Settlement Period.

[To authorize payment to Ellis, Li, and McKinstry of an additional \$200,000 for services rendered above the \$25,000 previously paid, payable by WVA upon execution of the engagement agreement for recovery of additional TRICARE arrears above the anticipated DHA payment to the WVA for the Settlement Period with the changes suggested at the meeting.]

VOTED: To approve KV one-time supplemental award compensation at two percent (2%) of all amounts for the TRICARE arrears actually collected payable as each amount is received in good finds from TRICARE.

[To approve KV one-time supplemental award compensation at two percent (2%) of all amounts for

the TRICARE arrears actually collected payable as each amount is received in good finds from TRICARE.]

VOTED: To approve the resolution honoring Senator Murray.

[To approve the resolution honoring Senator Murray with the changes suggested at the meeting.]

Items under Agenda Section 5:

VOTED: To create a WVA Special Taskforce with the following members: _____, _____ responsible for bringing recommendations to the full WVA Board for (a) set-up for the Washington Reinsurance program (WA-Re) and (b) WA-Re governing board composition.

[To create a WVA Special Taskforce with the following members: _____, _____ responsible for bringing recommendations to the full WVA Board for (a) set-up for the Washington Reinsurance program (WA-Re) and (b) WA-Re governing board composition.]

VOTED: To authorize the WVA Special Taskforce to enter into a contractual agreement with KV-Re, LLC, to provide turnkey executive director and administrative services for the WA-Re program with any payments to KV-Re, to be funded solely through WA-Re resources.

[To authorize the WVA Special Taskforce to enter into a contractual agreement with KV-Re, LLC, to provide turnkey executive director and administrative services for the WA-Re program with any payments to KV-Re, to be funded solely through WA-Re resources with the changes suggested at the meeting.]