

**Washington Vaccine Association
Executive Committee Meeting
June 14, 2019; 10:30-11:30 a.m. PDT**

- I. Attendance.** Participating in all or part of the meeting by conference telephone were the following individuals:

Members:

John Sobeck, MD, MBA, Chair, Cigna
Derek LeBrun, MBA, Centene-Iowa Total Care
Ed Marcuse, MD, Emeritus Professor of
Pediatrics, University of Washington

Others:

Julia Zell, MA, Executive Director
Terry Mills, Executive Assistant
Polly Sidwell, Investment Manager,
Morgan Stanley

Members Absent:

Beth Harvey, MD, South Sound Pediatric
Associates

II. Minutes

Welcome and Introductions

At 10:30 a.m., a quorum having been established, Chairman John Sobeck called the meeting to order.

Financial Update

Executive Director, Julia Zell, provided a brief summary of the WVA's financial position. Following, she requested Ms. Polly Sidwell of Morgan Stanley (MS) to provide details regarding the Association's reserves. Ms. Sidwell presented a brief investment update. The total market value is currently \$45,165,000. The Liquidity Cash Account has one day, on demand liquidity and has a balance of \$5,500,000; it is now worth about \$5,563,000. MS is estimating a 12-month income on that account of about \$143,000. The Cash Reserves Portfolio, which is governed by the WVA Investment Policy Statement, has been funded with a total of \$39MM; \$25MM transferred in October 2018 and then another \$14MM added in two stages, February and May 2019. The income projection is \$1.1MM. The overall duration of the portfolio is about 1.4 years and could go out to as far as 3 years, so it is within the WVA's policy guidelines. Just under half of the portfolio is invested in corporate bonds that are highly diversified; the average quality is AA to AAA. Just over one quarter is in FDIC insured CDs at just under \$250,000 face value per line item. The balance is a little under one quarter in treasury and agency bonds. The overall yield is expected to be 2.9%.

Ms. Sidwell then gave a brief summary of the market and expectations. She responded to a few questions and concluded her presentation. Ms. Zell thanked her for calling in and then dismissed her from the conference line.

Zell presented a brief overview of the cash position. She reported that KidsVax® (KV) is tracking the percent of collections expected versus actuals. There has been a steady increase month-over-month, especially this year in which the WVA is collecting approximately 104.7% of projected collections. This has been attributed to a) more pockets of noncompliance being addressed and resolved, b) the WVA receiving bulky payments from some payers, and c) more coming in from TRICARE which is paying above the grid to off-set their failure to participate in the settlement report process. The impact of the July 1, 2019 assessment grid reduction will not be seen until later this year. If the WVA has not reduced reserves as expected by the November meeting, the Board will need to have a discussion on whether there needs to be a more robust grid change, even if off-cycle. Mr. Smith will also monitor collections and the Department of Health (DOH) has been informed. Ms. Zell has asked Mr. Potter to speak a little more about this topic during Executive Session at the June Board meeting, as he is providing financial information in lieu of Peter Smith.

WVA Operational Update

Ms. Zell spoke briefly regarding WVA operations stating that she is encouraged with some of the changes recently implemented under the recent contract with KV but noted that there have been three main operational concerns: 1) the website notification system issue, 2) provider compliance matters, and 3) the Regence HMA payer issue. These examples are problems that she recommends the Board be made aware, given the relative impact on the Association's operations.

Ms. Zell notified the Committee that there were several issues regarding WVA operations she felt needed to be disclosed to the Board. She stated she was working on researching each matter but had yet to receive full reports on the matters about to be discussed.

The first concern is the WVA website notifications. In May, Ms. Zell was contacted by several payers, many of whom serve on the WVA Operations Committee, stating that they had not received the grid notification. Ms. Zell notified KV immediately. KV was able to identify that the notification system, which is how the vast majority of WVA's notifications are sent out, has not been operating correctly since fall of last year. That was after the grid change last year, but Ms. Zell explained that as notifications are how most stakeholders receive information regarding policy updates, meeting dates and times, the Annual Report posting, news and notices updates, and assessment drafts and changes, this failure is significant. The providers receive notices through the DOH, but the payer community is a significant stakeholder group. The last time the grid was changed was off-cycle for the addition of FluMist to the grid. The potential impact is that not all payers paid the WVA for the FluMist and any updates would not have gone out. Wastage was high and many doses were returned for credit due to a favorable manufacturer return policy. The recommendation at the Board meeting is to have the Board vote that the Association abstain from enforcing compliance on this because it does not seem reasonable to have payers go back and reprocess when we have a documented notification system failure. Ms. Zell has asked Mr. Potter to provide an in-depth explanation of what happened. After responding to committee member questions, Ms. Zell noted that in 2016 there was a different problem where notifications were not sent out.

After consulting with the Board Chair, Ms. Zell recommended that a performance improvement plan be put in place going forward. Mr. Potter went to Virginia and met with the KV IT people regarding the notification failure. He assured Ms. Zell that the problem has been corrected, though a written report will follow with more details. Further discussion ensued. Dr. Marcuse suggested when notices are sent there needs to be a built-in systematic solution, so we know if the notifications have been received. It should also be a standard practice to announce any notification prior to sending it out so that people are looking for it, with a note stating they should let WVA know if they do not receive it, but also a follow-up.

Ms. Zell stated a performance improvement plan will include how the WVA operationally ensures this does not happen again. To make sure the system was fixed going forward, Ms. Zell a) received confirmation from the IT vendor itself, b) she, as well as the KV team, have signed up on the notification system, and c) she emailed various individuals who confirmed that they received notice of recent send-outs. Ms. Zell is not as concerned about notifications at the DOH level because she receives notification confirmations to verify they go through.

Ms. Zell further addressed problems with Polyclinic. Through KV reporting, she was surprised to learn that there is a systematic problem with Polyclinic whereby they are not completing the DBA a large percent of the time. She knew there had been spotty issues, but not the extent of the problem: that almost half the clinics' assessments were being paid through the Settlement Report Process, meaning that they are not compliant with dosage-based assessment practices. Ms. Zell asked Chairman Soback and Dr. Marcuse if they had contact information for anyone at Polyclinic because the problem is to a level that it needs to be addressed. Further discussion ensued. Ms. Zell stated there needs to be a standard for KV whereby items are brought to her attention because she cannot fix an issue if she does not know about it or is made aware of the severity. She believes this is at the servicing level and has addressed it with KV. Progress is being made, but the Executive Committee and the Board need to know about these kinds of issues so there are appropriate processes on how to address it.

Next, Ms. Zell reminded the Committee of the overlooked payer error of which KV failed to notify Ms. Zell or properly respond. Dr. Harvey's practice manager and Dr. Harvey wrote to Ms. Zell to seek her help after KV worked on the issue for years and had found that KV made no progress and became non-responsive. The office manager stated Regence HMA was paying providers rather than the WVA and had scanned in over 200 pages of claims and DBAs that were paid improperly to the provider practice to KV twice and Mr. Roberge failed to handle the issue. Ms. Zell was able to resolve the matter in 5 months and Regence has now offered WVA the \$109,000 to compensate for this error. Nevertheless, Ms. Zell believes the problem and how it was handled by KV must be brought to the Board's attention.

Ms. Zell stated that KV performance scoring is not in the new KV services contract, but the existing contract expires next June. She believes KV needs that opportunity to have a candid performance review so that they can address all issues identified. Chairman Sobeck indicated that it was difficult with the administrative transition to have a very clear accounting of what WVA felt was included within the administrative services contract. He suggested that one performance item should be a clear accountability of what the administrative contract includes. Ms. Zell stated that the Annual Meeting is when the Board is scheduled to review performance matters. Ms. Zell will develop a list, in addition to a performance improvement plan to go over with Mr. Potter prior to the November meeting so that KV can be afforded the opportunity to implement corrective actions. She believes the Executive Committee is likely the appropriate body to keep track of performance and guide her as far as how it would like her to handle matters. Ms. Zell will plan to discuss this topic further at the Board meeting in June and have the plan sent to the Committee and outside counsel prior to addressing it with KV.

TRICARE

Ms. Zell reported she just returned from a meeting with the Senate Armed Services Committee (SASC). The meeting was focused on other universal states that have not been paid the arrearage or go forward, but that the WVA manual change issue was addressed. The change is to ensure that TRICARE will pay a Settlement Report adjustment. SASC agreed to aid in that process. It was a positive meeting.

Other Matters

Dr. Marcuse stated that he and Dr. Harvey can find Ms. Zell a contact person any time she has a concern about a specific provider. Ms. Zell will follow up with Dr. Marcuse regarding the Polyclinic.

On the Annual Budget, to be reviewed and approved by the Board, Ms. Zell has asked for additional funds for WVA general communications. It would be separate than funds used for graphics and production of the Annual Report. Further conversations to ensue based on Board direction.

Dr. Marcuse indicated that at some point he would like to discuss further the opportunity of investing funds in certain vaccine projects. Dr. Sobeck agreed that would be a good use of funds. Ms. Zell followed up with Attorney Redman and had a preliminary conversation with her regarding the investment income to see if the Board could classify this as something other than the assessment funds. Ms. Redman will research it further. They had a conversation with Ms. Roberts because she was not at that Board meeting in Executive Session. She is going to provide information and legal counsel on the issue.

There being no further business, the meeting was adjourned at 11:20 a.m. PDT.



Ensuring Funds for Childhood Vaccines

What: Executive Committee Meeting
 Date & Time: June 14, 2019; 10:30 – 11:30 a.m. PDT
 Location: Teleconference
 Conference Line: (267) 930-4000; Conference ID: 103063718#

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

Approx. Time	Topic / [Anticipated Action]	Presented by:
10:30-10:35 a.m.	1. Welcome & Introductions a. Notification of Recording	J. Sobeck
10:35-10:50 a.m.	* 2. Financial Update a. Overview b. Investments	J. Zell
10:50-11:05 a.m.	3. WVA Operational Update a. Website Notification Issue b. Provider Compliance: Polyclinic	J. Zell
11:05-11:30 a.m.	4. TRICARE	J. Zell
	5. Open	

*Indicates agenda item attached.

**Washington Vaccine Association
Statement of Financial Position
As of May 31, 2019**

A

1			
	ASSETS		
2	Current Assets		
3	Cash and Cash Equivalents	\$	5,513,419.82
4	Investments		45,322,699.07
5	Members Estimated Collectible Assessments		2,623,735.00
6	Prepaid Vaccine		6,209,093.82
7	Prepaid Administrative Services		-
8			
9	Total Current Assets		<u>59,668,947.71</u>
10			
11	Total Assets	\$	<u><u>59,668,947.71</u></u>
12			
13	LIABILITIES AND NET ASSETS		
14	Current Liabilities		
15	Accounts Payable	\$	2,800.00
17	Other Accruals		-
18			
19	Total Current Liabilities		<u>2,800.00</u>
20			
21	Assessments Collected in Excess of Vaccine Funding		
22	and Administrative Activities		<u>59,666,147.71</u>
23			
24	Total Liabilities		59,668,947.71
25			
26	Net Assets - Unrestricted		<u>-</u>
27			
28	Total Liabilities and Net Assets	\$	<u><u>59,668,947.71</u></u>

Washington Vaccine Association
Statement of Activities and Changes in Net Assets

	A		B		C		D		E		F		
	Month Ending May 31, 2019		Month Ending May 31, 2019		Total		Administrative		Vaccine		Total		
1	CHANGE IN UNRESTRICTED NET ASSETS												
2	Assessment Activity:												
3	Assessments Estimated from Replenishment	\$	564,323.00	\$	4,194,649.00	\$	4,758,972.00	\$	9,403,051.00	\$	57,160,018.00	\$	66,563,069.00
4	Estimated Over (under) collections		123,112.80		521,799.00		644,911.80		1,230,126.15		4,863,064.00		6,093,190.15
5	Refunds		(25,252.14)		-		(25,252.14)		(210,623.57)		-		(210,623.57)
6	Assessments	\$	662,183.66	\$	4,716,448.00	\$	5,378,631.66	\$	10,422,553.58	\$	62,023,082.00	\$	72,445,635.58
7	Vaccine Replenishments		-		(4,245,192.34)		(4,245,192.34)		-		(56,930,414.63)		(56,930,414.63)
8	Interest Income on Assessments		-		-		-		-		-		-
9	Net Assessment Activity		662,183.66		471,255.66		1,133,439.32		10,422,553.58		5,092,667.37		15,515,220.95
10	Investment Activity:												
11	Investment Income - Morgan Stanley		164,317.58		-		164,317.58		882,162.62		-		882,162.62
12	Investment Management Expenses		-		-		-		(68,581.55)		-		(68,581.55)
13	Interest Income - KeyBank		11,863.58		-		11,863.58		101,503.68		-		101,503.68
14	Net Investment Activity		176,181.16		-		176,181.16		915,084.75		-		915,084.75
15	Net Revenues		838,364.82		471,255.66		1,309,620.48		11,337,638.33		5,092,667.37		16,430,305.70

Washington Vaccine Association
Statement of Activities and Changes in Net Assets

	A		B		C		D		E		F
	Month Ending May 31, 2019		Month Ending May 31, 2019		For 11 Months Ending May 31, 2019						
	Administrative	Vaccine	Other Expenses	Total	Administrative	Vaccine	Total	Administrative	Vaccine	Total	
16	Administrative Expenses:										
17	General Administrative Services:										
18	Personnel and Related Costs										
19	Executive Director - Base Salary	16,666.67	-	16,666.67				150,133.35	-	150,133.35	
20	Executive Director - Performance Award										
21	Executive Director - employment costs	1,616.67	-	1,616.67				8,899.34	-	8,899.34	
22	Executive Director - Seattle Travel Expenses							30,246.23	-	30,246.23	
23	Executive Director - Education							40.00	-	40.00	
24	Executive Director - Support (in/out state trvl & exp)							9,932.04	-	9,932.04	
25	Executive Director - Conferences										
26	Executive Director - Hospitality							610.74	-	610.74	
27	Administrative services										
28	KidsVax, LLC - Fixed Contract	36,749.58	-	36,749.58				414,200.40	-	414,200.40	
29	KidsVax, LLC - Performance Award										
30	Total General Administrative Services	55,032.92	-	55,032.92				614,062.10	-	614,062.10	
31	Special Projects Services										
32	TRICARE - Administrative Services							174,172.81	-	174,172.81	
33	TRICARE - Legislative Services							129,981.49	-	129,981.49	
34	TRICARE - Exp. Offset from Other SVPs							(191,858.00)	-	(191,858.00)	
35	Medical Revenue Managers - Denied Claims Recovery	2,800.00	-	2,800.00				30,800.00	-	30,800.00	
36	All other special projects	2,356.25	-	2,356.25				34,307.67	-	34,307.67	
37	Total Special Projects Services	5,156.25	-	5,156.25				177,403.97	-	177,403.97	
38	Legal and Accounting										
39	Outside Legal Council	2,351.70	-	2,351.70				81,445.60	-	81,445.60	
40	Audit							10,900.00	-	10,900.00	
41	Total Legal and Accounting	2,351.70	-	2,351.70				92,345.60	-	92,345.60	
42	Other										
43	Bank Fees - Lockbox	3,643.00	-	3,643.00				44,821.68	-	44,821.68	
44	Bank Fees - Other	1,191.47	-	1,191.47				35,570.00	-	35,570.00	
46	Insurance							42,069.00	-	42,069.00	
47	Travel							5,758.65	-	5,758.65	
48	Conferences										
49	Office support							161.97	-	161.97	
50	Office rental							210.00	-	210.00	
51	Board meetings							958.00	-	958.00	
52	Interest Expense										
53	Total Other	4,834.47	-	4,834.47				129,549.30	-	129,549.30	
54	Total Administrative expenses	67,375.34	-	67,375.34				1,013,360.97	-	1,013,360.97	
55	Total Change in Unrestricted Net Assets	770,989.48	\$ 471,255.66	\$ 1,242,245.14				10,324,277.36	5,092,667.37	15,416,944.73	
56	Vaccine Funding and Administrative Activities in Excess										
57	of Assessments Collected							(10,324,277.36)	(5,092,667.37)	(15,416,944.73)	
58	Change in Net Assets										

Unaudited - For Management Purposes Only
Prepared by KidsVax, LLC

Washington Vaccine Association
Statement of Cash Flows
For the Periods Ending

	B	C	D	E	F	G	H	I	J	K	L	M	N	P
	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	13 Month
	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	1/31/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	Average
1	Cash balance - beginning	\$ 32,437,387	\$ 32,552,991	\$ 34,130,094	\$ 34,580,954	\$ 34,483,179	\$ 32,993,223	\$ 35,847,267	\$ 39,834,544	\$ 42,762,506	\$ 44,423,448	\$ 46,564,200	\$ 48,455,299	\$ 39,183,595
Inflows:														
2	Vaccine collections	6,186,270	5,588,325	6,839,965	7,796,343	7,527,848	7,638,144	8,546,543	7,006,029	5,156,707	6,490,515	6,055,530	6,692,141	6,759,007
3	Interest income - payers	-	-	-	51,838	-	7,572	6,387	7,804	-	-	-	-	5,662
4	Investment income/ (loss)	6,556	6,494	8,104	8,417	21,553	14,530	58,286	126,482	67,748	199,600	112,494	176,102	74,525
5	Total inflows	6,192,826	5,594,819	6,848,069	7,856,588	7,549,400	7,660,246	8,611,216	7,140,315	5,224,456	6,690,116	6,168,024	6,868,242	6,839,194
Outflows:														
Program														
6	Vaccine remittance State of WA	(6,006,860)	(3,861,593)	(6,247,878)	(7,834,032)	(8,926,996)	(4,685,595)	(4,529,870)	(4,103,869)	(3,000,686)	(4,782,115)	(4,190,976)	(6,259,643)	(5,318,951)
Administration														
7	Administrative services	(59,525)	(138,637)	(143,742)	(124,716)	(94,383)	(95,434)	(84,087)	(66,722)	(74,653)	(5,154)	(79,532)	(79,008)	(86,772)
8	Denied claims recovery	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	-	(2,800)	(2,800)	(2,800)	(2,800)
9	Legal fees	-	(6,864)	6,352	15,590	5,615	4,868	-	(30,770)	(891)	-	(2,111)	(2,352)	(813)
10	Audit fees	-	-	-	-	(6,800)	(4,100)	-	-	-	-	-	-	(838)
11	Bank / Investment Fees	(8,036)	(7,822)	(8,152)	(8,417)	(8,342)	(26,257)	(7,182)	(8,192)	(7,473)	(6,204)	(31,261)	(4,755)	(12,208)
12	Insurance	-	-	-	-	(650)	(717)	-	(11,492)	-	-	-	-	(989)
13	Board expenses	-	-	(987)	-	-	(1,167)	-	(1,848)	-	(2,743)	-	-	(519)
14	Total Administration	(70,362)	(156,123)	(149,330)	(120,342)	(107,360)	(125,608)	(94,069)	(108,485)	(83,017)	(16,901)	(115,703)	(88,915)	(104,939)
15	Total outflows	(6,077,221)	(4,017,716)	(6,397,208)	(7,954,374)	(9,034,356)	(4,811,203)	(4,623,938)	(4,212,354)	(3,083,704)	(4,799,016)	(4,306,678)	(6,348,768)	(5,423,907)
16	Net Cash Incr (decr) for period	115,604	1,577,103	450,861	(97,776)	(1,484,955)	2,849,043	3,987,278	2,927,962	2,140,752	1,891,100	1,861,345	519,474	1,415,287
17	Cash balance - end of period	\$ 32,552,991	\$ 34,130,094	\$ 34,580,954	\$ 34,483,179	\$ 32,998,223	\$ 35,847,267	\$ 39,834,544	\$ 42,762,506	\$ 44,423,448	\$ 46,564,200	\$ 48,455,299	\$ 50,316,645	\$ 40,598,882

Note: Cash balance includes amounts in KeyBank and Morgan Stanley

Washington Vaccine Association
Notes to Financial Statements
For the Month Ending May 31, 2019

Items of interest in the Financial Statements for the month ending May 31, 2019.

The cash flow statement included in this month's financial statement reflects 13 months of activity with an additional column (P) indicating a 13 month average.

Line 16 column P indicates that the WVA has increased its cash position by an average of \$1415,287 over the thirteen months presented.