

**Washington Vaccine Association
Finance Committee Meeting
May 21, 2020, 3:00-4:00 p.m. (PT)**

I. Attendance. The meeting was held by remote webinar only due to Covid-19. The following individuals participated:

Directors

Patricia Auerbach, MD, Chair,
UnitedHealthcare
Jason Farber, Esq., Davis Wright
Tremaine, LLC
Randy Parker, Carpenters Trusts of Western
Washington

Helms & Company, Inc.

Patrick Miller, Administrative Director
Lisa White, Customer and Financial Support
Specialist
Tony Mendez, Senior Consultant
Leslie Walker, CPA, Mason+Rich

WVA Executive Director

Julia Zell, Esq.

Others

Derek LeBrun,
Polly Sidwell, Morgan Stanley

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the meeting minutes of the February 18, 2020, Finance Committee meeting.
2. To approve CliftonLarsonAllen LLP as auditor for 2019-2020.
3. To recommend approval of WVA FY2021 Annual Operations Budget to the Board of Directors.

III. Welcome & Introductions

At 3:02 p.m., a quorum having been established, Chairperson Auerbach called the meeting to order. Ms. Zell announced that the meeting was being recorded for the benefit of the minute-taker and would be deleted following the final approval of the minutes, and that a quorum was present. Chairperson Auerbach asked participants to introduce themselves.

IV. Calendar Consent Items

Meeting Minutes

Chairperson Auerbach asked the Committee to review the Consent Calendar and for a motion to accept the meeting minutes of February 18, 2020.

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the meeting minutes of the February 18, 2020, Finance Committee meeting.

V. Financial Status Report

Monthly Unaudited Financials

Mr. Miller presented the April 2020 unaudited financial statements. He pointed out that we are moving to a new format for the July 2020 financial statements at the start of the new fiscal year. Changes will include graphical presentation of trends and more detailed budget-to-actual information by month for the administrative budget. He then reviewed several of the notes to the financial statements. He described the Member Estimated Collectible Assessments, which are detailed by month in the notes. These figures are a hybrid of both an estimation model and the use of DBA remittance data from payers where the WVA receives CPT code-level detail. This detail is expected increase and become more accurate over time. He then pointed out that the assessment revenues for March, April and May-to-date 2020 are lower than expected due to the COVID-19 pandemic. At the same time, the monthly funds requests from the

41 Department of Health (DOH) have remained static. The DOH is working within CDC guidelines. The result is that
42 assessment collections are less than the remittances to the DOH. A total of \$1M was transferred this month from
43 Morgan Stanley to KeyBank by the WVA out of reserve to meet the May 2020 DOH remittance request. Additionally,
44 these past few months will have an impact on the rate of cash burn down that was unanticipated. There are, however,
45 adequate funds with WVA's investment portfolio to cover the DOH requests. There were no questions about the
46 financial statements as presented. Several Committee members stated that they look forward to the new formatting in
47 July, and that the graphical trends are helpful. Ms. Allen asked if she could address the group and provide a DOH
48 update. She stated that the school-based clinics have shut down for the remainder of the school year. They are working
49 with these programs to ensure that vaccine is transferred to provider offices to reduce wastage. Orders from providers
50 for April were 56% lower than normal, but on calls with the CDC this is not unusual. There has been an uptick in May
51 orders as provider offices re-open or prepare to do so. The DOH is working on several campaigns with partners to
52 ensure that vaccination occurs in order to keep the rates up. These include mailings and other opportunities. She stated
53 that the DOH reviews the fund split in November or December, but it will be reviewed this year in about two more
54 months. It is expected that CDC will provide additional guidance to Washington, but as only one of ten states with a
55 universal vaccine program, this may take longer.

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57 Morgan Stanley Investment Report

58 Ms. Sidwell began with a summary of her extensive background in markets, fixed income, cash management, and
59 non-profit entities. She then provided an update on the market conditions, the WVA portfolio, and the strong cash
60 position of the organization. There are two accounts under management: cash account liquidity fund and a reserves
61 portfolio which holds the bulk of the assets. The reserves portfolio is governed by the organization's Reserves
62 Investment Policy. The reserves portfolio consists of a combination of FDIC insured CDs, high quality corporate
63 bonds, Treasury bonds, and agency bonds. It is very diversified and of high-quality investments. Ms. Sidwell stated
64 that if the Committee only takes away one concept from her presentation, it is that the utmost goals are liquidity and
65 capital preservation. In addition, income is being earned—approximately \$2.5M over time. As the organization's
66 strategy to burn down cash reserves is implemented over the next three years, there will be a reduction in income
67 earnings. She stated there is tight coordination between her team, Ms. Zell and Mr. Miller to ensure there is cash to
68 meet the organization's needs. Ms. Sidwell then addressed the Federal Reserve's recent rate cutting policies. Ms.
69 Sidwell concluded her remarks by commenting on the Reserves Investment Policy. She stated it was clear and
70 succinct and was easy to manage to meet the objectives. She believes the Committee should consider extending the
71 investment horizon from three to five years given that as a way to confront low interest rates. There was discussion
72 regarding historic WVA policies. Ms. Zell stated that she will work with Ms. Sidwell this summer to review the
73 Policy and bring a recommendation to the Committee in September. Ms. Zell stated that Attorney Redman is also
74 involved in review of any policy changes. The Committee thanked Ms. Sidwell for her time, and Ms. Sidwell exited
75 the call.

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77 **VI. Annual Auditor Selection**

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79 Annual Audit

80 Ms. Zell stated that CliftonLarsonAllen LLP, who has historically been the WVA auditor, was asked to draft an
81 engagement letter, which is in the meeting packet. Given that FY2020 is a transition year with two Administrators and
82 CliftonLarsonAllen LLP has historical understanding of the organization, the recommendation is to proceed again
83 with that firm. Ms. Zell stated the costs are in line with prior years plus a fee to address differences in Administrator
84 models. Mr. Miller stated that he and Ms. Walker have met twice this year with the CliftonLarsonAllen LLP team to
85 review some of the administration and accounting changes. A question was asked as to if a multi-year fee should be
86 sought? After discussion, it was determined to move forward with the current proposal. The audit will be prepared
87 over the summer and will be ready to use for the Annual Report and the Board's review in November.

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89 Upon motion duly made and seconded, it was unanimously

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91 **VOTED:** To approve CliftonLarsonAllen LLP as auditor for 2019/20.

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VII. WVA FY2021 Annual Operations Budget

Ms. Zell stated that the first draft of the operations budget had been reviewed by the Board in April, but that several refinements and additional categories of expenses had been added since. She then asked Mr. Miller to review the budget and the accompanying memo. Mr. Miller thanked Ms. Zell, Ms. Walker and Mr. Mendez for their assistance in the preparation. Mr. Miller then described how the annual operations budget is part of the multi-year cash flow projection model that also generates the vaccine assessment grid pricing. The assessment grid was adopted at the May Operations Committee meeting. Mr. Miller described that the budget as presented is shown as a monthly document so that budget-to-actual reporting can be presented monthly. The budget document provides detail for the coming fiscal year, and a high-level view of the following two years. It is comprised of five sections: Direct Processing Costs; Executive Director Costs and Related Support Fees; Provider and Payer Education and Outreach; Administration Costs; and Other Discretionary Expenditures. Mr. Miller proceeded to review the detail line items under each of the five categories. Of particular note he stated that the budget includes more provider and payer outreach costs for new materials and a part time resource based in Washington to work with payers and providers. There is also line to be able to retain Margaret Lane in an advisory capacity regarding payer and provider communications. It is expected that lockbox and image conversion fees will be reduced as more electronic remittances are received from payers. Mr. Miller was asked about other differences between the prior budget and this one. He replied that the investment in information processing via the conversion of the remittances, checks and correspondence in the lockbox was significant. It is a transition from a paper-based to a digital environment designed to provide insights and controls on the open-DBA system. The Committee members remarked that they liked the clarity of the budget’s new format and had no other questions. The monthly detail was seen as a positive.

Upon motion duly made and seconded, it was unanimously
VOTED: To recommend approval of WVA FY2021 Annual Operations Budget to the Board of Directors.

VIII. Closing

Mr. Miller stated that as part of increased transparency the monthly bank reconciliations have been sent to the Finance Committee along with the financial statements. He asked if the Committee would like to receive the Morgan Stanley statements. The Committee asked that they receive quarterly reports. Mr. Miller stated he would send the most recent report to the Committee members after the meeting.

Upon no further comments from any participant, Chairperson Auerbach thanked the Committee members for their attendance and Ms. Zell and the Helms team for their hard work. She adjourned the meeting at approximately 4:02 p.m.