

Washington Vaccine Association - Board of Directors Meeting

November 17, 2011, 2:00 - 3:00 PM

Location: Conference room of Ellis, Li & McKinstry & via Teleconference

I. **Attendance.** Participating in the meeting in person or by telephone were the following individuals:

Directors:

Brian Ancell
Joe Gifford
Phil Haas
Dr. Beth Harvey
Dennis Kirkpatrick
Dr. Ed Marcuse
Allene Mares (T)
Laura McMillan
Dr. Roger Muller
Jason Farber

Others:

Fred Potter
Margaret Lane
Anne Redman
Polly Sidwell, investor
Emily McKenna (T)
Claire Roberge (T)
Peter Smith (T)
Janna Bardi
Jan Hicks-Thomson

Absent Directors

Dr. Mary Kay O'Neill

II. **Summary of Actions Taken and / or Recommended**

A. Actions Taken (votes adopted)

1. Voted to confirm new board member Jason Farber and approve the continuation of board re-appointments (Roger Muller, Brian Ancell, and Dennis Kirkpatrick, each serving a three year terms).
2. Voted, in light of Phil Haas' upcoming early retirement, to appoint Norman Seabrooks to the Aetna seat for the remainder of Phil Haas' term, commencing effective January 20th.
3. Voted to re-appoint Brian Ancell as Board Chair, Dennis Kirkpatrick as Treasurer and Secretary, and Laura McMillan as Vice-Chair.
4. Voted to approve the September 22, 2011 minutes, as amended.
5. Voted to approve the Audit Committee meeting minutes from the September 22, 2011 meeting, as presented (only members of the Audit Committee voted)
6. Voted to reduce WVA's assessment rate to 45% of the CDC rate with targeted effective date of February 1, 2012.
7. Voted to authorize CML to proceed with the publication of the WVA annual report, as presented to the board.

III. **Minutes**

At 2:00, a quorum having been established, Brian Ancell, Chairman of the Vaccine Association, called the meeting of the Board of Directors to order. Chair Ancell first introduced to the board Jason Farber. Secretary Selecky has appointed him to the board as the representative of employers offering self-funded health coverage.

Upon motions duly made and seconded, it was unanimously

VOTED:

To confirm new board member Jason Farber and the approve the continuation of board re-appointments (Roger Muller, Brian Ancell, and Dennis Kirkpatrick, each serving a three year turn).

Upon motions duly made and seconded, it was unanimously

VOTED:

To appoint Norman Seabrooks to the Aetna seat for the remainder of Phil Haas' term, effective January 20th.

Upon motions duly made and seconded, it was unanimously

VOTED:

To re-appoint Brian Ancell as Board Chair, Dennis Kirkpatrick as Treasurer and Secretary, and Laura McMillan as Vice-Chair.

The board then moved to discuss the calendar of future meetings. The timing of the meeting on December 15th was changed to 3:00-4:00 and set as a tentative teleconference date. The February 16 meeting was moved to March 15. The board then moved to the minutes. Fred Potter asked that the two committees that have outstanding unapproved minutes vote on them, and Brian Ancell clarified that only committee members would be voting with respect to committee minutes. Under DOH update, the minutes were corrected to read "AST Vision Award".

Upon motions duly made and seconded, it was unanimously

VOTED:

To approve the WVA Board meeting minutes from the September 9, 2011 meeting, as amended.

Upon motions duly made and seconded, it was unanimously by the members of the Audit Committee

VOTED:

To approve the Audit Committee meeting minutes from the September 9, 2011 meeting, as presented.

Dr. Marcuse updated the board about the vaccine committee, which having successfully completed its startup work now has shifted primarily to a maintenance mode – meeting 2-3 times a year to address flu vaccine and updating provider choice.

Fred Potter moved to the next item on the agenda, WVA cash flow modeling. This was done in support of the important work of the Board in setting WVA's assessment rate.

The data had to be normalized. The last 15 months had been marked by many unusual, unexpected events, which included returning prepayment funds before they were due. The compounded conservative decisions last assessment reset cycle has now led to more than \$30 million in the bank. Provider acceptance was higher than anticipated. For the last 3-4 weeks, Peter Smith and Fred Potter worked to both improve estimates of actual numbers of childhood vaccinations and develop initial factors to help normalize the prior actual payment activity. That work resulted in the summary sheet included in the board packet. Assessment reduction percentage is minus 6.9% from of the present below-CDC rate assessment in order to begin effecting a refund of the over collection. Fred Potter gave more detail on the charts provided to the board. With \$17.6 million as the targeted reserve, the reduction of 6.9% below the CDC rate is projected to take 2 years to burn down. The \$17.6 million is the highest three months of purchases over a three year time frame and adjusted for the carried inventory of flu vaccine. The board had some further discussion regarding the burn down rate and the board came to an initial consensus around 40% as being a likely desired level. Given experience over the past year, the sense of the board was to err on the side of burning down faster. 40% is a safe rate. No inbound payment from TriCare was accounted for this modeling. There was further conversation regarding whether in a year the reserves should be just turning the corner to reduce or actually being reduced. The recommendation of the board then coalesced around moving to the present CDC rate minus 45%. Mr. Potter noted that the *de facto* rate would be even lower if WVA does not make adjustments after the likely price increases from CDC around April 1.

Upon motions duly made and seconded, it was unanimously

VOTED:

To approve the reduction of the assessment rate to 45% of the current CDC rate, with a target effective date February 1, 2012.

Mr. Potter indicated that he believed WVA could implement the requested schedule by the board's target date. He noted that, even apart from providers completing updates, plans through their claims repricing facilities could capture most of the change as of the intended effective date. Fred Potter projected that, with this decision, WVA should start seeing cash balance declines by about May, possibly earlier.

Investment Advisor Selection

Fred Potter presented the Investment Advisory Services RFP and provided a report on initial responses. CML anticipates narrowing the field to three for December 8 interviews. He asked the board to hold that date at 3 pm for a conference call to confirm the task force choice and also sought direction of the board concerning the aggressiveness of investment. The advisor would have a policy draft by December 15th. While that is a quick time frame, it is not going to be overly complex. It also might be helpful to have the advisor to come to meet with the board. The investment policy will be fluid. There was further conversation about the timing of implementation.

Brian Ancell suggested taking more time and setting the Board meeting for final action on January 19th where the board can meet the investment advisor and go over the policy and recommended investment plan. The sense of the board was to allow more time for the Investment Task Force and also allow more time to produce a more carefully considered set of recommendations culminating in board action at the regular January Board meeting slot. Mr. Ancell requested that the proposed Investment Policy, in final or nearly final form be sent to the board with some lead time for review prior to its January 19th meeting. Accordingly the board meeting scheduled for the 15th of December is off but the time is held for an investment committee meeting. Therefore, the previously-scheduled Investment Task Force meeting on the 13th also is off.

Executive Director Update

Fred Potter highlighted the monthly financials and drew the board's attention to the annual report. CML requested the board's permission to do a small print run and post to the web. The other piece is the performance metrics.

Upon motions duly made and seconded, it was unanimously

VOTED:

To authorize CML to proceed with the publication of the annual report, as presented to the board.

Fred also presented the performance dashboard. There will not be two opportunities for choice during the 2011-2012 WVA fiscal year, which was the decision of the vaccine committee. In 2012 there will be two opportunities for provider vaccine selection. There were no questions on the director's report. TriCare was held over for discussion during executive session

Executive Session

Fred Potter drew the attention of the board to the letter sent to TriCare. There is no guarantee about timeframe. Fred Potter asked the board's approval to continue to advocate for TriCare payment. The board further discussed strategy. Fred Potter discussed the performance graph.

There being no further business, the meeting was adjourned at 3:00 pm.

Secretary

Date of Approval Washington Vaccine Association