

PRIVILEGED AND CONFIDENTIAL DRAFT
ATTORNEY-CLIENT COMMUNICATION
AMERICAN ACADEMY OF DERMATOLOGY
JULY 23, 2022

Present

Mark D. Kaufmann, MD, FAAD, President
Linda F. Stein Gold, MD, FAAD, Vice President
Kenneth J. Tomecki, MD, FAAD, Immediate Past President
Daniel D. Bennett, MD, FAAD, Secretary-Treasurer
Keyvan Nouri, MD, MBA, FAAD, Assistant Secretary-Treasurer
Terrence A. Cronin, Jr., MD, FAAD, President-elect
Robert S. Kirsner, MD, PhD, FAAD, Vice President-elect
Lawrence J. Green, MD, FAAD
Adelaide A. Hebert, MD, FAAD
Alexander Miller, MD, FAAD
Cyndi J. Yag-Howard, MD, FAAD
Murad Alam, MD, FAAD
Cheryl M. Burgess, MD, FAAD
Naomi Lawrence, MD, FAAD
Amy J. McMichael, MD, FAAD
Andrew H. Weinstein, MD, MPH, FAAD
April W. Armstrong, MD, MPH, FAAD
Maria K. Hordinsky, MD, FAAD
Jennifer Lucas, MD, FAAD
Tammie C. Ferringer, MD, FAAD
Brad P. Glick, DO, MPH, FAAD
Adrian O. Rodriguez, MD, FAAD
Ruth Ann Vleugels, MD, MPH, FAAD

Not Present

Lindy P. Fox, MD, FAAD
Allison K. Arthur, MD, FAAD, Young Physician Board Observer
Taylor Gray, DO, Residents-Fellows Board Observer
Adebola O. Ogunbiyi, MD, IFAAD, International Board Observer
Sarah Tancredi, MBA, PHR, Senior Vice President, Operations
Cindy Kuhn, MSc, Vice President, Member Relations and Engagement
Rudy Anderson, CAE, Vice President, Development and Revenue

Guests

Bruce A. Brod, MD, MHCI, FAAD, Incoming Board of Director
Allison Therese Vidimos, MD, RPh, FAAD, Incoming Board of Director
Dirk M. Elston, MD, FAAD, JAAD Editor

Staff

Elizabeth K. Usher, MBA, Executive Director and CEO
Robert M. Portman, JD, General Counsel
Melanie Tolley Hall, Senior Vice President, Marketing and Communications
Steven Debnar, MBA, Vice President, Finance
Matthew Fitzgerald, DrPH, Vice President, Science and Quality
Krista D. Kauper, JD, Vice President, Strategy, Meetings, Analytics and Alliances
Amy Outschoorn, MEd, BASc, CTD, Vice President, Continuing Professional Education
Erik Horn, MBA, Senior Director, Information Technology
Tim Moses, CMP, Senior Director, Meetings and Conventions
Cyndi Del Boccio, Director, Governance
Katie Domanowski, Director, Communications
Beth Laws, Director, Advocacy & Policy

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Michelle Pizarro, Director, Executive Projects & Operations

CALL TO ORDER

Mark D. Kaufmann, MD, FAAD, President and presiding, called the meeting of the Board of Directors of the American Academy of Dermatology (AAD) to order at 8:01 a.m. (Pacific) on Saturday, July 23, 2022 and welcomed the invited speakers and guests.

QUORUM

Daniel D. Bennett, MD, FAAD, Secretary-Treasurer declared that a quorum was present for the transaction of business.

ORDER OF BUSINESS/INTRODUCTORY MATTERS

Dr. Kaufmann noted that the AAD and AADA online ballot was posted and approved on BoardEffect and that the following items were pulled for discussion from the online ballot:

- Council on Science and Research:
 - Awards Policy– Excellence in Patient Care Awards
 - Position Statement on AAD Recognized Certifying Board

Dr. Kaufmann then asked Dr. Bennett to provide the review of the responsibilities of the Board members.

Board Obligations and Duties

Dr. Bennett first reminded the Board of following their fiduciary duties, including the duty of care, duty of loyalty, and duty of obedience and referred them to background materials on these obligations on BoardEffect.

Dr. Bennett noted that the Board members' disclosures of outside interests and code of conduct were posted to BoardEffect. He stated that the Executive Committee compared the Board's executive summary of disclosures to the agenda topics to pre-identify potential conflicts based on the Board member's disclosure forms. Dr. Bennett stated this review does not usurp the Board member's responsibility to identify any potential conflicts of interest with regards to the Board's agenda items and *state them* at the time the item is being discussed. He stated that the presenters should declare potential conflicts prior to beginning a presentation. If speaking to a recommendation or motion, Board members should declare potential conflicts prior to making any comments.

Dr. Bennett also stressed the importance of maintaining confidentiality of Board discussions and minutes. Dr. Bennett noted that the AAD/A antitrust compliance policy applies to this meeting.

Separate Order of Business

Robert M. Portman, JD, General Counsel reminded the Board members that they would be following the American Institute of Parliamentarians *Standard Code of Parliamentary Procedure* (formerly *Sturgis Code of Parliamentary Procedure*), and that it is essential that the Board follow the order of business and observe corporate formalities necessary to ensure the separateness of the two organizations.

AAD OFFICER AND DIRECTOR REPORTS

President's Report

Dr. Kaufmann reported on activities, meetings, and other developments since the May Board meeting, including:

Numerous advocacy activities relating to Medicare and private payor reimbursement, the

- Food and Drug Administration's modifications to the iPledge program and the lidocaine shortage; Federal Trade Commission investigation of pharmacy benefit managers; prior

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authorization issues; scope of practice; Hawaii restrictions on the sale and use of sunscreens; Medicare payment reform; step therapy; and melanoma research

- The re-appointment of Alex Gross, MD to the Georgia Medical Board and Amy Derick, MD to the Florida Medical Board
- Updates provided by Drs. Cronin and Kaufmann at meetings of the American Society of Mohs Surgery, the Florida Academy of Dermatology, and the British Association of Dermatologists (in Scotland)
- The House Call on the Mall event in which AADA leaders were able to engage meaningfully with members of Congress and staff
- Attendance at the American Medical Association (AMA) Annual Meeting in June at which AAD member and former director, Jack Resneck, Jr., MD, FAAD, was inaugurated as AMA President.

Dr. Kaufmann also encouraged all Board members to attend the AADA Legislative Conference in September. He highlighted upcoming meetings that he would be attending, including the Pacific Dermatologic Association in Portland, Oregon (July 28-31) and the National Medical Association in Atlanta (August 2). In addition, he said he would be attending a Camp Discovery session in Minnesota on August 2-4.

Dr. Kaufmann next report that he had created an Ad Hoc Task Force (AHTF) on Patient Guidance for State Regulations regarding Reproductive Health, chaired by Linda F. Stein Gold, MD, FAAD. He said the charge of the AHTF was to help members navigate state laws and recommend the best course of action in giving counsel to states about how care should be implemented for pregnant patients who may have been exposed to teratogenic medications.

Lastly, Dr. Kaufmann encouraged Board members to submit names of possible nominees for officers, directors and Nominating Committee representative positions to the Candidate Recruitment Work Group by Aug. 22.

Honorary Members - *Confidential*

Dr. Kaufmann referred the Board to pp. 11-16 of the background materials and next discussed his proposed nominations for Honorary Memberships. He reminded the Board to keep the Honorary Membership recipients confidential. Dr. Kaufmann presented six (6) members who had been nominated for Honorary Membership. He noted that in 2017, the Board approved limiting the number of honorary memberships granted per year to five (5), not including the Gold Medal recipient. He noted the first five members were his recommendations and that Andris Y. Rubins, MD, IFAAD, of Riga, Latvia was a self-nomination.

A motion was made and duly seconded to approve Dr. Kaufmann's five (5) nominees for honorary membership:

Diane S. Berson, MD, FAAD
Abel Torres, MD, JD, MBA, FAAD
Kenneth J. Tomecki, MD, FAAD
Warren R. Heymann, MD, FAAD
Robert T. Brodell, MD, FAAD

ACTION: Approved (Dr. Tomecki abstained)

Gold Medal Recipient - *Confidential*

Dr. Kaufmann then presented his proposed Gold Medal recipient. He reminded the Board of the importance of keeping this Gold Medal information strictly confidential. He stated that the nominee for the 2023 Gold Medal award recipient was Daniel M. Siegel, MD, FAAD, from New York. He referred the Board to the background materials for the information on Dr. Siegel's impressive background.

A motion was made and duly seconded to approve awarding the Gold Medal to Daniel M. Siegel, MD, FAAD from New York.

ACTION: Approved

Secretary-Treasurer's Report

Second Quarter Financial Report Ending June 30, 2022

Dr. Bennett referred the Board to pp. 17 – 21 of the background materials and presented the Second Quarter Financial Report Ending June 30, 2022. He reminded the Board that the Academy has not experienced any financial hardships during this two and a half year pandemic period that other similar organizations have had to endure. We are still in a strong financial position. Precautionary efforts by leadership and staff have allowed the organization to grow during the pandemic.

Dr. Bennett then highlighted specific categories of revenue and expense. He also discussed current member renewal rates, which have generally been very steady. He noted that the VMX (virtual meeting experience) registration numbers and revenues were significantly below budget. Likewise, he said that the Innovation Academy registration and revenue numbers were below budget due in part to the ongoing pandemic and the perceived difficulties in traveling to Canada. Dr. Bennett stated that total revenues for the second quarter were \$6.1 million below budget and total expenses were nearly \$3 million below budget, leading to a net surplus of \$5.6 million as of June 30, 2022, about \$3.2 million below budget. He said most of that gap was due to the under-performance of the VMX program. Dr. Bennett reminded the Board that the budgeted surplus for 2022 is \$205,717.

Dr. Bennett also noted that the Financial Emergency Contingency Fund balance of \$30.5 million is \$3.448 million in excess of policy. He said this number had significantly decreased because of the declining financial markets. He then reported on the AAD investment returns in the second quarter, which were all negative, but were generally at or above benchmarks for the same period.

A motion was made and duly seconded to approve the Second Quarter Year-to-Date Financial Report Ending June 30, 2022 for information only.

The Board discussed the reasons for the poor VMX attendance and associated revenue loss and ways to make the program more successful in the future.

ACTION: Approved

Executive Director's Report

Ms. Elizabeth K. Usher, MBA, referred the Board to her written report on pp. 22 – 34 of the background materials and focused her verbal report on progress that had been made towards achieving the goals and objectives in the AAD/A strategic plan. She noted that AAD/A staff continue to align their activities and initiatives with those goals and objectives and to measure their effectiveness using key performance indicators (KPIs) and metrics approved by the Board.

Ms. Usher then reported on several ongoing activities and upcoming events, including the Legislative Conference; the provision of access to the Practice Management area of the AAD website to

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members of the Association of Dermatology Administrators and Managers; *JAAD*'s continued impressive impact factor and other positive performance indicators; several activities under the Diversity, Equity, and Inclusion initiative; the development and issuance of several guidelines or guideline updates; and the Board's strategic retreat in February 2022. She also reported on efforts to replace several important staff positions that are currently vacant.

Ms. Usher then gave an update on progress toward achieving various KPI metrics relating to member satisfaction, member retention, year-over-year revenue growth, net surplus, and employee engagement. She also noted that registration for the Innovation Academy was well below expectations but had passed 1000 participants.

A motion was made and duly seconded to approve the President's, Secretary-Treasurer's, Executive Director's and the International Board Observer reports for information only.

ACTION: Approved

AAD STRATEGIC DISCUSSION

JAAD Reviews Journal - Confidential

Dr. Bennett referred the Board to pp. 37 – 38 of the background materials and introduced Dirk M. Elston, MD, FAAD, *JAAD* Editor to present the report. He noted that negotiations on a new contract with Elsevier are underway and seemed to be going well. He also said that the *JAAD* editorial board is considering starting a fourth journal, which would be totally online, open access and that would require authors to pay a fee to be published. He noted that this new journal would provide a forum for valuable articles that did not meet the criteria for publication in *JAAD*. He noted that Elsevier, the *JAAD* publisher, was strongly in favor of creating this new journal.

A motion was made and duly seconded to approve further development, hiring of an editor, and launch of a fourth *JAAD* journal (third open access) titled *JAAD Reviews*.

All Board members were asked to disclose their relationships with other journals before speaking to the motion and to recuse themselves if they were involved in business decisions for other journals. Dr. Kaufmann also stressed that this discussion was highly confidential.

Several board members spoke in support of proposal. Concerns were raised about charging authors a fee to be published. Dr. Elston assured them that this was necessary to cover costs, many other open access journals are charging author fees, and most authors are happy to pay the fee to be published in a *JAAD* journal. He also noted that there is a fee waiver process for authors who can show a financial burden or need.

ACTION: Approved

Dr. Kaufmann noted that the next two topics setting forth proposed membership and revenue strategies were interconnected and built on the work the organization had done to establish core components of AAD/A's operational structure.

Council on Member Services

AAD Membership Strategy - Confidential

April W. Armstrong, MD, FAAD, Board liaison to the Council on Member Services, and Krista D. Kauper, JD, presented the AAD Membership Strategy report. Dr. Armstrong referred the Board to pp. 39 – 64 of the background material. She first acknowledged Cindy Kuhn's work on this project because Ms. Kuhn was unable to attend the meeting. After discussing the purpose and background of the Membership Strategy, she asked Ms. Kauper to present the details of the report.

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Ms. Kauper noted that the goals of the membership strategy were:

- Recruit, retain, and recapture at least 90% of U.S. Board-certified dermatologists as AAD/A members
- Increase member satisfaction and perception of value across all career segments and
- Optimize international membership to leverage global presence and reputation

She said the key metrics against which progress of the foregoing goals would be measured are:

- Retain 97% of US Fellows annually
- Convert 95% of Graduate members to paying AAD/A members within 3 years post residency/fellowship
- Achieve median score of 8 in overall member satisfaction on the annual Member Satisfaction Survey
- Attract and retain international members at the optimal level as determined by strategic direction of the Board

Ms. Kauper then provided an updated on the current state of membership retention and satisfaction and presented a SWOT (strengths, weaknesses, opportunities, and threats) analysis with respect to the goals of increasing member retention and satisfaction.

Dr. Armstrong then outlined the following objectives for each of the three goals.

Member Retention:

- Retain 97% of US Fellows annually
- Convert 95% of Graduate Members to paying AAD/A members within 3 years of post-residency/fellowship
- Increase retention of Young Physicians from 96% to 97%
- Retain 99% of Life Members

Member Satisfaction:

- Achieve median satisfaction score of 8
- Improve perception of membership value – decrease % of members who rate value received as less than what they pay from 44% to 25 % by 2025
- Increase % of Young Physicians who say they are satisfied from 51% to 65% by 2025

Optimize International Membership:

- Determined by the Board of Directors during strategic discussion

Dr. Armstrong then discussed key strategic approaches for each of these goals and objectives, and Ms. Kauper presented key data points and background on international membership.

A motion was made and duly seconded to approve the AAD Membership Strategy as presented.

The Board then discussed and provided feedback on the proposed goals, objectives, and strategic approaches, with a particular focus on improving satisfaction of younger members, enhancing communication of AAD/A activities, and increasing the perception of the value of membership. The Board discussed the strategic approach for international membership, including whether there is an ideal number or percentage of international members to engage the international community. The consensus of the Board was to maintain the current level of international membership.

ACTION: Approved

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Revenue Strategy

Dr. Bennett referred the Board to pp. 65 – 66 of the background material and stated that this matter will be referred to the Executive Committee for further development and will be brought back to the Board in November so that it can be reviewed with metrics.

The AAD meeting was recessed at 11:37 a.m. (Pacific) and convened the AAD Executive Session meeting.

The AAD meeting reconvened at 1:44 p.m. (Pacific).

AAD HEARD FROM THE FIELD

Dr. Kaufmann invited Board members to raise issues of concern that they were hearing out in the field which fall under the purview of the AAD Board.

Dr. Cronin presented the new American Board of Dermatology (ABD) Professionalism Policy. He stated that the ABD released its Professionalism Policy after meeting with AAD leadership in March in Boston. Several Board members expressed concern about the ABD policy being outside the scope of ABD's mission and purpose and the potential for the policy to chill physician speech. However, the consensus was that the AAD did not need to issue a public statement about the policy at this time.

Drs. Cronin next presented background on the National Board of Physicians and Surgeons (NBPAS). He noted that NBPAS requires initial certification by an American Board of Medical Specialties (ABMS) or American Osteopathic Association (AOA) Board and proof of completion of minimum CME but does not require a re-certification test. He noted that this might be a viable alternative to the ABD for AAD members who do not wish to participate in the ABD's maintenance of certification process.

AAD UNFINISHED BUSINESS

Council on Communications

Consumer Positioning Strategy

Cheryl M. Burgess, MD, FAAD, referred the Board to pp. 68 – 69 in the background materials. She then discussed the Council's plan to execute a new Consumer Positioning Strategy to be implemented in the fall. Melanie Tolley Hall and Katie Domanowski then presented the "Your Dermatologist Knows" strategy that was derived based on member and consumer surveys. They noted that focus of the strategy is to position Board-certified dermatologists as the ultimate source of knowledge and expertise for skin, hair, and nails conditions. They stated that the strategy will be heavily focused on using social media influencers, three members who will serve as dedicated social media correspondents, and an expanded ambassador group. The campaign will launch during National Healthy Skin Month in November and an influencer reception will be held during the 2023 Annual Meeting.

A motion was made and duly seconded to approve the Council on Communications information report for information only.

The Board engaged in an extensive discussion and provided feedback on the proposed strategy.

ACTION: Approved

Professionalism and Ethics Committee (PEC)

American Academy of Dermatology's Professionalism & Ethics Pledge

Adrian O. Rodriguez, MD, FAAD, referred the Board to page 67 of the background material. He stated that the PEC reviewed the proposal to turn pledge into position statement. In addition, the Chair of the Professionalism and Ethics Committee, Benjamin Stoff, MD, FAAD, met with the Chair of

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the Advisory Board, Andrew H. Weinstein, MD, MPH, FAAD, to discuss the Advisory Board's concerns with the pledge. Dr. Rodriguez noted that the PEC did not believe it was appropriate to turn the pledge into a position statement for reasons stated in the Committee's recommendation but felt it would be appropriate to remove the acknowledgment that a member had agreed to the pledge from the tent cards used by the Academy at various meetings.

A motion was made and duly seconded to approve the recommendation from the Professionalism and Ethics Committee to remove the acknowledgement that a member has agreed to the pledge from the tent cards used by the Academy at its various meetings.

Dr. Weinstein noted that the PEC's proposal was appreciated but insufficient and did not address the Advisory Board's concerns about the pledge.

ACTION: Defeated

A new motion was made and seconded to keep the pledge on the website and eliminate the check box to acknowledge compliance with the pledge.

ACTION: Approved

A motion was made and duly seconded to not approve the Advisory Board resolution AAD001 (S-21): American Academy of Dermatology's Professionalism and Ethics Pledge to eliminate the pledge.

ACTION: Approved

A motion was made and duly seconded to rename the "Ethics Pledge" as the "Ethics Statement."

ACTION: Approved

Ms. Usher introduced and welcomed Amy Outschoorn as new Vice President of Education.

AAD NEW BUSINESS

Audit Committee

Dr. Bennett referred the Board to pp. 70 – 105 of the background materials and presented the 2021 Audit Report. He noted that this was a clean audit—i.e., that the auditors provided an unqualified opinion with no management letter, comments, or journal entries required, and no material weaknesses or deficiencies cited. He also acknowledged the great work of the Audit Committee and Steve Debnar and his team.

A motion was made and duly seconded to approve the 2021 independent auditor's report of December 31, 2021 financial statements.

ACTION: Approved

A motion was made and duly seconded to approve the rest of the Audit Committee report as presented for information only.

ACTION: Approved

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Council on Science and Research

Awards Policy – Excellence in Patient Care

Dr. Kaufmann noted that Alexander Miller, MD, FAAD requested that this policy be pulled from the online ballot on pp. 119 – 132. Dr. Miller stated that he was concerned that the mission/criteria for giving the award was co-mingled with the amount of the award. Dr. Miller suggested several edits to the Awards Policy.

A motion was made and duly seconded to approve the Awards Policy with Dr. Miller's proposed edits.

ACTION: Approved

Council on Member Services

Position Statement on Academy Approved Certifying Boards

Dr. Kaufmann noted that Drs. Cronin and Weinstein requested that this position statement be pulled from the online ballot page 70. Dr. Weinstein stated that he was seeking clarification on this position statement, which was provided.

A motion was made and duly seconded to reaffirm the Position Statement on Academy Approved Certifying Boards which was approved by the Board of Directors on May 1, 2009.

ACTION: Approved

AAD CONSENT AGENDA

Executive Committee

Dr. Kaufmann referred the Board to page 106 of the background material and presented the July 14, 2022 Executive Committee Summation Report.

A motion was made and duly seconded to approve the July 14, 2022 Executive Committee summation report.

ACTION: Approved

ADJOURNMENT

There being no further business, Dr. Kaufmann adjourned the Academy Board of Directors Meeting at 3:39 p.m. (Pacific).

Respectfully Submitted,

Daniel D. Bennett, MD, FAAD
Secretary-Treasurer