

PRIVILEGED AND CONFIDENTIAL DRAFT
ATTORNEY-CLIENT COMMUNICATION
AMERICAN ACADEMY OF DERMATOLOGY
NOVEMBER 2, 2024

Present

Seemal R. Desai, MD, FAAD, President
Cyndi J. Yag-Howard, MD, FAAD, Vice President
Terrence A. Cronin, Jr., MD, FAAD, Immediate Past President
Daniel D. Bennett, MD, FAAD, Secretary-Treasurer
Keyvan Nouri, MD, MBA, FAAD, Assistant Secretary-Treasurer
Susan C. Taylor, MD, FAAD, President-elect
Kevin D. Cooper, Vice President-elect
April W. Armstrong, MD, MPH, FAAD
Lindy P. Fox, MD, 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
Bruce A. Brod, MD, MCHI, FAAD
Brent R. Moody, MD, FAAD
Todd Schlesinger, MD, FAAD
Allison T. Vidimos, MD, RPh, FAAD
M. Laurin Council, MD, MBA, FAAD
Carrie L. Davis, MD, FAAD
Amy J. Derick, MD, FAAD
Alexander S. Gross, MD, FAAD
Howard W. Rogers, MD, PhD, FAAD
Dhwani S. Mehta, MD, FAAD, Young Physician Board Advisor
Rebecca Y. Dufner, MD, MBA, Residents-Fellows Board Advisor
Adebola O. Ogunbiyi, MD, IFAAD, International Board Advisor

Staff

Elizabeth K. Usher, MBA, Executive Director and CEO
Melanie Hall, Senior Vice President, Marketing and Communications
Krista D. Kauper, JD, Senior Vice President, Member Experience & Strategy Development
Karry La Violette, Senior Vice President, Advocacy & Policy
Sarah Tancredi, MBA, PHR, Senior Vice President, Operations
Rudy Anderson, CAE, Vice President, Development and Revenue
Steven Debnar, MBA, Vice President, Finance
Sukhjeet S. Ahuja, MD, MPH, Vice President, Science and Quality
Cindy Kuhn, MSc, Vice President, Member Relations and Engagement
Amy Outschoorn, EdD, Vice President, Continuing Professional Education
Erik Horn, MBA, Senior Director, Information Technology
Cyndi Del Boccio, Director, Governance
Katie Domanowski, Director, Communications
Michelle Pizarro, MHA, Director, Executive Projects & Operations
Jason Z. Qu, JD, General Counsel

Guests

Murad Alam, MD, FAAD, Incoming President-elect
Lawrence J. Green, MD, FAAD, Incoming Vice President-elect
Sabra Sullivan, MD, PhD, FAAD, Incoming Assistant Secretary-Treasurer

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CALL TO ORDER

Seemal R. Desai, MD, FAAD, President and presiding, called the meeting of the Board of Directors of the American Academy of Dermatology (AAD) to order at 8:04 a.m. (Central) on Saturday, November 2, 2024, and welcomed the guests, Murad Alam, MD, Incoming President-Elect; Larry Green, MD, Incoming Vice President-elect; and Sabra Sullivan, MD, PhD, Incoming Assistant Secretary-Treasurer.

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. Desai noted how grateful and proud he was to serve as AAD/A President and discussed his philosophy on how the Board members should function and interact. He also discussed the importance of Board members observing their fiduciary obligations, including confidentiality and support of Board actions, of reviewing online meeting materials on BoardEffect, and of adhering to parliamentary procedure. Dr. Desai then reviewed some additional logistical and procedural points for the meeting.

Dr. Desai noted that the AAD online ballot was posted and approved on *BoardEffect* and that the following items were pulled for discussion at the AAD meeting from the online ballot:

- DataDerm Oversight Committee – 2024 DataDerm Annual Report
- Council on Communications – AAD Public Social Media Correspondent Position Description
- Council on Member Services – 2025 – 2027 International Board Advisor Candidates

Board Obligations and Duties

Dr. Bennett discussed the fiduciary duties of Board members including the duty of care, duty of loyalty, and duty of obedience. He also discussed the importance of antitrust compliance, protection of the organization's assets, including its intellectual property, and confidentiality, including limits on notetaking.

Dr. Bennett then discussed the importance of conflict-of-interest disclosures and noted that the Board members' disclosure of outside interest forms had been posted to *BoardEffect*. He stated that the Executive Committee had compared the Board's executive summary of disclosures to the agenda topics for the meeting in an effort to preemptively identify potential conflicts or dualities of interest. Dr. Bennett emphasized that this review does not override each Board members' affirmative responsibility to identify and disclose potential conflicts of interest as they arise during the course of the Board's discussions. He noted that the existence of outside interests is common, can be managed effectively through disclosure, and should not be seen in a negative light.

Dr. Bennett also reminded Board members to update their disclosure forms on a regular basis. He then asked if the Board members had any additional conflicts to disclose. None were declared.

Parliamentary Procedures and Separate Order of Business

Jason Z. Qu, 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 to ensure that AAD business is conducted separately from AADA business.

AAD OFFICER AND DIRECTOR REPORTS

President's Report

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

- Advocacy successes and challenges related to Medicare payment reform, including the recently

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announced 2.83% Medicare fee schedule cut effective January 2025. Dr. Desai highlighted the Academy's support of H.R. 10073 – *Medicare Patient Access and Practice Stabilization Act of 2024*, legislation introduced by Congressman Greg Murphy and other co-sponsors that would both reverse the 2.83% cut and provide an inflationary-based update pegged at 50% of the Medicare Economic Index (MEI). Dr. Desai noted that this was the first bill to include an MEI-based update and that it represented progress towards the Academy's goal of establishing an inflationary increase pegged at 100% of MEI.

- Additional advocacy efforts including opposition to state-level scope of practice proposals, coverage for specialty care under Medicaid, Aetna modifier 58 claims denials, and cost considerations related to recently proposed health IT interoperability requirements.
- Public education efforts including the publication of Dr. Desai's Letter to the Editor in The Economist dispelling sunscreen misinformation.
- Continuing philanthropic efforts to partner with the City of Los Angeles to address the skin concerns of unhoused individuals, led by the newly created Ad Hoc Task Force to Educate the Unhoused Population.
- Successful Academy events, meetings, and initiatives including Camp Discovery and the 2024 AADA Legislative Conference.
- Robust Academy representation and participation, including delivery of 10 AAD Updates, at state society, international society, and industry meetings.

Secretary-Treasurer's Report

Third Quarter Financial Report Ending September 30, 2024

Dr. Bennett referred the Board to pp. 12 – 16 of the background materials and presented the Third Quarter Financial Report Ending September 30, 2024. Dr. Bennett stated that factors including a highly successful annual meeting and overperforming investments have resulted in a projected net GOF surplus of over \$2.9 million for FY2024, a substantial increase of over \$2.5 million from the 2024 budgeted surplus.

Dr. Bennett noted that membership revenue was currently below budget due to an overall decline in the membership retention rate from 96.3% in 2023 to 96.1% as of Q3 2024, whereas the budgeted retention rate for 2024 was 97%. Dr. Bennett also shared the final financial results for the Academy's summer Innovation Academy meeting which yielded a net loss of \$975,000 after failing to meet the event's budgeted revenue by approximately \$1.2 million.

Referring to the Academy's income statement as of September 30, 2024, Dr. Bennett stated that the Academy's overall revenue was approximately \$300,000 over budget and that all expense categories were currently below or only slightly ahead of budget, with total expenses more than \$3 million below budget. Dr. Bennett stated that the overall surplus stood at \$8,563,540 at the close of Q3 2024.

Dr. Bennett also summarized the Academy's investment returns through September 30, 2024, and noted that overall results were positive, with actual returns near or above benchmarks.

A motion was made and duly seconded to approve the Third Quarter Year-to-Date Financial Report Ending September 30, 2024, for information only.

ACTION: APPROVED

2023 General Operating Fund (GOF) Surplus

Dr. Bennett referred the Board to p. 17 of the background material and stated the 2023 financial statements of the Academy were presented during the August 3, 2024, Board of Directors meeting which showed the Academy closing the 2023 fiscal year with a net surplus of \$3,232,476 in the General Operating Fund (GOF). He stated that the Secretary-Treasurer and Assistant Secretary-

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Treasurer were charged with making recommendations on which fund(s) to transfer the 2023 GOF surplus.

Dr. Bennett stated that the Secretary-Treasurers recommended allocating \$2,232,476 of the 2023 GOF surplus to the Strategic Reserve Fund (SRF) and \$1,000,000 to the Reserve Fund (RIF).

A motion was made and duly seconded to approve moving the 2023 General Operating Fund (GOF) surplus to the Strategic Reserve Fund (SRF) and \$1,000,000 to the Reserve Fund (RIF).

ACTION: APPROVED

Executive Director's Report

Elizabeth K. Usher, MBA, Executive Director and CEO, referred the Board to her written report on pp. 18 – 29 and highlighted the following developments since the Board's August 3, 2024, meeting:

- Advocacy-related successes including introduction of the Physician Fee Stabilization Act (S.4935) and a successful 2024 Legislative Conference.
- Ongoing public education campaigns including the "Your Dermatologist Knows" campaign on social media alongside traditional media placements.
- Completion of session selection for the 2025 Annual Meeting and the extension of director invitations. The 2024 Annual Meeting On-Demand program also proved highly successful, doubling 2023 sales and exceeding budgeted revenue by \$117,863.
- Rollout of innovative new digital learning programs addressing emerging issues, including a course on Artificial Intelligence (AI) in dermatology.
- *JAAD* submissions remain strong, and *JAAD Reviews* published its inaugural issue.
- Practice Management tools planned for Q4 will include four CME teledermatology modules alongside new licensed distribution avenues for the Academy's popular Prior Authorization Appeal Letter tool.
- Successful community engagement programs including Camp Discovery, which included 196 campers and 188 volunteers, and 2,661 skin cancer checks for firefighters as of close of Q3 2024.
- Data and quality-related endeavors including progress on the development of new clinical guidelines and the on-schedule transition of DataDerm to an Academy-owned registry platform.
- Member win-back efforts are underway to increase the member retention rate for 2024, which currently sits at 96.1%.
- Successful launch of the Art of Skin event which raised over \$500,000 from corporate sponsors and over \$20,000 in event tickets and attendee donations to support AAD's Clinical Image Collection development.

The Board discussed opportunities to support member win-back and engagement efforts, including both lapsed members and dermatologists who have never been AAD members. Some Board members also shared their experience of receiving erroneous 2025 Annual Meeting director invitations and suggested that affected directors receive additional confirmation regarding the status of their sessions.

A motion was made and duly seconded to approve the President's and the Executive Director's reports for information only.

ACTION: APPROVED

AAD STRATEGIC ISSUES

Secretary-Treasurer

International Strategy Update

Dr. Desai referred the Board to p. 30 of the background materials and stated that the goal of this agenda item was to approve the proposed strategic direction for international engagement and to provide guidance from the Board on how to advance international engagement.

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Krista D. Kauper, JD, Senior Vice President, Member Experience & Strategy Development, described how the revised international strategy is linked to the Academy's strategic plan and to emerging insights from the Academy's ongoing enterprise risk assessment. Ms. Kauper shared that the International League of Dermatological Societies (ILDS) estimates that there are 215,000 equivalently qualified dermatologists around the world. She stated that a strategic consideration for the Academy was how it could increase engagement with international dermatologists as customers and stakeholders while continuing to optimize international membership levels, currently set at a 15-18% threshold.

Ms. Kauper explained that the two main strategic goals of the international strategy are:

- 1) To maintain and enhance the Academy's standing as the leader in the dermatology specialty through participation in activities and events globally. This goal is intended to leverage opportunities to enhance the Academy's global presence through representation of leaders and speakers at national and regional meetings, strengthen relationships with national and regional/multi-member organizations and explore new avenues for outreach to developing countries through volunteer opportunities & knowledge-sharing initiatives; and
- 2) To generate revenue through programs, products, and services developed for and/or marketing to international dermatologists. This goal includes conducting an assessment of the current model of revenue generation from international dermatologists, as well as potential opportunities through both licensing and direct distribution, leveraging established relationships with international organizations, and developing opportunities to leverage resources and content beyond traditional scientific programs, such as the Leadership Institute, clinical guidelines, DataDerm and practice management.

Dr. Desai and Ms. Kauper also shared the results of a multi-factor analysis that aimed to identify priority countries and regions for the Academy to focus its international efforts. After considering factors such as a country's existing degree of Academy engagement, number of dermatologists, and market capacity for Academy products and educational services, they informed the Board that India, the Middle East region, Brazil/Mexico/Colombia, China, and Japan/South Korea/Taiwan had been identified as initial priority regions.

Members of the Board expressed general support for the updated strategy and highlighted how it could support the Academy's mission, impact, and operational interests. Board members also expressed an interest in ensuring that the strategy included opportunities to engage non-priority regions, including those in Africa and the Caribbean, to develop opportunities for future engagement. A suggestion was made to provide the Board with talking points to share with members in connection with the updated strategy.

A motion was made and duly seconded to approve the updated International Engagement Strategy Update as presented.

ACTION: APPROVED

Executive Committee

Risk Assessment Initiative Update

Dr. Bennett and Ms. Kauper presented the Risk Assessment Initiative Update on p. 31 of the background materials. Dr. Bennett provided an overview of the enterprise risk assessment process, which he noted involved identifying, analyzing, and then addressing key risk categories relevant to the Academy. Ms. Kauper stated that the Academy had completed the first formal step of the assessment process which involved information gathering, research, and stakeholder engagement to identify and assess major risks and will develop mitigation strategies for key identified risks before producing a final assessment report and recommendations.

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Ms. Kauper then provided the Board with an overview of key findings from the risk assessment and identification phase. She categorized identified risks according to whether they impacted the dermatology specialty and/or healthcare more generally with risks in this category including financial challenges stemming from the healthcare and reimbursement environment, scope of practice concerns, access to care, and the uncertain impact of technological innovations. All of these potential risks were identified as high-priority risks when ranked by respondents in terms of likelihood and impact. Risks that impacted the Academy itself, including increased market competition, a need to develop diverse and sustainable revenue streams, and changing member needs also were identified as high-priority potential risks to be addressed in the mitigation strategy. Ms. Kauper also shared opportunities for growth identified as part of the enterprise risk assessment which included expanded international outreach, expansion of Academy audiences, customized member offerings, and enhanced advocacy partnerships.

The Board discussed elements of the Risk Assessment Initiative Update and the Academy's potential role in addressing systemic risks related to private equity investment, scope of practice, telemedicine, AI, and other issues. Ms. Kauper noted that the process of developing mitigation strategies will necessitate breaking down each high-level risk category into more granular risks and matching action items.

A motion was made and duly seconded to approve the Risk Assessment Initiative Update as presented for information only.

ACTION: APPROVED

Workgroup on Board Values

Definitions

Cyndi J. Yag-Howard, MD, FAAD, Vice President, referred the Board to pp. 38 – 39 of the background materials and presented the Workgroup on Board Values report. She reminded the Board that it defined five core values during its May 2024 retreat, after which the Workgroup on Board Values met to draft individual definitions of each value for the Board's consideration and approval.

The Board discussed the Workgroup's proposed definition of the "Professionalism" value and considered potential revisions. A motion was made and duly seconded to approve the following revised definition of the "Professionalism" Board value:

Professionalism

Professionalism embodies respect, integrity, and trust, with a steadfast commitment to ethical behavior and confidentiality. It fosters an environment of open, honest communication, where decisions are made collaboratively, prioritizing the organization's mission above personal interests. Everyone's opinions are treated with mutual respect. Transparency, preparedness, and accountability are integral components of professionalism. By upholding high standards of conduct, professionalism builds unwavering trust and reinforces the organization's core values.

ACTION: APPROVED

The Board discussed the Workgroup's proposed definition of the "Unity" value and considered potential revisions. A motion was made and duly seconded to approve the following revised definition of the "Unity" Board value:

Unity

Unity is built on a foundation of collaboration and trust, where all members work cohesively toward a common purpose. It acknowledges the importance of healthy debate and diverse opinions in the

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boardroom while presenting a unified front publicly. We speak with one voice to support final decisions. Unity fosters shared goals, ensuring alignment across the organization and driving positive outcomes. Through solidarity and mutual respect, members create an environment where collective strengths drive success.

ACTION: APPROVED

The Board discussed the Workgroup's proposed definition of the "Engagement & Curious Mindset" value and considered potential revisions. A motion was made and duly seconded to approve the following revised definition and title of the "Engagement & Curious Mindset" Board value:

Engaged & Curious Mindset

An engaged and curious mindset involves asking thoughtful questions, listening to diverse viewpoints, and being open to new ideas. By approaching our duties with curiosity and a desire for deeper understanding, individuals drive innovation and foster growth within the organization.

ACTION: APPROVED

The Board discussed the Workgroup's proposed definition of the "Strategic Focus & Discipline" value and considered potential revisions. A motion was made and duly seconded to approve the following revised definition of the "Strategic Focus & Discipline" Board value:

Strategic Focus & Discipline

Strategic focus and discipline ensure that every action taken aligns with the organization's strategic priorities and goals. This value requires clarity of purpose, resisting distractions, and consistently evaluating progress to sustain success and encourage growth.

ACTION: APPROVED

The Board discussed the Workgroup's proposed definition of the "Champion" value and considered potential revisions. A motion was made and duly seconded to approve the following revised definition of the "Champion" Board value:

Champion

A champion is a passionate leader who motivates and inspires others to align with the organization's mission and strategic objectives. A champion leads by example, advocating for the organization's values and vision through both voice and action.

ACTION: APPROVED

Dr. Yag-Howard noted that the Workgroup's next step will be identify specific examples of each value for the Board's consideration.

A motion was made and duly seconded to approve the Workgroup on Board Values report as amended.

ACTION: APPROVED

After further discussion, a motion was made and duly seconded to reconsider the definition of the "Champion" value previously approved by the Board and its inclusion within the approved Workgroup on Board Values report.

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ACTION: APPROVED

The Board engaged in additional discussion regarding the definition of the “Champion” value and considered additional potential revisions. A motion was made and duly seconded to approve the following revised definition of the “Champion” Board value:

Champion Visionary Leadership

A ~~champion visionary leader~~ is a passionate, ~~drive momentum, rallies support and inspires and thoughtful leader who motivates and inspires~~ others to align with the organization’s mission and strategic objectives. A ~~champion visionary leader is a champion who~~ leads by example, ~~and advocates~~ ing for the organization’s values and vision through both voice and action.

ACTION: APPROVED

A motion was made and duly seconded to approve the Workgroup on Board Values report as amended.

ACTION: APPROVED

Leadership

Discussion to Identify Potential Gaps on the Board

Drs. Desai and Bennett referred the Board to pp. 32 – 36 of the background materials and stated that they were seeking guidance from the Board regarding whether, and to what extent, information concerning potential demographic gaps on the Board, as reflected in the background materials, should be shared by Drs. Desai and Bennett with the Nominating Committee during their upcoming November 4th call. Dr. Desai reminded the Board that members should recuse themselves from this discussion if their participation in the upcoming election could give rise to a conflict of interest.

The Board discussed the gap analysis presented in the background materials. A few Board members advised against highlighting specific demographic gaps for the Nominating Committee and cited concerns related to the robustness of the gap analysis data, the relevance of this information with respect to the Committee’s overall role, and other concerns. Some Board members expressed support for framing this information as a “plus factor” in close cases but not as a factor that should override any substantive candidate qualifications. The Board also discussed whether disclosing the total number of applicants for Board and officer positions would provide useful information to potential applicants and/or promote transparency.

AAD HEARD FROM THE FIELD

Dr. Desai invited Board members to raise issues of concern they were hearing out in the field that fall under the purview of the AAD Board. The following issues were discussed:

High Benzene in OTC acne products TBCD

Tammie C. Ferringer, MD, FAAD referred the Board to pp. 40 – 43 of the background materials and prompted a discussion regarding whether a recent *DermWorld* Weekly article on benzene levels in over the counter (OTC) acne products was potentially misleading, lacking in context, or otherwise inconsistent with the Academy’s communications and publishing standards. Members of the Board generally agreed that the headline of the *DermWorld* Weekly article failed to convey important nuances regarding the study at issue. The Board discussed how the Academy’s existing talking points on this topic provided members with a more complete and substantive resource.

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AAD NEW BUSINESS

Budget Committee

Dr. Bennett referred the Board to pp 44 – 45 of the background material and presented the Budget Committee report. He stated that the Budget Committee met in person on October 3, 2024, and on October 14, 2024, to discuss the 2025 budget and to develop its recommendations to the Board. He also discussed the process for developing the budget.

Dr. Bennett then gave a high-level overview of the proposed 2025 budget, noting that it includes a 6.6% increase in both revenue and expenses which represented a lower, more normalized growth rate than in preceding years. He also stated that while membership and meeting revenue continue to constitute a majority of total revenue, the Academy's revenue streams are generally more diversified than peer organizations.

Dr. Bennett noted that the 2025 budget reflected a higher level of investment in the 2025 Annual Meeting and a considerable reduction in the budgeted net surplus for the event as compared to 2024. Dr. Bennett and Ms. Kauper explained that the 2025 Annual Meeting program in Orlando included a new opening ceremony, member welcome reception, and faculty reception alongside ongoing enhancements. These investments will require the expenditure of \$522,400 for the two new receptions. Dr. Bennett and Ms. Kauper conveyed the Budget Committee's recommendation that these investments be funded out of the SRF for 2025 as a pilot year and would be funded out of GOF thereafter.

Dr. Bennett explained that the Budget Committee evaluated a few models for 2025 Annual Meeting registration fees and ultimately adopted a structure where fees started at \$1,029 for early Member registration. The fee structure would represent a 5% increase in registration fees as compared to 2024 for members, an 8.5% increase for non-member physicians, and an 11.6-12.8% increase for non-member, non-physician attendees. Dr. Bennett explained that these fee increases, alongside increased exhibitor booth fees, would help keep the Annual Meeting pricing in line with inflation while ensuring a high-quality experience for attendees. He also discussed why it was preferable to raise the early registration fee above \$1000 in connection with the 2025 Annual Meeting in Orlando as opposed to the 2026 Annual Meeting in Denver.

The Board discussed various budgetary and strategic concerns related to the 2025 Annual Meeting. Some Board members asked for clarification regarding the proposed fee of \$25 for the member reception and considered whether the fee could have an impact on resident attendance. Some Board members also expressed concerns around the timing of the new meeting elements and their potential to conflict with outside meetings or events that are coordinated around the Annual Meeting agenda. Todd Schlesinger, MD, FAAD, also noted the importance of ensuring that auxiliary Annual Meeting events be scheduled in a manner that minimizes conflict with the main Annual Meeting program.

Dr. Bennett then explained the budget assumptions used in connection with the 2025 Innovation Academy (AI) meeting. He noted that the Academy will continue to implement workgroup recommendations to improve the 2025 IA Meeting and was conducting member research to inform planning for the 2025 Meeting and beyond. He stated that the Committee adopted a conservative budget for the 2025 meeting in Chicago to include a slight increase in projected attendance and comparable booth sales, with no increase in either registration or exhibit fees, for a total budgeted net loss of \$337,000.

The Board discussed various budgetary and strategic concerns related to the Innovation Academy meeting, including the need to continue assessing the name and purpose of the meeting.

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AAD/A General Operating Fund (GOF) Budget

Dr. Bennett noted that a 10% increase in the Officers' Stipend was included as part of the GOF budget, representing a total future annual cost of \$51,850. He stated that the Officers' Stipend Workgroup, whose members were selected to have no conflict of interest related to this matter, had recommended the increase after assessing the impact of the stipend on the Academy's ability to recruit qualified Officer candidates and noted that the last increase had occurred in 2017. He stated that the Workgroup also reviewed a survey of other professional societies as part of this determination. Dr. Bennett also noted that the change would be effective April 1, 2025, resulting in a lower fiscal impact of \$38,887.50 for 2025.

DataDerm

Melanie Hall, Senior Vice President, Marketing and Communications, reviewed the strategic goals that informed the Board's 2023 decision to transition DataDerm from a vendor-owned and managed registry platform to an Academy-owned platform managed with the support of a third-party technology partner. Ms. Hall noted that this transition promises to significantly improve the DataDerm user experience and will allow for future enhancements tailored for the needs and interests of the Academy, its members, and the dermatology specialty. She updated the Board on the status of the platform transition, noting that work was proceeding on schedule and that the platform is scheduled to launch at the beginning of 2025.

Dr. Bennett then explained how total projected spend related to the DataDerm transition through 2025, which includes the phased depreciation of capital costs related to platform development, will exceed the \$4,060,763 approved by the Board in 2023 from the Excellence in Dermatology fund. He stated that the projected shortfall of \$539,223 will therefore be funded by the GOF in 2025.

Burden of Skin

Dr. Bennett noted that the budget does not include a proposal to generate a new Burden of Skin Disease report with an estimated cost of \$800,000. The Committee determined that additional assessment and assignment to the correct CCTF for further action was required to advance this proposal.

AAD/A General Operating Fund (GOF) Budget

A motion was made and duly seconded to approve the 2025 AAD/A General Operating Fund with a fiscal impact of:

Combined AAD/A Revenues of \$75,170,939
Combined AAD/A Expenses of \$74,840,176
Combined AAD/A Net Surplus of \$330,763

ACTION: APPROVED

AAD/A Strategic Reserve Fund (SRF)

A motion was made and duly seconded to approve the following programs to be drawn down in 2025 from Strategic Reserve Funds (SRF).

- \$358,900 - Welcome Reception-Annual Meeting
- \$163,500 - Faculty Reception- Annual Meeting
- \$49,600 - Moshi
- \$24,132 - Health Policy Retreat
- Total: \$596,132

ACTION: APPROVED

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AAD/A Technology Funds' Budget

A motion was made and duly seconded to approve the 2025 Technology Fund Budget with a fiscal impact of \$2,702,900.

ACTION: APPROVED

AAD/A Property, Plant, & Equipment Funds (PP&E) Budgets

A motion was made and duly seconded to approve the 2025 AAD/A Property, Plant & Equipment Fund Budgets with a fiscal impact of \$53,000.

ACTION: APPROVED

Board Governance Policy – Budgeting Process, Fiscal Cycle and Financial Planning

Dr. Bennett referred the Board to pp. 46 – 49 of the background materials and explained that the Budget Committee was recommending minor changes to the Board Governance Policy on *Budgeting Process, Fiscal Cycle and Financial Planning* to reflect the involvement of staff in the budget development process.

A motion was made and duly seconded to approve the edits to the Board Governance Policy on Budgeting Process, Fiscal Cycle and Financial Planning as presented.

29 1. ~~The Senior Director and Chiefs~~ Executive Team conducts in-depth reviews with each of
30 ~~the~~ department directors who reports to them and make any necessary budget
31 adjustments.
32 2. ~~The Senior Staff and~~ Executive Director, ~~Chief Operating Officers, and Chief Financial~~
33 ~~Officer~~ meet with each Director to review all budgets. After all reviews are completed
34 and edited, a draft of the budget is presented to the Secretary Treasurer and Assistant
35 Secretary Treasurer.

ACTION: APPROVED

A motion was made and duly seconded to approve the rest of the Budget Committee report of October 3 and 14, 2024, for information only.

ACTION: APPROVED

Council on Communications

2024 Public Perception Pulse Survey

Howard W. Rogers, MD, PhD, FAAD, referred the Board to p. 37 of the background materials and stated that the Academy conducts a consumer survey every three years to assess public perceptions of dermatologists, both generally and as compared against other providers. Ms. Hall and Katie Domanowski, Director, Communications, shared how this research is used to inform the Academy's communications strategy and public relations program, including its "Your Dermatologist Knows" positioning strategy.

Ms. Domanowski then shared the results of the 2024 consumer perceptions pulse survey with AAD's target demographic of women ages 25 - 35. She stated that overall perception trends were positive and that perceptions of dermatologists had improved since 2022. She noted that a majority of respondents identified dermatologists as being top-of-mind when it comes to skin, hair, and nail problems and that a growing majority of respondents associated dermatologists with being the most capable and qualified professionals to seek out for skin issues. She also noted that 86% of respondents recognized

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dermatologists to be medical doctors, a rate comparable to other specialists. Ms. Domanowski also noted that 88% of respondents had heard or read a skin health story in 2024 and that online searches, websites, and social media were the most likely source of skin health stories.

Ms. Domanowski then discussed trends and insights from the research that may warrant further investigation in 2025. She noted that half of respondents also considered nurse practitioners (NPs) and physician assistants (PAs) to be doctors and that dermatologists received a stronger but lower rating than aestheticians and plastic surgeons on cosmetic procedures, although they still outperform NPs and PAs in this area. Ms. Domanowski also noted that dermatologists were rated lower than other professionals on cost, appointment ease, and suitability for minor conditions.

The Board discussed the results of the pulse survey and requested that these results be shared with Academy membership, noting that there was strong demand for this data and the associated insights. The Board also discussed the importance of positioning dermatologists as a link between the medical and cosmetic dimensions of skincare.

A motion was made and duly seconded to approve the Council on Communications 2024 Public Perception Pulse Survey as presented for information only.

ACTION: APPROVED

DataDerm Oversight Committee

Dr. Rogers referred the Board to pp. 50 – 62 of the background materials and requested an update on how the DataDerm transition would be communicated to members as of January 1, 2025. Ms. Hall responded that a full marketing campaign is being developed and that the Board will be receiving a report on these efforts, the platform launch, and initial platform performance in March 2025.

A motion was made and duly seconded to approve the *2024 Annual Report of DataDerm* for submission to *JAAD* as a “From the Academy” publication.

ACTION: APPROVED

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

ACTION: APPROVED

Council on Communications

AAD Public Social Media Correspondent Position Description

Dr. Ferringer referred the Board to pp. 63 – 65 of the background materials and stated that she was concerned that the shortened one-year period between the end of a Social Media Correspondent's term and the first year they are eligible to run for Academy office was insufficient. The Board discussed the reasoning behind implementing a lockout period for Social Media Correspondents and the potential impact of a longer lockout period on candidate recruitment. Due to the risk that correspondents' high degree of exposure, it was thought it would give them an undue advantage vis-à-vis other candidates. A number of Board members voiced support for retaining the two-year lockout period.

A motion was made and duly seconded to *not approve* the Council on Communications' proposal to shorten the period Social Media Correspondents are ineligible to run for Board or Officer positions from two years to one year following their Correspondent term.

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ACTION: APPROVED

AAD CONSENT AGENDA

Executive Committee October 29, 2024 Summation Report

Dr. Bennett referred the Board to p. 66 of the background material. A motion was made and duly seconded to approve the October 29, 2024, Executive Committee summation report.

ACTION: APPROVED

ADJOURNMENT

There being no further business, Dr. Desai adjourned the Academy Board of Directors Meeting at 5:01 p.m. (Central).

Respectfully Submitted,

Daniel D. Bennett, MD, FAAD
Secretary-Treasurer