

Responses to questions posed in HHSS mtg of March 27, 2014. From Senator Giessel's office

**1. Who benefits from this program with the advent of Affordable Care Act? Who are the winners and losers?**

The patients, the providers, the payers, and the public all benefit from this program. The proposed solution increases access to vaccines for patients while both payers and health care providers would realize savings--at no cost to the state. It will help all Alaskans by reducing health care costs for treatment of vaccine-preventable diseases. Even pharmaceutical manufacturers benefit--while they may sell vaccine at lower prices, there should be some offset because greater quantities of vaccine will be sold. The Affordable Care Act requires that individuals have health coverage and that insurance covers immunizations. Some plans are grandfathered and do not currently have to provide that coverage; not all Alaskans will enroll for private insurance immediately. Without SB169, starting in July 2015, providers will have to purchase vaccine from the marketplace for 100% of the adults and 50% of children, and manage multiple inventories. With SB169, as more people are insured and more insurance covers immunizations under the Affordable Care Act, access would improve as providers receive more state supplied vaccine purchased with assessments paid by insurers. Providers would realize savings for the vaccines when there is no assessable entity if they opt-in.

**2. How will the program be able to afford vaccines if prices keep going up?**

As prices go up, the assessment will go up as well. Regardless of the price, assessable entities will continue to benefit from the assessment being less than what they would pay if providers purchased vaccine from the marketplace. Just as the state has been doing already, if funds are insufficient to purchase all vaccines, the state will prioritize for whom they will purchase vaccines and which vaccines they will purchase. If the choice has to be made, children will have priority over adults. Among adults, priority will be given to vaccines with a better return on investment.

**3. Idaho had to add GF; why won't that happen in AK?**

The Alaska model is different than Idaho and gives us the flexibility so that would not happen here. Under SB169, the state will receive the assessment payments in advance and will only purchase and distribute vaccine for which the funds are in hand. Otherwise, providers will purchase it themselves or they can opt in to the assessment. There is no need to request for general fund dollars in Alaska to make up for any lack of participation.

**4. Does the state pay for "state-supplied" vaccine for tribal entities? If the tribal system doesn't pay then do all the other payers have to cover the cost?**

Tribal entities would be able to receive state distributed vaccine for a) all children, and b) adults who are covered by participating payers. The tribal system is mandated to pay the assessment; however, federal law might prohibit such a mandate. For their clients not covered in the assessment by another payer, and if the tribal system doesn't pay the mandatory assessment, they would need to either opt-in to the assessment or providers would directly purchase vaccine from the marketplace for their tribal patients.

**5. Does this program only benefit those adults with private health coverage?**

This program benefits adults with and without private health coverage. The "assessable entities" include those with private health coverage (health care insurers, health benefit plans, third-party

administrators), and all public or private entities that offer a publicly funded plan, to the extent participation in the program is authorized by law. This includes Employee Retirement Income Security Act (ERISA) plans and public coverage like Medicare, Medicaid, TRICARE, the state's high risk pool, and the tribal health system. For adults who are uninsured and not otherwise covered by an assessed payer, health care providers can opt-into the assessment program and purchase vaccine at a discount, passing the savings onto patients.

**6. Can ERISA plans be mandated to pay assessments?**

ERISA plans would be expected to pay under the definition of an assessable entity in the bill. ERISA does not prevent the state from assessing the payers. Under ERISA, states cannot mandate the provision of a benefit. SB169 does not mandate a benefit; rather it establishes a bulk purchasing pool for vaccine and requires the state to be reimbursed for the actual cost of vaccines provided to beneficiaries. Third-party administrators, who are often contracted to perform claims processing activities for ERISA plan trustees, are also included in the mandatory assessment. ERISA plans that use a third-party administrator would pay a single assessment.

**7. If a provider chooses not to use the state-supplied vaccine, will the insurer refuse to reimburse them? Can they turn it off?**

Providers have the choice to receive the state-supplied vaccine at no cost or purchase vaccine directly from the marketplace and seek reimbursement. Health care insurers will naturally not want to pay claims for vaccine for which they already paid assessments. In Washington, Premera does not refuse to reimburse them, but pays providers who don't use the state supplied vaccine at a rate lower than the assessment. The program incentivizes providers to participate in order to avoid the financial and administrative burdens of purchasing vaccines and maintaining separate vaccine storage and tracking systems.

**8. The fiscal note does not include the uninsured adults.**

The fiscal note number 7 (Epidemiology) addresses the issue of uninsured adults on the top of page 3. Providers who wish to obtain state-distributed vaccine for adults who are either uninsured or not otherwise covered by an assessed payer may voluntarily opt-in to the assessment. Providers who do not opt in to the program would still receive vaccine at no cost for all others but not for uninsured adults. By opting in, providers receive discounted vaccine pricing and avoid managing multiple vaccine inventories. Without SB169, starting in July 2015, providers will have to purchase vaccine from the marketplace for 100% of the adults (insured and uninsured) and 50% of children (those not eligible for Vaccines for Children federal program).

**9. PhRMA wants to be able to compete.**

BIO-Tech testified that they were working on "unique contracting options specifically targeted to small volume providers in rural and underserved areas". We have not been presented with any options to evaluate but would welcome PhRMA offering their own competitive price list.

**10. Are we subsidizing insurance companies on the backs of the pharmaceutical manufacturers?**

The major health care insurer, Premera of Washington and Alaska, had an average operating margin for 2006 - 2010 of 2%. A major pharmaceutical manufacturer, Glaxo Smith Klein, for 2011 - 2013 had an average positive margin of 27% - or 13 times that of Premera. In terms of dollars, GSK's profits were more than 100 times as large as Premera's (WA and AK).

**11. What if we cannot access the federal contract?**

The state will procure vaccines through federal procurement authorities where possible. The authority to do so for children is contained in the US Code. It is less clear as to whether or not the state can use that federal procurement potential to buy vaccines for adults. If not, there are several multi-state purchasing collaboratives that the state can access to obtain favorable pricing by buying in bulk.