THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Health and Social Services

DIVISION OF PUBLIC HEALTH
Director's Office

P.O. Box 110610
Juneau, Alaska 99811-0610
Main: 907.465.3090
Fax: 907.465.4632

Creating a Vaccine Assessment Account in Alaska
Frequently Asked Questions and Answers

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(The information contained in this FAQ is based on the best available information at the time, and will be updated frequently.)

1. **Why is a vaccine assessment account being discussed now?**
For over 30 years, the Alaska Immunization Program had a "universal" vaccine program – distributing recommended childhood and adult vaccines to all Alaskans. However, Federal Section 317 vaccine funding to Alaska has declined from $4.3 million in 2010 to $200 thousand in 2014. In 2012, legislation (HB 310) was passed to provide $4.5 million in state general funds each year for 3 years to *temporarily* reinstate vaccine funds for underinsured children and underinsured/uninsured adults until a long-term vaccine financing solution could be created; the HB310 funding will end on July 1, 2015. The intent of Senate Bill 169 is to preserve universal access to state-distributed vaccines for children and to provide state-distributed vaccines for "covered" adults (see #9 and #10 below) through the creation of a vaccine assessment account--a self-sustaining vaccine financing solution.

2. **How could a vaccine assessment program reduce costs and barriers for providers and patients?**
By collecting payments from payers (see #9 and #10 below) and remitting assessed funds to the Alaska Immunization Program to buy vaccines at a discount off a bulk contract, a vaccine assessment program would make it possible for:
   - health care providers to receive state-distributed vaccines for all covered patients and avoid the financial and administrative burdens of purchasing vaccines and maintaining separate vaccine storage and tracking systems;
   - payers to participate in a more efficient, cost-effective vaccination system; and
   - the public to have improved access to the recommended vaccines, which are estimated to lower health care costs considerably (for every $1 spent on recommended vaccines, approximately $10 is saved in health care costs).

3. **Is the intent of the bill to provide state-distributed vaccine for children and adults?**
State-distributed vaccine would be available to providers for a) all children, and b) adults who are covered by an assessed payer (see #9 below). Additionally, the DHSS Commissioner or the Vaccine Assessment Council would ideally have the authority (possibly through regulation) to reduce the scope of the Assessment to only cover children if circumstances (e.g., economic or administrative) existed that would threaten the viability of the children's program if the adult program persisted.

4. **Where might the seed money come from to purchase the initial vaccine for a vaccine assessment account?**
Potential sources of start-up funds might include the remainder of House Bill 310 funding, or prospective payments from payers.

5. **Does the bill establish whether the assessment will be a covered lives model or dosage-based model?**
No, the bill allows the Vaccination Assessment Council to determine which model will be best for Alaska.

6. **How would payer assessment costs be determined under a covered lives assessment model?**
First, the Alaska Immunization Program would determine the projected assessment *cost* at the beginning of each year based on the number of Alaskans expected to be vaccinated that year, the discounted (bulk-rate) vaccine costs, and overhead for running the program. Next, the Vaccination Assessment Council would equitably assess each payer based on the payer's projected market share of vaccinations to be administered to patients under their coverage, and set the payment schedule (e.g., annual vs. quarterly). The primary advantage of this model is its administrative simplicity. The primary disadvantage of this model is that payer assessments are based on projected vaccine administration numbers, which lack precision.

7. **How would payer assessment costs be determined under a dosage-based assessment model?**
The major distinction of the dosage-based assessment model from the covered lives assessment model (see #6 above) is that in the dosage-based model, payers pay into the assessment account throughout the year as patients covered under their plan receive vaccine instead of being assessed at the beginning of the year based on projected costs. The primary advantage of this model is

that it offers a more precise assessment for payers. The primary disadvantage of this model is that it more cumbersome to operationalize (e.g., it involves more paperwork, a longer start-up time, and more administrative requirements for providers).

8. **How is "health care insurer" defined in the bill?**
   In the bill, the definition of "health care insurer" is per AS 21.54.500(17): a person transacting the business of health care insurance, including an insurance company licensed under AS 21.09, a hospital or medical service corporation licensed under AS 21.87, a fraternal benefit society licensed under AS 21.84, a health maintenance organization licensed under AS 21.86, a multiple employer welfare arrangement, a church plan, and a governmental plan, except for a nonfederal governmental plan that elects to be excluded under 42 U.S.C. 300gg-21(b)(2) (Health Care Portability and Accountability Act of 1996).

9. **For whom would participation in the program be mandatory?**
   The bill mandates participation from all "assessable entities" including 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, to the extent allowed by law (see #12 below).

10. **For whom would participation in the program be voluntary?**
    Voluntary participation in the assessment only applies to providers who wish to obtain state-distributed vaccine for *adults* who are uninsured and not otherwise covered by an assessed payer (see #16 and #20 below). Providers who care for large numbers of non-qualifying participants (e.g., Federally Qualified Health Centers and Community Health Centers) already purchase vaccine from the marketplace for their clients, and it is expected that they would continue to do so if they decide not to opt-in to the assessment. The benefits of opting-in are summarized in #2 above.

11. **Would providers incur a higher assessment cost for adult vaccines than they are currently paying?** Because vaccines will be purchased in bulk at discounted pricing, providers are expected to incur lower costs by opting-in to the assessment for adult vaccines; however, each provider will need to determine if it is in their best interest to participate. The provider's share of the total assessment is based on their market share, which reflects the provider's proportionate cost.

12. **Would publicly-funded healthcare benefit plans be mandated to participate in the program?**
    Publicly funded healthcare benefit plans are included in the bill's definition of "health care insurer" (see #8 and #9 above). However, it is currently unclear whether this bill could legally require *federally*-funded healthcare benefit plans (e.g., Medicaid, Medicare, the Veteran's Administration, the military's TRICARE, and tribal health) to participate in the assessment, as federal law might prohibit such a mandate for some or all of the plans. For federal plans that would not be required to participate, they would need to either opt-in to the assessment or directly purchase vaccine for those clients not covered in the assessment by another payer.

13. **Would pharmacists who give shots at retail pharmacies be able to participate in the program?**
    Yes, pharmacists with a collaborating physician would be able to receive vaccine for uninsured adults if they pay an assessment. If they don't opt-in they will continue to directly purchase vaccine for their customers.

14. **Would Employee Retirement Income Security Act (ERISA) plans be included?**
    Yes; ERISA does not preempt the state from assessing fees on the payer. To the extent allowed by federal law, ERISA plans would be expected to pay under the definition for "health care insurer". As was previously stated above, third party administrators—who are often contracted to perform claims processing activities for ERISA plan trustees—would also be included in the mandatory assessment.

15. **Will the childhood and adult vaccine populations be combined to form a single assessment cost per payer?**
    This will be addressed by the Vaccine Assessment Council in its plan of operation under AS 18.09.210(f)(1). The plan must use a method that attributes equitable costs, by payer. In Vermont, childhood and adult vaccine costs have been assessed separately.

16. **What provisions would be made to avoid double-counting individuals who are eligible for state-distributed vaccines in multiple ways (e.g., a person who has "coverage" through two or more payers)?**
    This will be addressed by the Vaccine Assessment Council in its plan of operation under AS 18.09.210(f)(1). The plan must use a method that equitably attributes costs by payer. This could, for example, exclude assessments for beneficiaries whose vaccines are supplied by other means, e.g., TRICARE beneficiaries who receive vaccines exclusively at military clinics on-base.

17. **Could providers get vaccine for uninsured adults, funded by surplus funds, even if they don't opt-in?**
No. The Alaska assessment fund is expected to be sufficient to cover Alaska children who are not eligible for Federally-supplied (Vaccine for Children; VFC) vaccine and not covered by an assessed payer; however, the account is not expected to have enough surplus funds to cover adults who are uninsured or not covered by an assessed payer.

18. **Would the Patient Protection Affordable Care Act (PPACA) preempt any provision(s) of the vaccine assessment account?**
No. Title I of PPACA contains the following provision: *No Interference with State Regulatory Authority—Nothing in this title shall be construed to preempt any State law that does not prevent the application of the provisions of this title.* The vaccine assessment account supports the PPACA requirement that coverage be provided without the imposition of cost-sharing for immunizations for routine use in children and adults.

19. **Would payments made by insurers be accountable as a medical expense?**
Yes, payments are considered a medical expense.

20. **How would providers be compensated for the administration of vaccines?**
Since the assessment only covers the cost of the vaccine, providers would bill payers/patients as they currently do for vaccine administration fees.

21. **How will the program equitably respond to fluctuations in health insurance plan population demographics?**
This will be addressed by the Vaccine Assessment Council in its plan of operation under AS 18.09.210(f)(1). The plan must establish appropriate procedures (including frequency) of vaccine assessment collections and deposits.

22. **How might a vaccine assessment account affect which vaccines are available through the State?**
Historically, the Alaska Immunization Program has decided which vaccines to purchase for the state-supplied vaccine formulary, and has purchased one vaccine brand in each antigen category for the entire state. Several factors are used to determine which vaccines to include in the formulary, such as cost, efficacy, and ease of utilization. Establishment of a vaccine assessment account could bring forward requests to revisit the topic of vaccine choice and ensure that every manufacturer could participate in a universal purchase system.

23. **How much did the State spend on vaccine during the 2013 CDC Federal Contract Year?**
Alaska expended $13.6 million--$9.7 million in federal funds and $3.9 million in state funds--on vaccine for the 2013 CDC Federal Contract Year from October 2012 to September 2013. This includes influenza vaccine purchases for the entire 2013–14 flu season (some of this vaccine was purchased outside of the CDC Federal Contract Year).

24. **Where would the State store the vaccine?**
State-distributed vaccine would be stored in the Alaska Division of Public Health's Vaccine Depot (in Anchorage).

25. **Would this bill mandate that all children need to be vaccinated.**
No, this bill does not address childhood vaccination mandates.

26. **Can state-distributed vaccine be resold or billed by providers to other payers?** No.

27. **Would this bill create a new Governor-appointed council?**
No, the eight Vaccine Assessment Council members would be appointed by the DHSS Commissioner.

28. **Would council members be compensated for their work?**
No, council members would not be compensated for their work.

29. **What would the Vaccine Assessment Council's plan of operation need to address?**
The "plan of operation" would need to include the method for calculating the assessment amount for each covered individual; the method for determining proportional costs to insurers/participants; procedures for the collection and deposit of assessment fees; procedures for collecting data which includes at a minimum the number of covered individuals and vaccine usage; and a system for crediting overpayments.

30. **What role would DHSS play in this effort?**
DHSS would maintain a list of recommended vaccines for inclusion in the program; establish the 1st year's assessment, and thereafter make annual assessments based on commission determinations; notify insurers and other program participants of the assessment amount; devise a method for crediting overpayments; coordinate the bulk purchase of vaccine for the best price; set procedures for distributing vaccines; and review appeals for errors.

31. **Does the Commissioner or the Council have the authority to contract out for administrative services in support of this new program, as has been done in other states?**
    AS 18.09.210(e) directs the Department of Health and Social Services to provide staff and other assistance to the Council; this includes the authority to contract for administrative services. Other states with vaccine assessment accounts contract with an administrator (e.g., some states have contracted with KidsVax.org).

32. **Doesn't the Affordable Care Act (ACA) sufficiently address the financial barriers to immunization?**
    While the ACA does require private insurers to cover ACIP-recommended vaccines for children and adults with no out-of-pocket expense and no deductible, ACA does not solve the financial liability for providers. Providers would still need to front the cost of vaccines for their patients and maintain separate stocks of vaccine, which is becoming increasingly more costly and burdensome.

33. **Would implementation of a universal purchase program overburden DHSS with additional administrative costs of managing the vaccine supply for the entire state, such as warehousing and shipping doses to multiple sites?**
    No. DHSS has many years of experience with the administrative process required to maintain vaccine distribution for a universal program and under the current system, the Alaska Immunization Program manages most of the statewide vaccine supply.

34. **Would a universal purchase program create an unnecessary pass-through of a federal discount intended for vulnerable populations since vaccine costs are not a substantial cost for insurers as a portion of insurance premiums?**
    The cost of vaccinating a child through 18 years has been increasing significantly in the past 30 years, from $50 in the 80s to $2250 in 2012 (Pediatrics 2014;133:367). In a recent survey, 10% of physicians had seriously considered discontinuing providing all childhood vaccines to privately insured patients because of cost issues; for private pediatric offices, the cost of vaccines has become one of the top overhead expenses, magnifying the risks of uncompensated expenses (Pediatrics 2014;133:367).