

Mr. Chairman and Committee members, my name is Phyllis Arthur and I represent the Biotechnology Industry Organization (BIO) and I am here to speak on Senate Bill 169.

BIO opposes Senate Bill (S.B.) 169. While we recognize and share the State's goals of increasing the administrative ease of vaccine administration and achieving high vaccination rates, we believe the proposed program would result in an additional administrative burden for the State, create redundancy relative to the Affordable Care Act (ACA) and have very little impact on immunization rates among Alaskans.

America's vaccine manufacturers strongly support efforts by states to increase immunization rates among people of all ages. We work closely with state governments, insurers and other vaccine stakeholders to develop and implement solutions that are proven to increase access to immunizations through **sustainable** public-private partnerships.

I would like to discuss three key issues:

1. UP programs have not actually helped to increase immunization rates;
2. The implementation of this program may not actually solve the current issues of many providers; and
3. Providing private insurers access to federally discounted vaccine intended for disadvantaged children runs counter to the original intent of the VFC program and provides a pass through to insurers at the expense of vaccine companies.

The UP program created by S.B. 169, will most likely not lead to higher immunization rates.

- For 30 years, Alaska had a full UP program. Higher immunization rates along with increased access to vaccines have long been touted as benefits of universal purchase programs.
- However, according to 2012 data from the CDC, only 3 UP states were ranked among the top 10 states nationally for childhood immunization rates while another 3 UP states were ranked in the bottom 10.<sup>[1]</sup>
- From 2000 to 2009 Alaska ranked at or well below the U.S. average for all standard series vaccines.
- In 2012, the year for which the most recent CDC data is available, the estimated vaccination coverage rate among children aged 19–35 months in Alaska was 59.5%, the lowest in the nation for the standard series. .<sup>[2]</sup>

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<sup>1</sup> CDC Estimated Vaccination Coverage Rate % Vaccination Series Among Children 19-35 Months of Age by State, U.S., National Immunization Survey, Q1/2012-Q4/2012. Data for 4:3:1 plus ≥3 doses of Hib

The Affordable Care Act (ACA) has addressed many of the financial barriers to immunization affecting patients by requiring private insurers to cover ACIP-recommended vaccines for children, adolescents and adults with no out-of-pocket expense and no deductible. While there are still some issues affecting providers, UP programs may not help to solve these problems.

- The ability of the state to assess all types of insurance plans in the state is unclear and may not be allowed under federal law. This may result in a multi-tiered immunization system where providers still must access the private sector for some patients or specific vaccines but with smaller volumes.
- In addition providers will still be required to screen patients for eligibility, stock private sector doses for children and adults whose insurance plan is not paying into the assessment pool, submit for reimbursement and track use of these doses. Moreover, providers will still need to bill for the administration of vaccines.
- Lastly UP programs often burden state health departments with the additional administrative costs of managing the vaccine supply for the entire state, such as warehousing and shipping doses to multiple sites. Accountability for ordering, storing, tracking and shipping vaccine ultimately rests with the Alaska Department of Health during a time when public sector funding for infrastructure is being cut.

Lastly this type of UP program, tax assessments and insurance pools, create a pass through of a federal discount intended for vulnerable populations.

- Parents and employers pay premiums for their immunization coverage, so the vaccine cost is already paid for, as is the visit and all of the other medical care.
- Vaccine costs are not a high or significant cost for insurers as a portion of insurance premiums. In fact a 2009 HHS study showed that vaccine coverage accounts for only 0.8% of family premiums.<sup>2</sup>
- Health plans reap the benefits of fully immunized populations through reductions in health expenditures for hospitalizations, office visits, testing, and treatment.

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vaccine of any type, 3 or more doses of HepB, 1 or more doses of varicella vaccine, and 4 or more doses of PCV. Available at: [http://www.cdc.gov/vaccines/stats-surv/nis/data/tables\\_2012.htm#overall](http://www.cdc.gov/vaccines/stats-surv/nis/data/tables_2012.htm#overall) .

<sup>1</sup> Alaska Department of Health and Social Services. State of Alaska Epidemiology Bulletin. Published February 17, 2011. Available at: [http://www.epi.hss.state.ak.us/bulletins/docs/b2011\\_02.pdf](http://www.epi.hss.state.ak.us/bulletins/docs/b2011_02.pdf)

<sup>2</sup> Rose Chu, presentation at June 2009 NVAC meeting, "2009 Premiums for Routine Immunizations."

America's vaccine manufacturers are continuously investing in both existing and new vaccines for children, adolescents and adults. This is only possible when there is a sustained, viable market for these vital public health products.

BIO believes that a private sector solution can be found that solves the issues of all vaccine stakeholders – patients, providers, insurers and vaccine manufacturers. We have worked closely with states to develop public-private solutions to many of these same problems. For example, in Colorado BIO works with a large coalition of vaccine stakeholders to develop a set of recommendations for the state on ways to increase immunization access and rates. The group is evaluating unique contracting options specifically targeted to small volume providers in rural and underserved areas, researching organizations that can help providers with billing of insurance plans and developing better educational programs for provider offices and staff. We are working on similar programs in California and New Mexico.

Thank you again for this opportunity to share our issues. I will be glad to answer any questions.