

SENATE FINANCE COMMITTEE  
February 13, 2019  
9:00 a.m.

9:00:49 AM

CALL TO ORDER

Co-Chair von Imhof called the Senate Finance Committee meeting to order at 9:00 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Click Bishop  
Senator Peter Micciche  
Senator Donny Olson  
Senator Bill Wielechowski  
Senator David Wilson

MEMBERS ABSENT

Senator Mike Shower  
Senator Lyman Hoffman

ALSO PRESENT

Senator Cathy Giessel, Sponsor; Jane Conway, Staff, Senator Cathy Giessel; Doctor Lily Lou, Chief Medical Officer, Department of Health and Social Services; Jill Lewis, Deputy Director, Alaska Division of Public Health; Dan Sullivan, Appointee, Regulatory Commission of Alaska.

PRESENT VIA TELECONFERENCE

Matt Hirschfelt, Alaska Pediatric Partnership, Anchorage; Jody Butto, AVAP Board, Anchorage; Ken McCarty, Appointee, Alaska Mental Health Board of Trustees; John Sturgeon, Appointee, Alaska Mental Health Board of Trustees.

SUMMARY

SB 37          RENEWAL OF VACCINE ASSESSMENT PROGRAM

SB 37 was HEARD and HELD in committee for further consideration.

CONSIDERATION OF GOVERNOR'S APPOINTEES

A. MENTAL HEALTH BOARD OF TRUSTEES: KEN MCCARTY, JOHN STURGEON

B. REGULATORY COMMISSION OF ALASKA: DAN SULLIVAN

#sb37

SENATE BILL NO. 37

"An Act relating to the statewide immunization program."

[9:02:29 AM](#)

SENATOR CATHY GIESSEL, SPONSOR, introduced the bill.

[9:07:47 AM](#)

JANE CONWAY, STAFF, SENATOR CATHY GIESSEL, discussed the Sectional Analysis (copy on file):

Section 1:

Amends AS 18.09.200(b) by removing the "phase in" language from statute as the Alaska Vaccine Assessment Program is now fully implemented.

Section 2:

Amends AS 18.09.220(a) by removing the "phase in" language from statute as the Alaska Vaccine Assessment Program is now fully implemented.

Section 3:

Repeals AS 18.09.220(e) by removing the opt out option for assesses since the program is no longer in the "phase-in" stage

Section 4:

Repeals the sunset provisions (to repeal the program in 2021) that were in section 5 of the original bill, SB 169 in 2014.

[9:09:33 AM](#)

DOCTOR LILY LOU, CHIEF MEDICAL OFFICER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, (DHSS) disclosed that she was

the president of the American Academy of Pediatrics Alaska Chapter. She noted that one of the letters was written by her in that capacity, prior to her taking the role of chief Medical Officer. She stated that the Alaska Vaccine Assessment Program made access to vaccines universal for all Alaskans, and paid for itself. She stated that the payers of the program for the covered lives, and provided for Alaskans to receive a 20 to 30 percent discount on the price of vaccines. She noted the figure, which showed the cumulative savings since the program's inception, which showed a savings of approximately \$11 million on the cost of vaccine. She stated that the program streamlined a previously complicated procurement and distribution system into a single system, providing a cost savings and efficiency.

Senator Micciche queried the chart.

Dr. Lou replied that the graph was in the packet.

[9:13:21 AM](#)

AT EASE

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Dr. Lou continued that the department felt that the program was effective.

Senator Wielechowski noted that the state would get the vaccines at a discount and distributes them at no cost. He wondered whether the health care providers could charge the patients for the administration of the vaccination.

Dr. Lou replied that the provider would still provide for the office visit, but the patient did not need to pay for the actual vaccine.

Senator Wielechowski wondered whether the provider could charge for the vaccine itself.

Dr. Lou replied in the negative.

Senator Olson wondered whether the clinic could charge for the actual vaccine vial.

Dr. Lou replied that the clinic could not charge for the actual vaccine, but they could charge for the act of administering the vaccine.

[9:17:48 AM](#)

JILL LEWIS, DEPUTY DIRECTOR, ALASKA DIVISION OF PUBLIC HEALTH, discussed the presentation, "SB 37 Renewal of Vaccine Assessment Program, Senate and Social Services Committee, February 6, 2019" (copy on file).

Ms. Lewis looked at slide 2, "SB 37":

- Reauthorizes the statewide Alaska Vaccine Assessment Program in the Department of Health and Social Services, scheduled for sunset January 1, 2021.
- Eliminates a temporary phase-in period that ended in 2017.
- Uses the state Vaccine Assessment Account to fully fund the program.

- o No unrestricted general funds are involved.

Ms. Lewis highlighted slide 3, "What is the Alaska Vaccine Assessment Program?"

Established in 2014, AVAP is a public-private partnership making access to vaccines universal for all Alaskans at no cost to the state.

- Provides all childhood and certain adult vaccines for privately insured children and some adults.
- Covers vaccine costs through assessments collected from private health insurers, third party administrators, and other program participants.
- Purchases vaccines at discounted rates off a bulk contract.
- Distributes vaccine directly to healthcare providers at no charge who administer the vaccines to their patients.

Ms. Lewis looked at slide 4, "What is the Alaska Vaccine Assessment Program?"

- Through AVAP, Alaska continues to demonstrate leadership in creating innovative solutions for difficult public health issues.
- Alaska is one of only 11 states that has a universal childhood vaccine program and one of only 3 states that offers adult vaccines.
- Alaska is the only state that offers healthcare providers the option of purchasing state-supplied vaccine to serve uninsured adults.

Ms. Lewis addressed slide 5, "AVAP":

Alaska Vaccine Assessment Council sets the annual assessment rate

Payers pay into the assessment quarterly based on their reported covered lives

The Division of Public Health purchases vaccine off a discounted bulk contract

The Division of Public Health ships vaccine at no cost to providers or through the Vaccine Depot

Providers vaccinate covered patients, only billing payers for office visit.

Providers report administered vaccines to the Division of Public Health

The Division of Public Health provides data to the Council for rate setting

Co-Chair von Imhof wondered whether privately insured included Medicaid. She asked for information about the purchase of state-supplied vaccine for the uninsured.

Ms. Lewis replied that the program had several different components. The assessments were mandated for health care insurers, and to the extent allowed to health plan administrators.

[9:24:08 AM](#)

Senator Micciche noted that the cost for treating the unvaccinated would be greatly reduced, because the program resulted in a savings.

Ms. Lewis agreed that they were a cost-efficient preventative measure.

Senator Wielechowski queried the percentage of providers in the state participated in the program. He wondered why someone might not participate in the program.

Ms. Lewis pointed to a status update that shows the percentage of covered lives. She stated that the number of covered lives was approximately 8 percent from providers that opted in. She stated that approximately 30,000 Alaskans benefited from the program.

Ms. Lewis discussed slide 6, "Vaccine Cost." She highlighted slide 7, "Vaccine Coverage":

2018

- 366,000 Alaskans covered
  - 50 percent of the population
- 86,000 children
  - 44 percent of all children
- 280,000 adults
  - 52 percent of all adults

Vaccination Coverage Awards

Most improved among adolescents for HPV

Most improved among adults aged 65+ for pneumonia

Ms. Lewis looked at slide 8, "Successes":

- The Division of Public Health reduces vaccine preventable diseases.
- Providers have improved health outcomes for vaccinated individuals and easier vaccine stock management.
- The health insurance industry pays less to vaccinate individuals.
- All Alaskans save more money in the long run due to fewer medical costs from vaccine-preventable diseases.

Senator Micciche looked at slide 7, and noted that the number only related to the percentage of Alaskans that were covered by the program.

Ms. Lewis deferred to Dr. Lou.

Dr. Lou replied that there was information on vaccination rates and information about covered rates. She noted that the vaccination rates of Alaskans, compared to the rest of the country, were below average. She remarked that there was a hope to continue to see a gradual improvement in the immunization rates. She stated that there was not an exact correlation between the number covered and the number vaccinated, but there was a close proportionate relationship.

Co-Chair von Imhof looked at slide 5, which said, "The provider's report administered vaccines to the Division of Public Health." She felt that it would be the count of everyone vaccinated.

Dr. Lou replied that she would provide further information on those numbers.

[9:30:08 AM](#)

Ms. Lewis discussed slide 9, "Return on Health":

Lowers direct and long-term healthcare costs and yields numerous public health benefits:

- Ensures that every child and some adults who enter a participating doctor's office or hospital can receive recommended vaccines at no cost.
- More healthcare providers can offer vaccination services
  - less up-front costs to finance out of their own pockets for vaccines, and
  - reduces staff burdens required to separate private and public vaccine stock.
- Allows the State to manage the supply of vaccines,
  - ensuring that the state can quickly supply vaccines to vulnerable patient groups during emergencies or vaccine shortages, and
  - reducing waste through centralized inventory management.

[9:31:41 AM](#)

Senator Bishop wondered how the supplies were stored.

Ms. Lewis replied that most of the vaccines were shipped directly to the providers. She remarked that, where that was not practical, it was shipped to a central location operated by the Division of Public Health called, "The Vaccine Depot."

Senator Wilson wondered how the Vaccine Population's output functioned toward at risk populations.

Ms. Lewis replied that the depot was able to rapidly give the vaccine, and provided the ability to work with partners.

Ms. Lewis addressed slide 10, "For every \$1 spent on a vaccine in the US..." She highlighted slide 11, " In Closing...":

Reauthorizing the Alaska Vaccine Assessment Program ensures a healthier future for all Alaskans at the lowest possible cost.

[9:36:14 AM](#)

MATT HIRSCHFELT, ALASKA PEDIATRIC PARTNERSHIP, ANCHORAGE (via teleconference), spoke in support of the legislation.

[9:37:29 AM](#)

JODY BUTTO, AVAP BOARD, ANCHORAGE (via teleconference), spoke in support of the bill.

Co-Chair von Imhof CLOSED public testimony.

Co-Chair von Imhof noted that bulk purchasing had its benefits, and hoped that the department would examine other ways to use bulk purchasing.

SB 37 was HEARD and HELD in committee for further consideration.

[9:40:21 AM](#)

AT EASE

Co-Chair von Imhof handed the gavel to Co-Chair Stedman.

[9:41:51 AM](#)

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^CONSIDERATION OF GOVERNOR'S APPOINTEES

9:43:34 AM

KEN MCCARTY, APPOINTEE, ALASKA MENTAL HEALTH BOARD OF TRUSTEES (via teleconference), discussed his background.

Co-Chair Stedman asked about formal education.

Mr. McCarty replied that he had a Master's Degree in Education and Marital and Family Therapy. He had pursued a Doctorate, but purchased a school in the midst of those studies. He was a licensed marital and family therapist in Alaska.

9:45:30 AM

Co-Chair Stedman wondered whether he was familiar with the recent audit of the Board.

Mr. McCarty responded in the affirmative.

Co-Chair Stedman asked whether he followed the Trust settlement.

Mr. McCarty replied in the affirmative.

Senator Micciche noted the Doctorate was not included on the education list.

Mr. McCarty replied that he began to pursue the Doctorate, but halted that path once he had purchased a school.

Senator Micciche noted that a Board responsibility was ensuring that the Land Office had adequate stewardship for the nonfinancial assets; and ensuring appropriate financial and operational controls. He queried a background in finance or land management.

Mr. McCarty replied that he had no background in land management. He stated that had experience in finance through his for profit organization of Discovery Cove.

Co-Chair Stedman wondered whether the resume was accurate.

Mr. McCarty replied that his resume should be accurate.

[9:49:00 AM](#)

JOHN STURGEON, APPOINTEE, ALASKA MENTAL HEALTH BOARD OF TRUSTEES (via teleconference), discussed his education and qualifications. He believed that he could contribute to the board, because of his extensive experience in land management.

Co-Chair Stedman referenced questions posed to the previous applicant. He asked if Mr. Sturgeon wanted to address the trust settlement and budget experience.

Mr. Sturgeon thought there was work to be done. He had been CEO of large companies with over \$7 million in revenue. He read financial statements on a regular basis.

Co-Chair Stedman asked if Mr. Sturgeon would follow the trust settlement.

Mr. Sturgeon replied in the affirmative.

Co-Chair Stedman suggested that the applicant's timber background would be helpful to the board.

[9:53:22 AM](#)

DAN SULLIVAN, APPOINTEE, REGULATORY COMMISSION OF ALASKA, discussed his background and qualifications.

Co-Chair Stedman wondered whether the resume was accurate.

Mr. Sullivan felt his resume was accurate.

Senator Wielechowski remarked on the opposition to the Chugach Electric Association and the merger. He wondered if there was a plan to recuse himself from that issue, should it come before the RCA.

Mr. Sullivan his main opposition was to the change of the vote requirement from 60 percent to 50 percent.

Senator Wielechowski noted that he was originally seeking the Alaska Oil and Gas Conservation Commission (AOGCC)

seat. He wondered why there was application for a seat that should be filled for the upcoming two years.

Mr. Sullivan replied that he was a long-term thinker.

Senator Wielechowski noted the issue with Enstar when Mr. Sullivan was mayor. Anchorage had agreed to return more than \$1 million in property taxes collected from Enstar. He stated that the assessor resigned over the dispute, and stated that he was concerned about "cozy relationships with the oil and gas industry." He wondered if there was a plan to recuse himself from Enstar issues in the future.

Mr. Sullivan replied that it would depend on the issue.

Co-Chair Stedman FORWARDED the appointments of Ken McCarty, John Sturgeon, and Dan Sullivan for consideration in accordance with Alaska Statute. He relayed that this did not reflect an intent by any member Senate Finance Committee to vote for or against the confirmation of the individuals during any further sessions.

Co-Chair Stedman discussed committee business.

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ADJOURNMENT

[10:01:04 AM](#)

The meeting was adjourned at 10:01 a.m.