

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

February 6, 2019

1:29 p.m.

MEMBERS PRESENT

Senator David Wilson, Chair
Senator John Coghill, Vice Chair
Senator Gary Stevens
Senator Cathy Giessel
Senator Tom Begich

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 37

"An Act relating to the statewide immunization program."

- MOVED SB 37 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 37

SHORT TITLE: RENEWAL OF VACCINE ASSESSMENT PROGRAM

SPONSOR(S): SENATOR(S) GIESSEL

01/25/19	(S)	READ THE FIRST TIME - REFERRALS
01/25/19	(S)	HSS, FIN
02/06/19	(S)	HSS AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

JANE CONWAY, Staff
Senator Cathy Giessel
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis of SB 37.

Lily Lou, M.D., Chief Medical Officer
Department of Health and Social Services (DHSS)
Anchorage, Alaska

POSITION STATEMENT: Testified on SB 37.

JILL LEWIS, Deputy Director
Division of Public Health
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Presented on the Alaska Vaccine Assessment Program.

Fred Potter, Managing Member
KidsVax
Concord, New Hampshire

POSITION STATEMENT: Supported SB 37.

GARY STRANNIGAN, Vice President
Congressional and Legislative Affairs
Premera Blue Cross Blue Shield of Alaska
Seattle, Washington

POSITION STATEMENT: Supported SB 37.

ROSALYN SINGLETON, M.D., representing self
Anchorage, Alaska

POSITION STATEMENT: Supported SB 37.

MATTHEW HIRSCHFELD, M.D., representing self
Anchorage, Alaska

POSITION STATEMENT: Supported SB 37.

JODYNE BUTTO, M.D., representing self
Anchorage, Alaska

POSITION STATEMENT: Supported SB 37.

ACTION NARRATIVE

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CHAIR DAVID WILSON called the Senate Health and Social Services Standing Committee meeting to order at 1:29 p.m. Present at the call to order were Senators Giessel, Coghill, Stevens, and Chair Wilson. Senator Begich joined shortly thereafter.

SB37 Renewal of Vaccine Assessment Program

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CHAIR WILSON announced the consideration of SB 37. He stated his intention to hear from the sponsor, take public testimony, and move the bill from committee.

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SENATOR CATHY GIESSEL, speaking as prime sponsor of SB 37, stated that she has no ethical conflict in preparing and promoting this bill.

SENATOR GIESSEL explained that SB 37 reauthorizes the statewide Alaska Vaccine Assessment Program (AVAP). Since its inception in 2014 the program has been monitoring, purchasing, and distributing all childhood vaccines and a select number of adult vaccines to health care providers. This has made vaccines universally available to Alaskans. She said it was an innovative solution in 2014 to the challenge of low vaccine rates and difficulties providers faced with having vaccines in their clinics and paying for them. This is private-public partnership between the state of Alaska and health care payers (essentially insurance companies). The program is fully funded through a vaccine assessment account. Insurers pay for the vaccines ahead of time for their insured populations. No unrestricted general funds are used.

SENATOR GIESSEL said the program has been highly successful. It leverages the state's ability to buy vaccines in bulk and then distributes them to the health care providers. This reduces the cost of vaccines. Previously, providers had to maintain two different supplies of vaccines and could not borrow between the two. Now providers have just one supply of vaccines that insurers pay for in advance.

SENATOR GIESSEL said AVAP lowered the cost of vaccines by 20 to 30 percent. Providers administer the vaccines at no charge, except for the office charge. She referenced the many letters of support in the committee packets. She said at first there was opposition to bill from PhRMA, a manufacturer of pharmaceuticals, because they did not want adults included, but Alaskans, particularly seniors, need vaccines such as the pneumococcal and shingles vaccine. Alaska was the first state to include adults.

SENATOR GIESSEL said she expects to hear from parents concerned that the bill is taking away their ability to exempt their children from vaccines for religious reasons. She emphasized that parental rights are not changing at all.

SENATOR GIESSEL noted that the committee would hear from Dr. Lily Lou, the new Chief Medical Officer for Department of Health and Social Services (DHSS).

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JANE CONWAY, Staff, Senator Cathy Giessel, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for SB 37 (version A).

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.

SENATOR COGHILL asked her to explain the opt out provision in section 3.

MS. CONWAY explained that during the phase-in period under the original bill, insurers had the ability to opt-in to the program. Now so many plans are fully accepting of the program that is no longer part of the phase-in.

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Lily Lou, M.D., Chief Medical Officer, Department of Health and Social Services (DHSS), Anchorage, Alaska, said she had been on the Alaska Vaccine Assessment Council for three years. She mentioned that the committee packets contained a letter of support she had written as the president of the American Academy of Pediatrics-Alaska Chapter, before she became the Chief Medical Officer. She said SB 37 reauthorizes a program that is very important to all Alaskans because it makes vaccine access

universal at no cost to the state. The payers are happy to pay for vaccines that they would pay for anyway, but at full price.

DR. LOU said that in 2018, AVAP covered 366,000 Alaskans, which is 50 percent of the population. As a member of the Vaccine Assessment Council and as a provider, she worked collaboratively with the payers toward a common goal.

DR. LOU said one of the greatest benefits to providers is that it took a multilayered program where some providers had to have two sets of locked refrigerators and streamlined that into a simpler, single system. Efficiencies were gained in bookkeeping and ordering of vaccines. Payers benefitted from the 20 to 30 percent savings in costs.

DR. LOU said one unique aspect of the program is the ability to opt in for uninsured adults. This program covers all children. Vermont and Rhode Island offer adult vaccines, but only to insured adults. Some of highest-risk Alaskans are uninsured adults. DHSS won a Centers for Disease Control (CDC) award for increasing pneumococcal vaccines for adults in the over-65 age range. She noted that any group of high-risk people can spread infectious diseases to others.

DR. LOU added that the ability to opt in for uninsured adult patients benefits the providers who step up to take care of members of the community who have the least in resources. The program also benefits smaller providers. Some pediatricians said they couldn't afford to vaccinate patients because of the cost. This makes sure that all patients have access to vaccines.

Dr. Lou reported that the vaccine assessment program eliminated the need to have a big warehouse. The simple, streamlined process allows suppliers to get vaccines to most places directly in a time-efficient manner. The downsized depot can help providers who don't want to order a full box. Providers can order just what they need and the extra can be distributed to another practice without any waste.

DR. LOU said providers who don't opt in can still get vaccines but without the discount. She recounted that before the Alaska Vaccine Assessment Program, some providers may not have invested in more expensive vaccines such as the HPV vaccine. (She noted the second award the CDC gave Alaska was for most improved among adolescents for HPV.)

DR. LOU said the Alaska Vaccine Assessment Council evaluates evidence to determine what vaccines to provide, so small providers can also provide these vaccines. Last year Alaska had a mumps outbreak, which was one of the first major tests of the vaccine program. A third dose was recommended for anyone not vaccinated five years previously. The program handled the additional doses and was able to get adequate stock. The AVAP price per dose was \$45.65 compared to the full price of \$75.04, about a 40 percent savings.

DR. LOU explained that measles is different from mumps in a number of ways. One, it is much more infectious. The other is that the vaccine is very effective. Someone who has received a complete measles immunization is 97 percent protected for life whereas the mumps vaccine wanes after a few years. She said measles was declared eradicated around 2000, but with increasing hesitation about vaccination across the country, there have been increasing cases of measles in the past few years. Currently measles have been reported in Texas, Connecticut, Washington, Oregon, and New York.

DR. LOU said AVAP has clearly been successful. The three-year phase-in period is over and all the payers now support the program. She described it as being ready to remove the training wheels.

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JILL LEWIS, Deputy Director, Division of Public Health, Department of Health and Social Services (DHSS), Juneau, Alaska, said SB 37 removes the sunset provision, takes out the obsolete language about the phase-in period, and uses the state vaccine assessment account to fully fund the program.

MS. LEWIS said AVAP targets the privately insured but allows providers who serve the uninsured to opt in. Alaska is the only state that has figured out how to do that, she said.

MS. LEWIS said payers pay assessments, which pays for the cost of the vaccines and program operation. By pooling that money, the program can buy vaccines with bulk contracts from the Centers for Disease Control at a 20 to 30 percent savings. The vaccine is distributed to the providers at no cost because payers have already paid for the vaccine. The healthcare provider can still charge for the office visit, but the actual vaccine is without charge. The insurance company has basically paid for it. Without this program, providers would have to purchase the vaccines and wait to be reimbursed.

MS. LEWIS reported that Alaska is one of 11 states that has a universal childhood vaccine program funded by these types of assessments, one of only three states that includes adults, and the only state that serves uninsured adults. Uninsured children are covered under a federal program.

MS. LEWIS reviewed a diagram that showed how the program works:

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

MS. LEWIS noted the importance of the data reported to the council for managing inventory, rate setting, and forecasting how much vaccine will be needed in the future.

MS. LEWIS said the program has many steps, but it works seamlessly. The private sector cost to vaccinate a person through 18 years of age is \$3,319, compared to \$2,379 with AVAP, a savings of almost a \$1,000.

MS. LEWIS said AVAP covers half of the population, 44 percent of all children and 52 percent of all adults. She reminded the committee that a federal program covers the remaining children. She referred to a graph in the committee packets that demonstrates the growth in vaccination rates with AVAP.

SENATOR STEVENS asked what percentage of children are covered in Alaska between the two programs.

MS. LEWIS answered almost all. Children not covered by AVAP are covered by the CDC program, Vaccines for Children. That includes children in Medicaid, in the tribal healthcare system, and uninsured and underinsured children, everyone who doesn't have a payer.

MS. LEWIS called AVAP a win-win-win-win program for the following reasons:

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 BEGICH asked if there has been any effort to quantify the savings as a result of the program.

MS. LEWIS responded that she would follow up with the information if it was available.

DR. LOU referenced the 97 percent effectiveness rate of the measles vaccine, and explained that of those who get measles, one in four will require hospitalization, one in a thousand will have serious complications such as encephalitis, and one to two in a thousand will die. She said that provides a ballpark of what might be saved.

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SENATOR BEGICH said he didn't want DHSS to do extensive work on the question. He was curious but knows there will be savings.

MS. LEWIS said AVAP has removed barriers to costs and access. It has shown it can be nimble enough to respond to an emergency and manage inventory to avoid waste. Vaccines are expensive and require refrigeration in a narrow temperature range.

MS. LEWIS displayed a slide that shows how every vaccine is an investment. With routine vaccination the U.S. saves \$13.5 billion in direct costs and \$68.8 billion in societal costs.

MS. LEWIS concluded that reauthorizing ensures a healthier future for all Alaskans at the lowest possible cost.

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CHAIR WILSON asked if there have been complications associated with storing the vaccines.

MS. LEWIS answered that the vaccine depot predates AVAP by decades and the primary difference is that all vaccines weren't supplied before AVAP. For more than 30 years, thanks to Senator Ted Stevens, Alaska was a universal vaccine state. When Senator Stevens was not re-elected, the funding lapsed. Senator Giessel facilitated temporary funding for a few years until AVAP was established. What was in jeopardy was that without federal funding there was no way to continue to be a universal vaccine state. Providers were going to have to pay the cost out of pocket to make up the difference. That would have been a lot considering that DHSS spends \$10.5 million just in the Alaska Vaccine Assessment part of the program. During the H1N1 flu outbreak Alaska was one of the few states able to rapidly distribute a lot of vaccine because it is centralized.

CHAIR WILSON recalled working with the depot to get the H1N1 vaccines distributed across Alaska. He said the coordination that the depot provided through DHSS was amazing.

DR. LOU added that anyone who touches vaccines goes through repeated, detailed training. This program decreased the number of people who had to be involved because the distribution system was simplified and streamlined. She said there has been no increased waste because product handling and has improved significantly.

SENATOR STEVENS asked where the homeless go for vaccinations.

DR. LOU replied that they are taken care of by public health nurses in the public healthcare system. In 2018, 14,000 immunizations were given to those people who might need services but don't seek care through insured, private provider routes.

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CHAIR WILSON opened public testimony.

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Fred Potter, Managing Member, KidsVax, Concord, New Hampshire, shared that KidsVax is under contract with DHSS to serve as administrator of the Alaska Vaccine Assessment Program. They manage the collection process, the remittances to the state, and coordinate the advisory council meetings. KidsVax also maintains the program website. Such programs waste. This is especially true for Alaska because of its geography. Without this program, vaccines must be in two separate silos under federal law. That makes it more difficult to efficiently use a vaccine supply.

MR. POTTER said that in New Hampshire, sometimes the wastage is nearly 50 percent with TRICARE in military clinics, whereas wastage in the state supply is two to three percent. Alaska's numbers are remarkably good given its unique physical challenges. A robust body of literature maintained by the CDC shows that \$10 in direct medical cost is saved for every dollar spent on vaccines. Now it is probably closer to \$13 to \$1. Since AVAP has a budget of \$10.5 million, the expected long-term healthcare savings is more than \$100 million each year.

MR. POTTER concluded with four points. 1. The Alaska vaccine association has implemented nationally-recognized best practices despite its relatively young age. 2. All the opt outs for payers were withdrawn before the second year, which is a sign of payer satisfaction. 3. The operating costs have gone down each year. Remarkably, the assessment rates have held steady for this year and perhaps for next year. 4 The advisory council voted unanimously to recommend continuation of the program.

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GARY STRANNIGAN, Vice President, Congressional and Legislative Affairs, Premera Blue Cross Blue Shield of Alaska, Seattle, Washington, called attention to the letter of support he submitted. He commended the program.

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ROSALYN SINGLETON, M.D., representing self, Anchorage, Alaska, said she has seen firsthand the dramatic impact of vaccines on the health of Alaskans. Years ago, Alaska had up to 4,000 cases a year of hepatitis A with huge impacts on the public health system. In the last year before vaccines, two teenagers died from hepatitis A. Now, because of vaccines, there is virtually no transmission of hepatitis A in the state. Washington has an ongoing measles outbreak. The Alaska Vaccine Assessment Program is critical to respond if Alaska did have a case imported into the state. With AVAP the state has more flexibility to provide vaccines to adults who may otherwise not have access.

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MATTHEW HIRSCHFELD, M.D., representing self, Anchorage, Alaska, said he is a pediatrician and board chair of the All Alaska Pediatrics Partnership. He said vaccines are one of true public health successes in the history of medicine and SB 37 makes them accessible to almost everyone in Alaska. He noted that the partnership submitted a letter of support.

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JODYNE BUTTO, M.D., representing self, Anchorage, Alaska, said she is an Anchorage pediatrician and AVAP board member. She recounted that Alaska's universal vaccine program for kids lapsed a few years ago because of funding cuts. She said that program became cumbersome and costly for pediatricians to maintain and track private and public vaccines and some kids slipped through the cracks. AVAP streamlines that process and provides access for all of Alaska's children to receive the necessary vaccines to give Alaskans a healthy state. She said she is speaking for her clinic and colleagues in support of SB 37.

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CHAIR WILSON closed public testimony and solicited a motion.

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SENATOR COGHILL moved to report SB 37, work order 31-LS0162\A, from committee with individual recommendations and attached fiscal note.

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There being no objection, SB 37 was reported from Senate Health and Social Services Standing Committee.

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There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee meeting at 2:27 p.m.