

HB

374

<TARGET><BILL>HB 374</BILL><SUBJECT>HB
374</SUBJECT><COMM>HHSS28</COMM></TARGET>

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 374
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB374-DCCED-DOI-03-21-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: HEALTH & SOCIAL SERVICES
Requester: House Health & Social Services

Department: Department of Commerce, Community and
Economic Development
Appropriation: Insurance Operations
Allocation: Insurance Operations
OMB Component Number: 354

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: <u>Lori Wing-Heier, Division Director</u>	Phone: <u>(907)465-2515</u>
Division: <u>Division of Insurance</u>	Date: <u>03/21/2014 08:20 AM</u>
Approved By: <u>Jeanne Mungle, Director</u>	Date: <u>03/21/14</u>
Agency: <u>Administrative Services</u>	

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. HB374

Analysis

HB374 would amend AS 21.09.242 by adding a new subsection that requires health care insurers to provide information and assessments to the Department of Health and Social Services and the State Vaccine Assessment Commission established under AS 18.09.210 as necessary for the statewide immunization program established under AS 18.09.200.

The Division of Insurance does not anticipate a fiscal impact from this proposed legislation.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 374
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB374-DHSS-EPI-03-21-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: HEALTH & SOCIAL SERVICES
Requester: House HSS Committee

Department: Department of Health and Social Services
Appropriation: Public Health
Allocation: Epidemiology
OMB Component Number: 296

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	300.0		310.0	320.0	330.0	340.0	350.0	
Commodities	26,600.0	4,496.0	30,890.0	32,680.0	34,270.0	36,160.0	37,950.0	
Capital Outlay								
Grants & Benefits								
Miscellaneous	50.0							
Total Operating	26,950.0	4,496.0	31,200.0	33,000.0	34,600.0	36,500.0	38,300.0	

Fund Source (Operating Only)

1004 Gen Fund	(4,496.0)	4,496.0						
1178 temp code	31,446.0		31,200.0	33,000.0	34,600.0	36,500.0	38,300.0	
Total	26,950.0	4,496.0	31,200.0	33,000.0	34,600.0	36,500.0	38,300.0	

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues	31,446.0		31,200.0	33,000.0	34,600.0	36,500.0	38,300.0	
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/15

Why this fiscal note differs from previous version:

Initial version. Not applicable.

Prepared By:	Kerre L. Shelton, Director	Phone:	(907)269-2042
Division:	Public Health	Date:	03/18/2014 12:00 AM
Approved By:	Sarah Woods, Deputy Director, Finance & Management Services	Date:	03/21/14
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB374

Analysis

This bill establishes a Statewide Vaccination Program and creates a vaccine assessment council in the Department of Health & Social Services. The function of the program is to monitor, purchase and distribute recommended vaccines to providers, making vaccines available universally for all ages. The proposed solution increases access to vaccines while both insurance companies and health care providers would realize savings--at no cost to the state. It does not mandate that individuals get vaccinated.

Currently, the state purchases about half of the nearly \$50 million spent annually on vaccine supply. The rest is being paid by providers who then seek reimbursement from insurers. The state supplies vaccines for children who are uninsured, Medicaid eligible, or Alaska Native through the federal Vaccines for Children program. The state provides general funds for selected vaccines for underinsured children, and under- and uninsured adults as a result of HB310, passed by the 27th Legislature (Ch. 24 SLA 12). The state also provides a limited quantity of selected vaccine to those who otherwise have no access, using a small amount of existing state GF. Once the HB310 funding ends June 30, 2015, the state would only supply vaccines under the federal program and a small amount of vaccine for high-risk children and adults with the existing state GF. The state does not currently provide vaccine for fully insured children or adults or Alaska Native adults seen at tribal facilities. Providers must purchase vaccine themselves for this population and seek reimbursement if available. Providers must maintain separate accounting and storage areas for vaccines received through the state and vaccines bought privately.

This is a net zero fiscal note. The expenses will be offset by the revenue collected from a new revenue source from a partnership with the business sector. The self-funded program (including administrative costs) will come from vaccine assessment fees, deposited to a new account within the general fund. The \$4.5 mil GF included in the Governor's FY2015 budget from HB310's final year of temporary appropriations would be deposited into the special account. This amount, in combination with federal funds, and other GF funds of \$700.0, will provide adequate cash flow until the initial assessment fees are collected. No additional GF is needed. Funds are for the purpose of purchasing vaccine; state-distributed vaccine cannot be resold or billed by providers to other payers. Funds do not lapse. Overpayments are credited back to the payers. The assessments typically include a reasonable surcharge for operating expenses. Payments made by assessable entities are considered a medical expense.

This bill would restructure how vaccines are purchased and distributed. It would provide state-distributed vaccine for all children, and to adults who are covered by an assessed payer (all except uninsured adults for whom there is no payer). Under this program, assessable entities such as insurance, third party administrator and private and public payers are assessed a fee up front for purchasing vaccines. Using collected fees, the state purchases vaccines in bulk at lower prices than health care providers could, independently. Health care providers would receive the vaccine free of charge and could reduce their administrative burden with a single inventory. Providers would also bill assessable entities for less (office visit only, vs. also cost of vaccine), creating savings for the assessed entities. Savings are passed on to patients, who would be charged only for the office visit.

Participation in the assessment would be mandatory for assessable entities. "Assessable entity" includes entities defined in the insurance code (21.54.500) as health care insurers, plus health benefit plans, third party administrators, self-funded church or government plans, and, to the extent allowed by law, other public and private creditable coverage including Employee Retirement Income Security Act (ERISA) plans, Medicaid, Medicare, the Veteran's Administration, the military's TRICARE, and tribal health.

It is currently unclear whether the mandatory assessment applies to federally-funded healthcare benefit plans, as federal law might prohibit such a mandate for some or all of the plans. For federal plans that could not be required to participate, the plans would need to either opt in to the assessment or pay for vaccine for those clients not covered in the assessment by another payer (e.g., a tribal beneficiary with no other assessed health care coverage plan). (CONTINUED)

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB374

Analysis Continued

Voluntary participation in the assessment only applies to providers who wish to obtain state-distributed vaccine for adults who are either uninsured or not otherwise covered by an assessed payer. Providers who do not opt in to the program would receive vaccine at no cost for all others but not for uninsured adults. Providers who care for large numbers of non-qualifying participants 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 into the assessment. By opting in, providers receive discounted vaccine pricing and avoid managing multiple vaccine inventories.

The total gross vaccine cost for Year 1 is estimated to be \$46.4 million.

The gross cost was reduced for the estimated \$1.6 million vaccine purchased independently by providers for uninsured adults to determine the total amount of state supplied vaccine. However, the availability of HB310 state funds in Year 1 of this fiscal note means that providers likely will not have to begin purchasing vaccine under this program until Year 2. The state-supplied amount includes all vaccine the state would purchase and distribute, regardless of the fund source. To determine the total to be assessed, the state-supplied vaccine cost was reduced by available federal funds that will not be included in the assessment. This is mainly \$14.4 million for Vaccines for Children and \$200.0 of other federal funds. The state-supplied vaccine cost was also reduced by available state funds that will not be included in the assessment. This includes \$4.5 million from HB310 and \$700.0 in other general funds already in the base budget. There is a one-time cost of \$50.0 in Year 1 for equipment to store the additional vaccine the state will be distributing. Overhead costs estimated at \$300.0 were added to get the total assessment of \$26.9 million.

Year 1 estimates:

\$46,400.0 gross vaccine cost
- \$0 provider-purchased
= \$46,400.0 state supplied cost
- \$14,600.0 federal funds
- \$ 4,496.0 state funds (HB310)
- \$700.0 other state funds (base)
= \$26,600.0 to be assessed to providers/payers for vaccine
+ \$300.0 for overhead costs
+\$50.0 one-time cost
= \$26,950.0 total assessment (\$20,000.0 from private providers/\$6,950.0 from public providers, if allowed by law) appropriated to the fund.

Changes for Years 2-6 estimates:

Out years are adjusted for both inflation (2.5%) and population increases (1-1.2%). HB310 funds are no longer available after FY2015, reducing state funds to \$700.0 in out years. About \$1.6 million in vaccines will be purchased independently by providers for uninsured adults. This represents about 3.5% of total gross cost. Incremental appropriations will be needed as population, inflation, recommended vaccines, vaccine pricing, and immunization rates change.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 374
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB374-DHSS-HCMS-03-21-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: HEALTH & SOCIAL SERVICES
Requester: House HSS Committee

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Health Care Medicaid Services
OMB Component Number: 2077

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable. Initial version.

Prepared By:	Margaret Brodie, Director	Phone:	(907)334-2520
Division:	Health Care Services	Date:	03/21/2014 12:00 AM
Approved By:	Sarah Woods, Deputy Director, Finance & Management Services	Date:	03/21/14
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. HB374

Analysis

The bill establishes a statewide immunization program. Health insurers and participating providers fund the program by paying an assessment fee. Medicaid is included in the definition of health insurer but is exempt from participation until federal approval is obtained. In order for Medicaid to pay the assessment fee the state of Alaska must seek federal approval to expend Medicaid dollars to pay the assessment fee versus individual pharmacy claims. If federal approval were granted, Health Care Medicaid Services could potentially see a cost savings; however, at this time we are unable to determine if Medicaid will receive Federal approval and thus we are indeterminate in our estimation of cost and cost savings.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 374
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB374-DOA-HPA-03-21-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: HEALTH & SOCIAL SERVICES
Requester: House Health & Social Services Committee

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Health Plans Administration
OMB Component Number: 2152

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? no
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: Mike Barnhill, Deputy Commissioner
Division: Department of Administration
Approved By: Curtis Thayer, Commissioner
Agency: Department of Administration

Phone: (907)465-5668
Date: 03/21/2014 05:30 PM
Date: 03/21/14

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB374

Analysis

HB374 establishes a statewide immunization program. Health insurers and participating providers fund the program by paying an assessment fee. AlaskaCare meets the definition of a government plan, and as such is considered a health care insurer under this bill.

The bill states that the amount of the vaccine assessment fee will be first determined by the Commissioner of the Department of Health and Social Services and determined by the State Vaccine Assessment Commission thereafter. HB374 also includes provisions for data collection and methodology development by the State Vaccine Assessment Commission that will allow the commission to set the amount of the assessment that the Department of Administration would owe under this bill at a future date. As a result, the department is unable to estimate the future assessment that would be set by the Commissioner or the State Vaccine Assessment Commission, and therefore submits an indeterminate fiscal note.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 374
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB374-DHSS-VAA-03-21-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: HEALTH & SOCIAL SERVICES
Requester: House HSS Committee

Department: Fund Capitalization
Appropriation: Caps Spent as Duplicated Funds
Allocation: Vaccine Assessment Account
OMB Component Number:

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities	31,446.0							
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	31,446.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund	4,496.0						
1005 GF/Prgm	26,950.0						
Total	31,446.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version. Not applicable.

Prepared By: Kerre L. Shelton, Director	Phone: (907)269-2042
Division: Public Health	Date: 03/18/2014 12:00 AM
Approved By: Sarah Woods, Deputy Director, Finance & Management Services	Date: 03/21/14
Agency: Health & Social Services	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB374

Analysis

The state provides general funds for selected vaccines for underinsured children, and under- and uninsured adults as a result of HB310, passed by the 27th Legislature (Ch. 24 SLA 12). The intent of HB310 was to provide temporary funding from FY2013-2015 to purchase vaccines while a long-term sustainable solution could be found. This bill repeals HB 310 and deposits the remaining unobligated funds into a new vaccine assessment account created by the the bill. The UGF in this fiscal note comes from Epidemiology (currently in the Governor's request) and the program receipts are the estimated vaccine assessment fees.