

SB

169

<TARGET><BILL>SB 169</BILL><SUBJECT>SB
169</SUBJECT><COMM>HHSS28</COMM></TARGET>

ALASKA STATE LEGISLATURE

Senate District N
Anchorage Hillside, Turnagain Arm,
Cooper Landing, Sterling, Nikiski,
Moose Pass, Bear Creek, Seward



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North to the Future

Senator Cathy Giessel

CSSB 169(HSS) Statewide Vaccination Program Sponsor Statement

Senate Bill 169 establishes a Statewide Vaccination Program and creates a vaccine assessment council in the Department of Health and Social Services. The purpose of the program is to monitor, purchase and distribute recommended vaccines to providers, making available universal access for all ages to vaccines.

Every year, Alaska commemorates a significant healthcare emergency—the serum run to Nome. What we call the Iditarod today was the “Great Race of Mercy” in 1925. Nome and the surrounding communities were in the throes of a diphtheria epidemic and dog teams relayed the life-saving antitoxin to them. Because of vaccines, diphtheria, a disease of the throat, tonsils, and nose that restricts the airway, has been nearly eliminated from the United States.

Recognizing the importance of access to vaccines and the vulnerability of Alaska, especially our rural communities, the late Senator Ted Stevens championed funding to the Alaska Vaccination Program to ensure the availability of preventive vaccines to all Alaskans. Since Senator Stevens’ passing, federal funding has been significantly reduced, down from \$4.3 million in FY2010 to a mere \$700,000 in FY2013. In 2012, I introduced SB 140 (HB 110) to provide additional state funding to fill the gap left by this reduction federal funding. HB 110 was meant to be a temporary measure while a more permanent solution was sought.

An innovative solution to this dilemma is to create a vaccine program that purchases vaccines in bulk, at a reduced cost, and distributes that vaccine to healthcare providers who administer them. At least nine other states have set up these “vaccine assessment boards” or similar to what SB 169 proposes. By allowing the state to continue procuring vaccines, providers avoid any financial, logistical and administrative burdens associated with purchasing vaccines privately. While insurance payers are assessed for their participation in the program, they too realize a cost saving using the bulk purchasing business model. Next to clean drinking water and good nutrition, vaccines have saved more lives than any other public-health intervention.

As state and federal government budgets shrink and the cost of vaccines rise, it is important for the state to partner with the business sector, prioritizing a sound public health policy that lays the framework for a Statewide Vaccination Program to ensure healthier futures for all Alaskans.

Sen.Cathy.Giessel@akleg.gov

HOUSE CS FOR CS FOR SENATE BILL NO. 169()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS GIESSEL, French
REPRESENTATIVE Hughes

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing in the Department of Health and Social Services a statewide**
2 **immunization program and the State Vaccine Assessment Council; creating a vaccine**
3 **assessment account; requiring a vaccine assessment from assessable entities and other**
4 **program participants for statewide immunization purchases; repealing the temporary**
5 **child and adult immunization program; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1.** AS 18.09 is amended by adding new sections to read:

8 **Article 1A. Statewide Immunization Program.**

9 **Sec. 18.09.200. Statewide immunization program established;**
10 **commissioner's duties.** (a) In addition to health promotion and vaccine registration
11 activities of the department, a statewide immunization program is established in the
12 department for the purpose of monitoring, purchasing, and distributing recommended
13 vaccines to providers approved by the department who agree to provide the

1 recommended vaccines to state residents under terms consistent with the program and
2 state and federal law.

3 (b) The commissioner shall

4 (1) establish a procedure to phase in the program over a three-year
5 period that provides for voluntary participation by an assessable entity;

6 (2) maintain a list of recommended vaccines for inclusion in the
7 program;

8 (3) for each recommended vaccine, establish the initial vaccine
9 assessment for the first year of the program and thereafter make annual assessments
10 based on the determinations made by the council established under AS 18.09.210;

11 (4) notify assessable entities and other program participants of the
12 annual vaccine assessment for each vaccine included in the program;

13 (5) devise a method for crediting to assessable entities and other
14 program participants overpayments of vaccine assessments made for reasons related to
15 administrative error, program termination, or lower than anticipated actual usage of
16 the program by covered individuals;

17 (6) coordinate collective purchases of recommended vaccines;

18 (7) establish a procedure for statewide distributions of vaccines
19 purchased under the program; and

20 (8) review vaccine assessment appeals for error.

21 **Sec. 18.09.210. State Vaccine Assessment Council; members; duties.** (a)

22 The State Vaccine Assessment Council is established in the department for the
23 purpose of determining the amount of vaccine assessments made by the commissioner
24 to be paid by assessable entities and other program participants in the state under
25 procedures established by the council.

26 (b) The council consists of eight members appointed by the commissioner as
27 follows:

28 (1) the department's chief medical officer for public health, who shall
29 serve as chair;

30 (2) two health care providers licensed in the state, one of whom must
31 be a pediatrician;

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(3) three members representing health care insurers licensed in the state under AS 21.54, one of whom must be a plan administrator; each insurer must represent a different organization in the state;

(4) a representative of a tribal or public health insurance plan;

(5) the director of the division of insurance or the director's designee.

(c) A member appointed to the council under (b)(2) - (4) of this section serves without compensation and reimbursement of expenses for a term of three years or until a successor is appointed. A member may not serve more than two consecutive terms.

(d) The council shall meet at the call of the chair and conduct business by majority vote.

(e) The department shall provide staff and other assistance to the council.

(f) The council shall

(1) establish and implement a plan of operation to

(A) determine the amount of the annual vaccine assessment, subject to review by the commissioner, for each recommended vaccine for each covered individual following the initial vaccine assessment amounts determined by the commissioner;

(B) use a method for determining the vaccine assessment amount that attributes to each assessable entity and other program participant the proportionate costs of recommended vaccines for covered individuals;

(C) establish procedures for the collection and deposit of the vaccine assessment;

(D) establish procedures for collecting and updating data from assessable entities and other program participants as necessary for the operation of the program and the determination of the annual vaccine assessment; the data collected must include the number of covered individuals by each assessable entity and other program participant and the annual vaccine program usage by each covered individual;

(E) devise a system for reducing surplus payments made by an assessable entity and other program participant by crediting past overpayments to current year vaccine assessments;

1 (2) submit to the commissioner and to the legislature, not later than
 2 July 1 of each year, an annual financial report, including assessment determinations
 3 and overall costs of the program, in a form acceptable to the commissioner and the
 4 legislature;

5 (3) monitor compliance with the program requirements and vaccine
 6 assessments and submit a periodic noncompliance report to the commissioner and the
 7 director of insurance that lists assessable entities and other program participants that
 8 failed to

9 (A) remit vaccine assessments as determined by the council
 10 and approved by the commissioner; or

11 (B) comply with a reporting or auditing requirement under the
 12 program after notice from the council.

13 **Sec. 18.09.220. Vaccine assessment and reporting requirements.** (a) An
 14 assessable entity and other program participant shall, after being phased into the
 15 program under procedures approved by the commissioner,

16 (1) pay to the department the annual combined vaccine assessments as
 17 determined under the program for the recommended vaccines covered by the
 18 assessable entity or other program participant for each covered individual on a
 19 schedule adopted by the council;

20 (2) provide information requested by the council to determine the
 21 number of covered individuals, actual vaccine usage under the program, and other data
 22 necessary to calculate and monitor compliance with the vaccine assessment; and

23 (3) provide audited financial statements upon request of the council.

24 (b) A vaccine assessment must include a reasonable contribution toward
 25 support of the program and appropriate reserve funds, as determined by the council. A
 26 vaccine assessment may not include a provider fee for the administration of the
 27 vaccine.

28 (c) A vaccine assessment shall be construed as a medical expense of the
 29 assessable entity or other program participant.

30 (d) An assessable entity or other program participant may appeal a
 31 determination of a vaccine assessment made by the council to the commissioner

1 within 10 days after receiving notification of the assessment. The commissioner shall
 2 review the appeal and all materials relevant to the assessment that is the subject of the
 3 appeal and shall modify the assessment if the commissioner finds substantial evidence
 4 of an error.

5 (e) An assessable entity may opt out of the program at any time during the
 6 three-year phase-in period under procedures approved by the commissioner.

7 **Sec. 18.09.225. Other program participants.** (a) A health care provider or
 8 group of providers may opt into the program if approved by the commissioner under
 9 regulations adopted by the department.

10 (b) An assessable entity may not deny a claim for coverage of vaccines based
 11 on a decision of a health care provider or group of providers to elect not to participate
 12 in the program.

13 **Sec. 18.09.230. Vaccine assessment account; creation.** (a) The vaccine
 14 assessment account is created as an account in the general fund. The legislature may
 15 appropriate to the account program receipts attributable to vaccine assessments under
 16 AS 18.09.220, money from other sources, and interest earned on money in the
 17 account. Appropriations to the account do not lapse.

18 (b) The legislature may make appropriations from the vaccine assessment
 19 account for the purchase of recommended vaccines for the benefit of state residents in
 20 an amount requested by the department and for other purposes of the program.

21 **Sec. 18.09.240. Penalties.** An assessable entity or other program participant
 22 that fails to pay a required annual vaccine assessment after notification of the
 23 assessment or fails to comply with a request for information necessary for
 24 determination of the assessment may be assessed an additional noncompliance fee as
 25 determined by the commissioner under regulations adopted by the department.

26 * **Sec. 2.** AS 18.09.990 is amended by adding new paragraphs to read:

- 27 (3) "assessable entity" means
 - 28 (A) a health care insurer as defined in AS 21.54.500;
 - 29 (B) an entity that provides the state health care plan described
 - 30 in AS 39.30.090 and 39.30.091;
 - 31 (C) a public or private entity that offers a publicly funded plan

1 in the state, to the extent participation in the program is authorized by law; and

2 (D) a third-party administrator as defined in AS 21.97.900;

3 (4) "commissioner" means the commissioner of health and social
4 services;

5 (5) "council" means the State Vaccine Assessment Council;

6 (6) "covered individual" means an adult or child who resides in the
7 state and who is provided insurance coverage for a recommended vaccine by an
8 assessable entity or who is a patient of another program participant;

9 (7) "other program participant" and "another program participant"
10 mean a health care provider or group of providers who have opted into the program
11 under AS 18.09.225 to both purchase vaccines for and administer vaccinations to
12 residents of the state;

13 (8) "program" means the statewide immunization program;

14 (9) "provider" means a person licensed or certified by the state to
15 administer vaccines or provide health care services or a partnership, corporation, or
16 other entity made up of persons licensed or certified to administer vaccines or provide
17 health care services;

18 (10) "recommended vaccine" means a vaccine recommended by the
19 Advisory Committee on Immunization Practices of the Centers for Disease Control
20 and Prevention, United States Department of Health and Human Services, and
21 included on a list maintained by the commissioner for inclusion in the program;

22 (11) "vaccine" means a preparation of killed microorganisms, living
23 attenuated organisms, living fully virulent organisms, or other substances that are
24 administered to humans for the purpose of producing or artificially increasing specific
25 immunity to life-threatening and disabling diseases.

26 * **Sec. 3.** AS 21.09.242 is amended by adding a new subsection to read:

27 (b) An assessable entity, as defined in AS 18.09.990, shall provide
28 information and assessments to the Department of Health and Social Services and the
29 State Vaccine Assessment Council established under AS 18.09.210 as necessary for
30 the statewide immunization program established under AS 18.09.200. Payment of an
31 assessment may not be used by an assessable entity as a reason to deny a claim by a

1 health care provider for coverage of vaccines.

2 * **Sec. 4.** AS 37.05.146(c) is amended by adding a new paragraph to read:

3 (87) the vaccine assessment account under AS 18.09.230.

4 * **Sec. 5.** AS 18.09.200, 18.09.210, 18.09.220, 18.09.225, 18.09.230, 18.09.240,
5 18.09.990(3), 18.09.990(4), 18.09.990(5), 18.09.990(6), 18.09.990(7), 18.09.990(8),
6 18.09.990(9), 18.09.990(10), 18.09.990(11); AS 21.09.242(b); and AS 37.05.146(c)(87) are
7 repealed January 1, 2019.

8 * **Sec. 6.** Chapter 24, SLA 2012, is repealed.

9 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 TRANSITION; DEPOSIT OF FUNDS REMAINING FROM CHILD AND ADULT
12 IMMUNIZATION PROGRAM. All unobligated funds remaining in the program established
13 under sec. 2, ch. 24, SLA 2012, shall be deposited into the account created in AS 18.09.230,
14 added by sec. 1 of this Act.

15 * **Sec. 8.** Sections 1 - 5 and 7 of this Act take effect January 1, 2015.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE PETE HIGGINS

April 3, 2014

House CS for CS SB 169\T Sectional Analysis

Section 1. Establishes a Statewide Immunization Program with a State Vaccine Assessment Council; sets requirements for vaccine assessments, reporting and penalties for assessable entities and other program participants; and creates a vaccine assessment account.

Section 2. Definitions.

Section 3. Amends Title 21 (Insurance) to require assessable entities to provide information and pay assessments.

Section 4. Adds the vaccine assessment account to the list of program receipts authorized in the budget.

Section 5. Repeals this act on January 1, 2019

Section 6. Repeals Ch. 24 SLA 2012.

Section 7. Redirects the unobligated funds from Ch. 24 SLA 2012 to be deposited into the vaccine assessment account.

Section 8. Makes the effective date January 1, 2015.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE PETE HIGGINS

April 3, 2014

Explanation of changes for House CS for CS SB 169\T

Section 1. Adds Article 1A Statewide Immunization Program to AS 18.09.

Sec. 18.09.200(a). Establishes a statewide immunization program in the Department for the purpose of monitoring, purchasing, and distributing vaccines to providers.

Sec. 18.09.200(b). The Department of Health and Social Services shall maintain a list of recommended vaccines for inclusion in the program; establish the 1st year's assessment & 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; set procedures for distributing vaccines; and review appeals for errors.

Sec. 18.09.210. Establishes the State Vaccine Assessment Council within HSS for the purpose of determining the assessment amount. The council has 8 members appointed by the Commissioner: the state's Chief Medical Officer (chair); Director of Division Insurance; 3 health care insurers, one of whom must be a plan administrator; 2 health care providers, one of which must be a pediatrician; and 1 representing a tribal or public health insurance plan who serve without compensation or reimbursement of expenses. Terms are 3 years with a 2- term limit. HSS will provide staff and other assistance to the council. The commission establishes and implements a plan of operation, submits an annual financial report to HSS each July 1st, and monitors compliance with the program.

Sec. 18.09.210(f)(2). Requires an annual financial report to the commissioner and legislature.

Sec. 18.09.220(a) Establishes the vaccine assessment and reporting requirements after being phased into the program by the commissioner.

Sec.18.09.220(e). An assessable entity may opt out of the program during the three year phase-in period.

Sec. 18.09.225(a). Allows health care providers to opt into the program to purchase vaccine.

Sec. 18.09.225(b) A health care provider who did not opt into the program may not be denied a claim from an assessable entity.

Sec. 18.09.230. Creates a special account in the general fund for the purpose of purchasing vaccines. The legislature may appropriate program receipts from vaccine assessments, money from other sources, and interest earned. Appropriations do not lapse.

Sec. 18.09.240. Allows the commissioner to determine a monetary penalty for noncompliance.

Section 2. 18.09.990. Defines the terms assessable entity, commissioner (Health & Social Services), council, covered individual, other program participant, program, provider, recommended vaccine, and vaccine.

Section 3. Requires assessable entities to provide information to the department under (AS 21.09.242)

Section 4. Adds the vaccine assessment account to the list of special accounts for program receipts in (AS 37.05.146(c))

Section 5. repeals this act on January 1, 2019

Section 6. Repeals Ch. 24, SLA 2012 (HB310), a temporary statewide immunization program.

Section 7. Redirects the remaining HB310 funds to be deposited to the vaccine account.

Section 8. Makes the act effective January 1, 2015.

SB 169 Statewide Immunization Program

Sectional Analysis (LS1219\I)

Section 1. Establishes a Statewide Immunization Program with a State Vaccine Assessment Council; sets requirements for vaccine assessments, reporting and penalties for assessable entities and other program participants; and creates a vaccine assessment account.

Section 2. Definitions.

Section 3. Amends Title 21 (Insurance) to require assessable entities to provide information and pay assessments.

Section 4. Adds the vaccine assessment account to the list of program receipts authorized in the budget.

Section 5. Repeals Ch. 24 SLA 2012.

Section 6. Redirects the unobligated funds from Ch. 24 SLA 2012 to be deposited into the vaccine assessment account.

Section 7. Makes the effective date July 1, 2014.

Section 1. Adds Article 1A Statewide Immunization Program to AS 18.09.

Sec. 18.09.200(a). Establishes a statewide immunization program in the Department for the purpose of monitoring, purchasing, and distributing vaccines to providers.

Sec. 18.09.200(b). The Department of Health and Social Services shall maintain a list of recommended vaccines for inclusion in the program; establish the 1st year's assessment & 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; set procedures for distributing vaccines; and review appeals for errors.

Sec. 18.09.210. Establishes the State Vaccine Assessment Council within HSS for the purpose of determining the assessment amount. The commission has 8 members appointed by the Commissioner: the state's Chief Medical Officer (chair); Division of

Insurance Director; 3 health care insurers, one of whom must be a plan administrator; 2 health care providers; and 1 representing a tribal or public health insurance plan who serve without compensation or reimbursement of expenses. Terms are 3 years with a 2-term limit. HSS will provide staff and other assistance to the commission. The commission establishes and implements a plan of operation, submits an annual financial report to HSS each July 1st, and monitors compliance with the program.

Sec. 18.09.210(f)(1). The “plan of operation” must include the method for calculating the assessment amount for each covered individual; the method for determining proportional costs to assessable entities/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.

Sec. 18.09.220(a). Requires the assessable entities/participants to pay the assessment to the department for each covered individual; provide information about number of covered individuals and actual usage; and provide audited financial statements upon request.

Sec. 18.09.220(b). Requires that the assessment include reasonable costs for overhead. The provider’s fee for administration of the vaccine is excluded from the assessment.

Sec. 18.09.220(c). States that an assessment is a medical expense for the assessable entity/participant.

Sec. 18.09.220(d). Provides for a process to appeal the assessment determination to the commissioner.

Sec. 18.09.225. Allows health care providers to opt into the program to purchase vaccine.

Sec. 18.09.230. Creates a special account in the general fund for the purpose of purchasing vaccines. The legislature may appropriate program receipts from vaccine assessments, money from other sources, and interest earned. Appropriations do not lapse.

Sec. 18.09.240. Allows the commissioner to determine a monetary penalty for noncompliance.

Section 2. 18.09.900. Defines the terms assessable entity, commissioner (Health & Social Services), council, covered individual, other program participant, program, provider, recommended vaccine, and vaccine.

Sec. 18.09.900(3). An “assessable entity” means a health care insurer, the state health care plan, a public or private entity that offers a publicly funded plan (to the extent allowed by law), and third-party administrators.

Section 3. Requires assessable entities to provide information to the department under (AS 21.09.242)

Section 4. Adds the vaccine assessment account to the list of special accounts for program receipts in (AS 37.05.146(c))

Section 5. Repeals Ch. 24, SLA 2012 (HB310), a temporary statewide immunization program.

Section 6. Redirects the remaining HB310 funds to be deposited to the vaccine account.

Section 7. Makes the act effective July 1, 2014.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 169(HSS)
Fiscal Note Number: 1
(S) Publish Date: 2/24/14

Identifier: SB169-DHSS-VAA-02-20-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Health & Social Services Committee

Department: Fund Transfers
Appropriation: OpSys DGF Transfers (non-add)
Allocation: Vaccine Assessment Account
OMB Component Number:

Expenditures/Revenues

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

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015					
Personal Services							
Travel							
Services							
Commodities		4,496.0					
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	4,496.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1178 temp code		4,496.0					
Total	0.0	4,496.0	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? NA
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:	Kerre L. Shelton, Director	Phone:	(907)269-2042
Division:	Public Health	Date:	02/20/2014 02:30 PM
Approved By:	Sarah Woods, Deputy Director, Finance & Management Services	Date:	02/20/14
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS #1

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. CSSB 169(HSS)

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. Section 6 of this bill transfers the remaining \$4,496.0 GF unobligated funds from HB310 for FY2015 into the new vaccine assessment account created by this bill. This is to seed the new statewide vaccination program. 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.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 169(HSS)
Fiscal Note Number: 4
(S) Publish Date: 2/24/14

Identifier: SB169-DCCED-DOI-02-14-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Health and 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:	Marty Hester, Acting Division Director	Phone:	(907)465-2515
Division:	Division of Insurance	Date:	02/14/2014 08:00 AM
Approved By:	Jeanne Mungle, Director	Date:	02/14/14
Agency:	Administrative Services		

FISCAL NOTE ANALYSIS #4

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. CSSB 169(HSS)

Analysis

SB169 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: CSSB 169(HSS)
Fiscal Note Number: 5
(S) Publish Date: 2/24/14

Identifier: SB169-DOA-HPA-02-18-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate 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 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	***	***	***	***	***	***	***
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: <u>Mike Barnhill, Deputy Commissioner</u>	Phone: <u>(907)465-5668</u>
Division: <u>Department of Administration</u>	Date: <u>02/14/2014 05:30 PM</u>
Approved By: <u>Curtis Thayer, Commissioner</u>	Date: <u>02/18/14</u>
Agency: <u>Department of Administration</u>	

FISCAL NOTE ANALYSIS #5

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(HSS)

Analysis

SB169 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. SB169 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: CSSB 169(FIN)
Fiscal Note Number: 6
(S) Publish Date: 3/7/14

Identifier: SB169CS(FIN)-DHSS-VAA-03-05-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Finance 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015					
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

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:

Corrected to reflect a fund capitalization rather than a fund transfer.

Prepared By:	Kerre L. Shelton, Director	Phone:	(907)269-2042
Division:	Public Health	Date:	03/05/2014 11:00 AM
Approved By:	Sarah Woods, Deputy Director, Finance & Management Services	Date:	03/05/14
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS #6

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(FIN)

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. SB 169 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.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version:	CSSB 169(FIN)
Fiscal Note Number:	7
(S) Publish Date:	3/7/2014

Identifier: SB169CS(FIN)-DHSS-EPI-03-05-14
 Title: STATEWIDE IMMUNIZATION PROGRAM
 Sponsor: GIESSEL
 Requester: Senate Finance 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	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	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:

Updated for new CS (FIN). Corrected to reflect a fund capitalization rather than a fund transfer and to show that all funding comes from the newly created account.

Prepared By:	Kerre L. Shelton, Director	Phone:	(907)269-2042
Division:	Public Health	Date:	03/05/2014 11:00 AM
Approved By:	Sarah Woods, Deputy Director, Finance & Management Services	Date:	03/05/14
Agency:	Health & Social Services		

REPORTED OUT OF SFC 03/06/2014

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB169(FIN)

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. CSSB169(FIN)

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: CSSB 169(FIN)
Fiscal Note Number: 8
(S) Publish Date: 3/7/14

Identifier: SB169CS(HSS)-DHSS-HCMS-02-27-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Health & Social Services 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	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:

Updated for CS. No change.

Prepared By: <u>Margaret Brodie</u>	Phone: <u>(907)334-2520</u>
Division: <u>Health Care Services</u>	Date: <u>02/26/2014 12:00 AM</u>
Approved By: <u>Sarah Woods, Deputy Director, Finance & Management Services</u>	Date: <u>02/27/14</u>
Agency: <u>Health & Social Services</u>	

FISCAL NOTE ANALYSIS #8

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(FIN)

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.

SB 169 Statewide Immunization Program

Sectional Analysis (LS1219\I)

Section 1. Establishes a Statewide Immunization Program with a State Vaccine Assessment Council; sets requirements for vaccine assessments, reporting and penalties for assessable entities and other program participants; and creates a vaccine assessment account.

Section 2. Definitions.

Section 3. Amends Title 21 (Insurance) to require assessable entities to provide information and pay assessments.

Section 4. Adds the vaccine assessment account to the list of program receipts authorized in the budget.

Section 5. Repeals Ch. 24 SLA 2012.

Section 6. Redirects the unobligated funds from Ch. 24 SLA 2012 to be deposited into the vaccine assessment account.

Section 7. Makes the effective date July 1, 2014.

Section 1. Adds Article 1A Statewide Immunization Program to AS 18.09.

Sec. 18.09.200(a). Establishes a statewide immunization program in the Department for the purpose of monitoring, purchasing, and distributing vaccines to providers.

Sec. 18.09.200(b). The Department of Health and Social Services shall maintain a list of recommended vaccines for inclusion in the program; establish the 1st year's assessment & 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; set procedures for distributing vaccines; and review appeals for errors.

Sec. 18.09.210. Establishes the State Vaccine Assessment Council within HSS for the purpose of determining the assessment amount. The commission has 8 members appointed by the Commissioner: the state's Chief Medical Officer (chair); Division of

Insurance Director; 3 health care insurers, one of whom must be a plan administrator; 2 health care providers; and 1 representing a tribal or public health insurance plan who serve without compensation or reimbursement of expenses. Terms are 3 years with a 2-term limit. HSS will provide staff and other assistance to the commission. The commission establishes and implements a plan of operation, submits an annual financial report to HSS each July 1st, and monitors compliance with the program.

Sec. 18.09.210(f)(1). The “plan of operation” must include the method for calculating the assessment amount for each covered individual; the method for determining proportional costs to assessable entities/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.

Sec. 18.09.220(a). Requires the assessable entities/participants to pay the assessment to the department for each covered individual; provide information about number of covered individuals and actual usage; and provide audited financial statements upon request.

Sec. 18.09.220(b). Requires that the assessment include reasonable costs for overhead. The provider’s fee for administration of the vaccine is excluded from the assessment.

Sec. 18.09.220(c). States that an assessment is a medical expense for the assessable entity/participant.

Sec. 18.09.220(d). Provides for a process to appeal the assessment determination to the commissioner.

Sec. 18.09.225. Allows health care providers to opt into the program to purchase vaccine.

Sec. 18.09.230. Creates a special account in the general fund for the purpose of purchasing vaccines. The legislature may appropriate program receipts from vaccine assessments, money from other sources, and interest earned. Appropriations do not lapse.

Sec. 18.09.240. Allows the commissioner to determine a monetary penalty for noncompliance.

Section 2. 18.09.900. Defines the terms assessable entity, commissioner (Health & Social Services), council, covered individual, other program participant, program, provider, recommended vaccine, and vaccine.

Sec. 18.09.900(3). An “assessable entity” means a health care insurer, the state health care plan, a public or private entity that offers a publicly funded plan (to the extent allowed by law), and third-party administrators.

Section 3. Requires assessable entities to provide information to the department under (AS 21.09.242)

Section 4. Adds the vaccine assessment account to the list of special accounts for program receipts in (AS 37.05.146(c))

Section 5. Repeals Ch. 24, SLA 2012 (HB310), a temporary statewide immunization program.

Section 6. Redirects the remaining HB310 funds to be deposited to the vaccine account.

Section 7. Makes the act effective July 1, 2014.



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Alaska State Legislature
Re: Support for Senate Bill 169

March 10, 2014

I wish to thank the distinguished members of the Alaska state legislature for affording me the opportunity to express my support for the bill to preserve universal access to state-supplied vaccines in Alaska.

My name is Dr. Everett Lamm, and I am an American Board of Pediatrics Certified, New Hampshire State-licensed Pediatrician and a Fellow of the American Academy of Pediatrics. I am employed by Exeter, NH's Core Pediatrics where I have been practicing community-based pediatrics for the past 12 years on New Hampshire's Seacoast. I also recently joined the Board of the New Hampshire Vaccine Association (NHVA), a not-for-profit corporation that assesses insurers and other payers to fund New Hampshire's universal childhood vaccine purchasing program.

I understand that in the past, Alaska had a universal vaccine program funded with federal and state dollars, and that the recently-introduced Senate Bill 169 would establish a self-sustaining vaccine financing solution similar to the one implemented in New Hampshire. I also understand that questions have been raised regarding the benefits of such a program, both for health care providers and for the children of Alaska. I am writing to share my experience as a pediatrician practicing under such a program and to share with you the beneficial impacts that this program has had on the children and physicians in my state.

In its approximately 11 years of operation, the NHVA has produced over \$45 million dollars in health care cost savings. Not only has the program saved our state significant sums of money, but it has also contributed to New Hampshire's consistently high rankings for childhood immunization. Currently, we rank second in the nation with an 80.1% childhood immunization rate. The NHVA represents a highly successful, cost-saving, joint public-private venture, whose achievements have been made possible through bipartisan legislative sensibility, medical ingenuity and corporate compassion.

Much of NHVA's success is due to the fact that the program makes it possible for the state to distribute vaccines to providers free of charge, thus making it possible for all providers to offer immunization services. With the advent and technological advancement of childhood vaccines, there is considerably less work for pediatricians. Quite literally, pediatricians are vaccinating

Core Pediatrics Exeter
Mark Covey, MD, FAAP
Eileen Forrest, MD, MPH, FAAP
Kristen Johnson, MD, FAAP
Daniel Kyle, MD, FAAP
Everett Lamm, MD, FAAP
Steven Loh, MD, FAAP
Lori McClure, APRN
Jan Michaud, APRN
Elizabeth Williams, APRN

Core Pediatrics Epping
Alexandra Bonesho, MD, FAAP
Thomas Fitzgerald, MD, FAAP
Jo Ann Gates, MD, FAAP
Jennifer Jones, MD, FAAP
Sharita Dawson, APRN
Danielle Lambert, APRN

Core Pediatrics Plaistow
Elizabeth Melendy, MD, FAAP
Andrea Westinghouse, MD, FAAP

ourselves out of jobs. Years ago, treating infectious disease was the mainstay or “bread and butter” of pediatrics. These illnesses have not mysteriously disappeared; rather our population has grown healthier by receiving immunity through vaccination. As a result of childhood vaccination, pediatric hospitalizations and office visits are at an all-time low. Vaccination is by no means a get-rich-quick scheme for doctors. In fact, there are significant financial and administrative burdens on providers who offer immunization services.

In states without universal vaccine purchasing programs, providers must pay the up-front costs for vaccines out of their own pockets and await reimbursement from insurers, often at reduced rates. Additionally, even in universal purchase states, every provider bears the burden and expense of managing their vaccine inventory, cold storage through costly closely-monitored refrigerators and freezers, state-of-the-art thermometers, syringes, needles, alcohol wipes, electricity which includes the need for back-up generators (because there are penalties for losses due to weather, power outages, equipment failure, etc.), and emergency kits which include date-sensitive, expensive medications which are available in the unlikely event of any rare adverse reactions. Additional costs are incurred through shipping, medical record updating and office staffing which is required to maintain, inventory and administer the supply. These supplies and costs are independent of the physical space and the considerable time needed to provide federally-mandated vaccine information, address questions, obtain appropriate consents, then ensure safe and proper vaccine administration, all-the-while meticulously documenting and accounting for each and every one given. For many providers, especially those in small practices, these burdens are just too great, forcing the difficult decision to stop offering immunization services.

Physicians across the country experience these challenges. One of my colleagues, formerly a busy solo-practice pediatrician, was forced to close her practice in a neighboring state due to financial hardship. The cost of maintaining vaccines for her patients was overwhelming and insurmountable. She attempted to maintain an office-based vaccine supply, but was unable to as a result of the expense of the vaccines and their associated costs. In order to continue practicing in a manner consistent with her high standards, she relocated to New Hampshire, where she could access recommended vaccines for children without facing these burdens.

In New Hampshire, we are fortunate that the universal vaccine purchasing program funded by the NHVA allows our state to purchase vaccines at substantially discounted rates and distribute them to providers free of charge, ensuring that all children have access to critical vaccines regardless of insurance coverage or income. This approach also permits state health officials to manage the supply of vaccines, thereby lowering providers’ administrative costs and ensuring that the state can quickly supply vaccines to vulnerable patient groups, particularly during emergencies or vaccine shortages.

We know that offering all recommended childhood vaccines in all medical provider offices throughout the state, regardless of office size and location and provider ability to up-front the cost of vaccines, keeps our entire population healthier. There may be questions related to school necessary vaccines; in my state, these serve as minimal guidelines as New Hampshire is not a

state where mandates are well tolerated. I have heard that Alaskans share this independent mindset. State-supplied vaccines benefit all children and everyone in and out of our school systems, particularly those who are immunocompromised and unable to receive vaccines themselves. Additionally, when vaccines are managed by the state, there is no concern for patient's or their family's ability to pay for them.

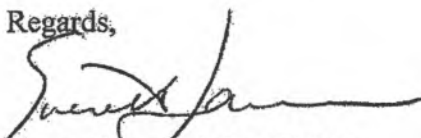
If states stop offering all recommended childhood vaccines, we must then prepare for the return of previously seen widespread diseases that infected millions of people in our own country and still cause widespread morbidity and mortality in under-developed and medically under-served parts of our globally interdependent world. You would be asking my colleagues and me to diagnose and treat devastatingly infectious diseases, such as Haemophilus, poliovirus and diphtheria to name a few, which I have fortunately never seen in my combined 7 years of medical training and 12 additional years of pediatric practice.

While there is no denying that there are considerable financial costs associated with immunizing our population, the overall medical expense and societal effects of not immunizing children will far exceed the current expenditures should Alaska limit its vaccine program. As noted above, New Hampshire's program has produced short and long-term savings of millions of dollars and at the minimum, hundreds of lives in the state over the past decade. Via the New Hampshire Vaccine Association, this has been made possible due to the collaborative efforts of insurers, healthcare providers and the NH Departments of Insurance and Health & Human Services. Our system for immunization funding and distribution is safe, cost-effective and efficient, and it ultimately keeps the children of our state among the healthiest in the nation. Our methods are not secrets; the NHVA Board is devoted to transparency, fairness and integrity through its adherence to right to know principles and responsible governance. This organization strives to make every bit of information from minutes, agendas, financials, etc. easily accessible to anyone who is interested, from legislators to laymen alike. As you carefully consider the vaccine legislation before you, I urge you to evaluate the success of a similar state program in New Hampshire.

It is a privilege for me, as a pediatrician, to serve and collaborate with dedicated and committed individuals who scrupulously tend to the governance of the New Hampshire Vaccine Association. I take tremendous pride, both personally and professionally, in knowing that our actions and hard work positively and directly impact the health of our children.

Again, I thank you for allowing me this time to express my support for the bill to preserve universal access to state-supplied vaccines in Alaska. Please accept my best wishes toward your continued efforts to protect the health and safety of Alaska's children.

Regards,



Everett Lanin, MD, FAAP

residents of Bethel and the fifty native communities receiving medical services through the now replaced "old" Bethel hospital and its supportive rural public health services. On leaving Alaska in 1974, I served as the medical director for the health services for the Navajo Nation and subsequently in the same capacity for the Native people in the States of Oregon, Idaho, and Washington States. I returned to Alaska in 1991 at the request of the administration of Governor Walter Hickel to serve four years as the State Director of Public Health. I subsequently served six years in the same capacity under the Governorship of Tony Knowles before finding retirement being dictated by personal health problems.

I state the above only to demonstrate that I do have experience and credentials to speak on the critical requirement of a strongly based and supported immunization program for all residents of the State of Alaska. Access to strong adult and childhood immunization services were instrumental in the positive gains to the improved health of Alaskans witnessed since my initial introduction to the health needs of its citizens in 1969. The contents of SB169 will help to assure the well demonstrated benefits of a universal adult and childhood vaccination service in a time of increased vaccine costs and decreased federal support. A proposal to assess insurance companies and various agencies responsible for making access to medical and health services and the bulk acquisition of vaccines by the State of Alaska should decrease the cost of vaccines as well as reduce the probability of any increased costs to the State.

Thanks to you and your fellow Colleagues for introducing and supporting the proposed SB 169

Peter Nakamura M.D. Ped. MPH Retired.

-----Original Message-----

From: David Baines [<mailto:bumlegbaines@hotmail.com>]

Sent: Thursday, February 20, 2014 4:08 PM

To: Sen. Cathy Giessel

Subject: SB 169

For over 30 years, the State of Alaska Immunization Program had a "universal" vaccine program – distributing childhood and adult vaccines to all Alaskans. This universal program insured that all Alaskans had equal access to vaccines. Vaccine costs increases and federal funding declines led to a reduction in this "universal" program.

In 2012, legislation was introduced to provide \$4.5 million in state general funds to fill the gap left by this reduction in federal funding. The intent of House Bill 310 (Senate Bill 140) was to temporarily reinstate funds for underinsured children and underinsured/uninsured adults while permanent solutions were sought. This funding will no longer be available after June 30, 2015.

While I support Senate Bill 169 to establish a vaccine assessment account and implement a self-sustaining vaccine financing solution that has been implemented in other states to preserve universal access to state-supplied vaccines as a vast improvement, I feel the state could go one step further. As an Alaska Native and Physician I felt it should cover all Alaskan including uninsured adults.

I used to work in Dutch Harbor (2005-2009) and the vaccine program helped us vaccinate the large foreign born workforce there for Hepatitis B, a big public health issue. Thanks to the program that provided the vaccines free of charge we could pass those savings on to our patients who had no medical insurance and otherwise would have not been immunized. That coverage allowed us to break the cycle of passing Hepatitis B from generation to generation. This bill still charges providers who see uninsured

adults which would be a barrier to that vulnerable population getting immunized. Thanks for your hard work in improving access to vaccinations but I think it should be that our wonderful state can provide this basic service to all of us who call Alaska home regardless of financial status.

Sha aam dza waan (Wishing you well), David R Baines MD

From: William Saltonstall <willsaltonstall@gmail.com>
Date: February 20, 2014 at 11:29:48 PM AKST
To: <Senator.Cathy.Giessel@akleg.gov>
Subject: Senator Giessel:

As a physician and one of your constituents please let me support you in encouraging Senate Bill 169. Vaccination rates are down. We are seeing pertussis and other preventable diseases. A universal state organized vaccine program would help improve accessibility and reduce administrative costs by providing a single vaccine source. Vaccination is one of the positive, preventative services we offer reducing illness and costs in the future.

Thanks for pursuing this bill.

William Saltonstall M.D.

From: <mcuster@alaska.net>
Date: February 20, 2014 at 11:04:05 PM AKST
To: <Senator.Cathy.Giessel@akleg.gov>
Subject: Senate Bill 169

Dear Senator Giessel,

Thank you for introducing Senate Bill 169. This bill will help improve access to vaccines across the state, and will bring us closer to the universal access we once had. The model for a vaccine account has worked well in other states, and reduced costs.

Sincerely,

Marcy Custer, R.N.

From: LPNAKA@aol.com [<mailto:LPNAKA@aol.com>]
Sent: Saturday, February 22, 2014 7:50 PM
To: Sen. Cathy Giessel
Cc: ris2@cdc.gov; ringleton@anthc.org
Subject: SB169

Honorable Senator Cathy Giessel,

I am writing to you in strong support of your efforts to promote SB169. Prior to my retirement in the year 2001, my active years in clinical pediatrics, public health, and administrative medicine included four years on the staff of the Alaska Native Health Hospital, two years as the director of the health program for the

-----Original Message-----

From: Dave Bomalaski [<mailto:dbomalaski@gci.net>]

Sent: Thursday, February 20, 2014 8:56 AM

To: Sen. Cathy Giessel

Cc: Jane Conway; Singleton, Rosalyn J. (CDC/OID/NCEZID)

Subject: Senate Bill 169

Dear Senator Giessel,

One of the greatest assets of our state is the vast expanse of wilderness that is the envy of the world. At the same time, it imposes significant challenges to the delivery of healthcare in terms of cost, access and quality. We are still obligated to provide the same quality of healthcare to Alaska's children as is given in the lower 48 where they do not face our additional burden of geography and environment. Children's vaccines save lives. It is one of the most cost effective means of preventing disease and reducing healthcare costs.

Other states in the Pacific Northwest have recognized this and established partnerships between practitioners, industry and government to meet this moral obligation. Senate Bill 169 is to establish a vaccine assessment account and implement a self-sustaining vaccine financing solution that has been implemented in other states to preserve universal access to state-supplied vaccines. This bill provides for an efficient cost-effective vaccination system, reduces administrative burden for health providers and increases access to vaccines for all Alaskans.

The Alaska medical community strongly supports Senate Bill 169 to provide access to vaccines for Alaskans in all communities.

Sincerely,

M. David Bomalaski, MD, FAAP

Alaska Chapter of the American Academy of Pediatric

Alaska Urology

3841 Piper St., Ste. T300

Anchorage, AK 99508

907-563-3103

From: Tomasoski, Therese [<mailto:Therese.Tomasoski@providence.org>]
Sent: Wednesday, February 19, 2014 8:48 AM
To: Sen. Cathy Giessel
Subject: Senate Bill 169

Dear Senator Giessel,

For over 30 years, the State of Alaska Immunization Program had a “universal” vaccine program – distributing childhood and adult vaccines to all Alaskans. Vaccine costs increases and federal funding declines led to a reduction in this “universal” program. In 2012, legislation was introduced to provide \$4.5 million in state general funds to fill the gap left by this reduction in federal funding. The intent of House Bill 310 (Senate Bill 140) was to temporarily reinstate funds for underinsured children and underinsured/uninsured adults while permanent solutions were sought. This funding will no longer be available after June 30, 2015. We support Senate Bill 169 to establish a vaccine assessment account and implement a self-sustaining vaccine financing solution that has been implemented in other states to preserve universal access to state-supplied vaccines. This bill provides for a more efficient cost-effective vaccination system and reduces administrative burden for health providers and increases access to vaccines for all Alaskans.

Please help get this bill passed. As a pediatrician I have seen the cost of vaccines be an obstacle for parents deciding whether to vaccinate their child. It is in the best interest of the child and this state to have a universal access to state supplied vaccines. Thank you for all you do.

Sincerely,

Therese Tomasoski, MD

Providence Matanuska Health Care

Phone: 907 761-5900

Fax: 907 761-5975

From: Tsao-Wu, George [mailto:GTsao-Wu@SouthcentralFoundation.com]

Sent: Wednesday, February 19, 2014 1:14 PM

To: Sen. Cathy Giessel

Subject: Bill 169

Hello Cathy Giessel,

I just want you to know that I support the new bill 169 that you have introduced. As a pediatrician in Alaska since 1996, I have had the privilege of taking care of many children. I am thankful that only a handful of them were infected and injured by bacteria or viruses for which we have vaccines. This is in part because of the generous program that the State of Alaska has had in providing vaccines for children. In order to keep our populace as healthy as possible we definitely need a more permanent solution to vaccine funding and this bill 169 seems like a proven and effective methodology to do just that.

Thanks for taking up the cause for vaccinating our kids!

Sincerely,

George Tsao-Wu, MD

Pediatric Clinic Medical Director

Alaska Native Medical Center

Southcentral Foundation

4320 Diplomacy Dr Ste 2300

Anchorage AK 99508

(907) 729-8913

Jane Conway

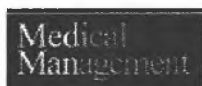
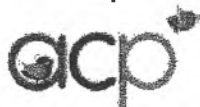
From: Thad Woodard <twoodard@AKPeds.com>
Sent: Friday, February 14, 2014 9:23 AM
To: Sen. Cathy Giessel; Jane Conway
Subject: self-sustaining vaccine financing solution

Follow Up Flag: Follow up
Flag Status: Flagged

Senator Giessel and Ms Conway, I am writing to strongly support the adoption of Senate Bill 169 designed to develop a vaccine assessment account providing a sustainable vaccine financing solution for Alaska. One of the most beneficial public health achievements of mankind has been the use of immunizations to prevent life threatening illnesses. There is abundant evidence of the safety, efficacy, cost effectiveness and success of this effort. However the cost of vaccines and the ease of providing them to patients has been a worsening burden over time and as a result Alaska's immunization levels and health care costs related to vaccine preventable diseases are rising. Vaccine assessment accounts have been shown in other states to relieve the problems related to increased costs and help to increase immunization rates. I support Senate Bill 169 for these reasons.

T Woodard, MD

Thad Woodard, MD
Alaska Center for Pediatrics
1200 Airport Heights Drive Suite 140
Anchorage, Alaska 99508
907.777.1800
www.akpeds.com



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From: "Mary Ann Jacob, M.D." <jacobmd@mac.com>

Date: February 12, 2014 at 3:25:09 PM AKST

To: <Senator.Cathy.Giessel@akleg.gov>

Subject: Vaccine Assessment Bill

Dear Senator Giessel:

Thanks so much for your interest in Senate Bill 169. As a pediatrician in Anchorage, I have seen firsthand many of the diseases that are vaccine-preventable. I've also struggled to continue to provide vaccines at my small private practice, due to the difficult requirements that we keep duplicate stocks of these expensive vaccines for differently insured patients. It's my understanding that the proposed bill will end up costing everyone less money by doing away with multiple "layers" of bureaucratic requirements and paperwork. I believe that if this bill becomes law, small practices like my own will be more likely to continue offering vaccines to our patients. This increased availability translates into higher vaccination rates. Children will be healthier (and their parents will miss less work). Employers will pay less for insurance (polio vaccine is much cheaper than treating a case of polio!); and since many children are insured directly or indirectly by state funds, Alaska will save money, too.

I strongly encourage you to support this bill.

Sincerely,
Mary Ann Jacob, M.D.

Jane Conway

m: Jane Conway
Sent: Thursday, February 20, 2014 3:58 PM
To: Jane Conway
Subject: Support SB 169 Atwood

From: Atwood, Jesse W [<mailto:Jesse.Atwood@providence.org>]
Sent: Thursday, February 20, 2014 3:48 PM
To: Jane Conway
Subject: Support for Senate Bill 169

Ms. Conway,

My name is Jesse Atwood. I am a Pediatrician, practicing in the Matsu Valley at Providence Matanuska Health Care Clinic. I have been practicing pediatrics for over 16 years, and have done extensive personal research into vaccines, their side effects, and their benefits. After having given thousands of vaccines to children over the years, and seeing the beneficial results of widespread immunization to both the individual, and society collectively, I am thoroughly convinced that the benefits of vaccines FAR outweigh any perceived or potential risks. It also seems consistent that some financial / governmental support to promote vaccinations improves vaccination rates, and improves the overall health of our communities, likely paying financial dividends down the road. But regardless of any financial benefits, there is almost no medical advancement in the history of the world that has had a greater impact in reducing suffering and death than what immunization programs have achieved. The numbers of people who suffered and even died from many / most of the diseases we vaccinate compared to the numbers suffering or dying from these diseases since the individual vaccines were approved, is staggering. Why wouldn't we want to promote one of the most successful advancements in the history of mankind?

To that end, I am writing to ask that you support in any way possible Senate Bill 169, to establish a vaccine assessment account, and implement a self-sustaining vaccine financing solution that has been implemented in other states, to preserve universal access to state-supplied vaccines. As a pediatrician, I feel that this bill provides for a more efficient cost-effective vaccination system, and reduces the ever increasing administrative burden for health care providers, a burden that can and will eventually result in a deterrent to providing vaccinations for some. I also feel that this bill will increase access to vaccines for all Alaskans, and serve to improve our health and well-being as a state and as a community.

I thank you for your service to our State and our community, and for your attention to this matter.

Respectfully yours,

Jesse Atwood MD

2250 S Woodworth Loop, Suite #101

mer, AK 99645 Ph: 907-761-5900

From: The Brands [<mailto:brand@mtaonline.net>]

Sent: Thursday, February 20, 2014 9:45 AM

To: Sen. Cathy Giessel

Subject: Senate Bill 169

Dear Senator Giessel:

I have been a Pediatrician in Alaska since 1982. I have seen immunizations fully funded by the CDC, partially funded by the CDC and also a time in the 80's when there was no funding except for Medicaid patients. During that period in the 80's our immunization rates tanked.

Since the reduced Federal funding immunization purchase and fees have yo-yo'd from full to partial and it is unwieldy for all. A consortium with insurances and MC funding a pool would stabilize funding, availability and make for consistent delivery across the board. Please advance SB 169.

Jeff Brand ,

ibrand@latouchepediatrics.net

Jane Conway

m: Sen. Cathy Giessel
Sent: Thursday, February 20, 2014 10:49 AM
To: Jane Conway
Subject: FW: Senate Bill #169

Follow Up Flag: Follow up
Flag Status: Flagged

From: Doris [<mailto:dorie@alaska.net>]
Sent: Thursday, February 20, 2014 10:48 AM
To: Sen. Cathy Giessel; Sen. Hollis French
Subject: Senate Bill #169

I strongly support Senate Bill 169 as I have been a supporter of vaccinations for many years. The distribution of vaccines in the State of Alaska in order to insure vaccination of our population, and especially our children, is one of the most important health programs in the State. The idea that it should end is awful. It could so easily cause an epidemic that our State would have to spend a great deal more than the cost of vaccination to try to remedy. The remedy would never erase the suffering an epidemic would cause.

Thank you for all you do for our beautiful State and thank you for supporting this legislation. Following this personal comment I am including some boiler plate information which I have received and which has induced me to let you know of my personal support.

For over 30 years, the State of Alaska Immunization Program had a "universal" vaccine program – distributing childhood and adult vaccines to all Alaskans. This universal program insured that all Alaskans had equal access to vaccines. Vaccine costs increases and federal funding declines led to a reduction in this "universal" program. In 2012, legislation was introduced to provide \$4.5 million in state general funds to fill the gap left by this reduction in federal funding. The intent of House Bill 310 (Senate Bill 140) was to temporarily reinstate funds for underinsured children and underinsured/uninsured adults while permanent solutions were sought. This funding will no longer be available after June 30, 2015. *We support Senate Bill 169 to establish a vaccine assessment account and implement a self-sustaining vaccine financing solution that has been implemented in other states to preserve universal access to state-supplied vaccines. This bill provides for a more efficient cost-effective vaccination system and reduces administrative burden for health providers and increases access to vaccines for all Alaskans.*

Doris Bailey dorie@alaska.net

Alaska, Alaska

Dear Senator Giessel,

As you know, I have been practicing pediatrics in Anchorage for over 30 years, and have seen the benefit of the the State of Alaska's universal vaccine program. This ensured that all Alaskans had equal access to vaccines. Vaccine cost increases and federal funding declines have led to a reduction in this program.

Temporary solutions are fine for the interim, but our children need a permanent solution to this problem.

The benefits of vaccination are undeniable. vaccines (along with clean water and good nutrition) have saved more lives than any other public health intervention.

I support Senate Bill 169 to establish a vaccine assessment account.

This bill provides for a more efficient, cost-effective, and self-sustaining vaccination system, reduces administrative burden for health care providers and increases access to vaccines for all Alaskans.

The risks of having a less-vaccinated, less protected population are clear, as some vaccine-preventable diseases are re-emerging in areas of this country and of the world where vaccination rates have declined.*

Thank you for working to get this legislation passed.

Sincerely,

Phyllis Kiehl, M.D.

***See this map showing outbreaks of vaccine-preventable diseases.**

And be aware, it is not completely up to date, as it does not include some of these diseases reported in Alaska (among undoubtedly other areas). (For example, we know that Pertussis has been increasing here).

http://www.cfr.org/interactives/GH_Vaccine_Map/#map

From: Elizabeth Galloway <gall_eliz@hotmail.com>

Date: February 19, 2014 at 8:19:11 PM AKST

To: "Senator.Cathy.Giessel@akleg.gov" <Senator.Cathy.Giessel@akleg.gov>

Subject: Support for senate bill 169

Senator Giessel, thank you for your time. I am a pediatric ICU doctor at providence. I wanted to lend my support to senate bill 169. Vaccinations work when every child has access to them. Any program the state can enact to help our population stay vaccinated will keep more children out of my ICU. Thank you for your time and efforts.

Sincerely

Elizabeth Galloway MD

PAMC PICU

907 306 5929



To: Alaska State Legislature

Date: March 19, 2014

Re: Support for Senate Bill 169

As a Washington state pediatrician, I have been administering vaccines to my patients since 1997. I am also a long-time advocate of the universal purchase of vaccines by states so that all children and adolescents have access to recommended vaccinations in their medical home without cost or access barriers.

I was vice president of the Washington Chapter of the American Academy of Pediatrics when our state's universal purchase program was threatened by budget cuts in 2009. Our leadership surveyed members of the WCAAP to see if they had concerns about losing universal purchase. Our members were overwhelmingly concerned that they would not be able to continue providing access to vaccines in their clinics due to new burdens of keeping two separate stocks of vaccines and the financial overhead to start purchasing new private stock. Because of our members' concerns the WCAAP and immunization leaders in our state gathered stakeholders to try to find a solution to save universal purchase. The result of this work was the formation of the Washington Vaccine Association (WVA). The WVA is a nonprofit organization legislated to assess private health insurers for vaccines for the state's privately insured children. The assessments become part of the state's general fund and support the continuation of Washington's universal purchase system so all children continue to have access to vaccines in their medical home.

In my capacity as a pediatrician, a WVA founding board member, and the past president of the Washington Chapter of the American Academy of Pediatrics, I welcome the opportunity to support universal purchase of childhood vaccines for the children of Alaska.

Without state-supplied vaccines for privately insured patients, the average pediatric practice would have to spend \$50,000 to \$100,000 per month to buy vaccines, negotiate new contracts with health plans, and potentially settle for less than full reimbursement. In addition, practices would need to add refrigerators, separate vaccine storage for publicly and privately insured children, and find a way to track their vaccine stock. The degree of administrative complexity, as well as the financial burden this entails would have discouraged many providers from offering vaccinations to children; lacking access to vaccines in their medical home, many parents would simply forgo vaccinations for their children. In our state there is no public health clinic backup option. From our surveys the most rural and isolated regions of our state had the least ability to support access to vaccines if our system did away with universal purchase.

To summarize the benefits of universal purchase in Washington to state-wide pediatricians, clinics, and other providers:

- Providers receive vaccines at no charge from the state Department of Health, affording their patients easy access to critical vaccinations.
- Providers don't have to independently manage supplies for new vaccines or vaccine shortages — all vaccines are available from the state in a timely fashion.
- No cash outlay or additional staff is necessary to acquire vaccines. Providers use the state's online immunization information system to choose their vaccine brand preferences from the full list of childhood vaccines.

In addition to these significant benefits for providers and families, universal purchase of childhood vaccines holds many advantages for the state's public health system, as well as for insurers, health plans, and other payers. Universal purchase benefits Public Health by:

- Preserving the relationship between providers and public health
- Simplifying vaccine ordering and distribution
- Streamlining vaccine management and quality assurance
- Ensuring access to vaccines in children's medical homes

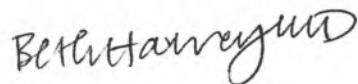
In Washington state, despite the presence of one of the country's most active anti-vaccine contingents, immunization rates have held steady over the last decade — and the cost of these vaccines has remained stable. The percentage of Washington state kindergarteners with complete immunizations has improved steadily since 2009.¹

Here, the amount health plans contribute to support the universal purchase system is done using a dosage-based assessment. All vaccines recommended by the federal Advisory Committee on Immunization Practices (ACIP) are accessible to all children in a timely fashion, and available in all provider offices regardless of the size of the practice or the remoteness of the practice's location.

Our universal purchase program has allowed us to have a unique public private partnership where we focus on access to all vaccines for children. We have an open formulary and the state does not restrict any vaccines from physicians. We are able to rapidly adjust to shortages as the state supply fluctuates. As a pediatrician in private practice with many Medicaid patients, having less capital outlay has allowed me to invest in more patient services such as care coordination, medical home transformation and purchase of an electronic health record. I firmly believe that if we had lost universal purchase of vaccines our immunization rates would have fallen instead of increased.

I think we were successful because we kept children and their health our focus and we tried to keep the system as simple as possible. Best wishes in your efforts.

Sincerely,



¹ WA State Dept. of Health, Office of Immunization and Child Profile, see [Kinderqarteners with Complete Immunizations for each Vaccine, 2003-04 to 2012-13](#)

March 14, 2014

George W. Brown, MD

Community Pediatrician

1640 Second Street Douglas, AK 99824 -5211 907 364 2726

gbrow177637@yahoo.com

Senators Stedman, Micciche, Ellis, Kelly, and Meyer
Senate Health and Social Services Committee
28th Alaska State Legislature
Juneau, AK 99801

February 19, 2014

Honorable Senators:

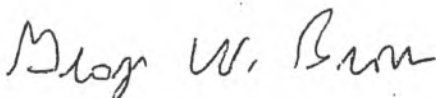
Thank you for the opportunity to provide written testimony in strong support of SB 169 to assure effective vaccines will continue to be available for all Alaska citizens, especially children who are our real future. Thank you for your public service, a somber load where your decisions will guide our public future and where competing voices are respectfully heard as you have to make responsible decisions.

I am unable to speak in person for the Friday, February 21 hearing. Last year, you listened carefully as Dr. Hurlbert and I emphasized our personal 1960's – 1980's experiences of treating many children suffering severe infectious illnesses which are now fully preventable with current immunization resources. Such is an undeniable investment in the future health of our state. The savings in dollar costs and personal agony are magnified many times for the program costs. Establishing a lasting system which assures public and private partnership is a wise choice for which you will look back on your public service career with satisfaction.

As one Alaska citizen, I personally will be happy to pay state tax to underwrite such an investment if that becomes clearly necessary. Next to assuring access to public education for all Alaska children, which is the bed rock support of citizen guided democracy, preventing unnecessary infectious illnesses must remain our top priority.

As Senators Giessel's and French's leadership moves this bill through this session, I will follow its progress and do my best to testify in person as needed.

Respectfully,



George W. Brown, MD



HV

OFFICE OF THE GOVERNOR
MAILROOM

JAN 30 2014

3340 Providence Dr #500, Anchorage, AK 99508 / T. 907-562-2423 / F. 907-563-1170

The Honorable Sean Parnell
Alaska State Capitol Building
PO Box 11001
Juneau AK 99811-0001

23 January 2014

Dear Governor Parnell

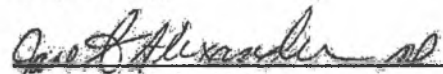
Anchorage Pediatric Group would like to encourage the formation of an Alaska Immunization Association, with the appropriate legislation.

As you are aware Alaska previously was a universal vaccine state. After the decrease in funding and the change to a VFC only State (Vaccines for Children). Our office had to develop a new process of purchasing, maintaining, and delivering private stock vaccines for the rest of our pediatric patients. This was an expensive decision in time, money and office resources. I know that many offices chose not to take on the additional difficulty and stopped providing immunizations.

Alaska has many barriers accessing medical care. Our already low immunization rates paired with a new barrier of a 2 tier system which makes it cumbersome to administer vaccines only adds to the problem. A Vaccine Association will help by streamlining the process for the state, providers, and patients alike. Studies have shown that many states have developed self-sustaining immunization programs that increase immunization rates while decreasing the overall cost(s) for everyone.

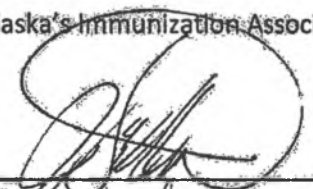
Please give careful consideration to the development of Alaska's Immunization Association

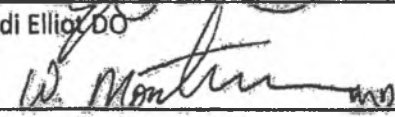
Respectfully,


Janet Alexander MD


Susan Beesley MD


Jody Butto MD FAAP


Jodi Elliot DO


Willow Monterrosa MD


Charles Ryan MD

Rosalyn Singleton MD
22423 Columbia Glacier Loop
Eagle River, AK
907-229-1989
907-729-3418
Ris2@cdc.gov

February 10, 2014

RE: Letter of Support for Senate Bill 169 to establish a Vaccine Assessment Account

As a long-time Alaska pediatrician I am writing about my concerns regarding gaps in access to critical childhood and adult vaccines in Alaska. House Bill 310 temporarily reinstated funds for a period of 3 years for underinsured children and underinsured and uninsured adults. This legislation is temporary and funding will go away in 2015.

For over 30 years, the Alaska Department of Health and Social Services Immunization Program had a “universal” vaccine program – distributing all recommended childhood and adult vaccines to public and private. Vaccines were supplied with federal funding from the Vaccines for Children (VFC) Program (an entitlement program which pays for children who meet federal criteria); and Section 317 of the U.S. Public Health Service Act which covered vaccine cost for VFC-ineligible children and adult. In 2008, the federal government notified the state immunization program that they were decreasing the Section 317 funding to the State during 2010 to 2013 from \$4.3 million to \$0.7 million. House Bill #310 attempted to temporarily reinstate funds for underinsured children and underinsured/uninsured adults while permanent solutions were sought but this bill runs out in 2015.

Unfortunately, when faced with the complexities of maintaining two separate vaccine supplies for VFC and non-VFC eligible children, as well as fronting the cost for expensive vaccines, some small medical practices have stopped providing vaccines to their patients.

Alaska has had low immunization coverage rates in children, exacerbated by difficult access to vaccine for some. These low immunization coverage rates increase the imminent threat that our state could experience outbreaks of diseases like measles and hepatitis A which have been well-controlled for many years. Measles outbreaks are occurring across Europe and the Middle East and imported measles cases are increasing in the US. Paralytic polio remains endemic in a few countries and is only a plane flight away.

This is a critical time to develop a long-term solution to vaccine access in Alaska. Other states, including Washington and Idaho, have found a solution in developing a Vaccine Assessment Account which facilitates universal purchase of vaccines. By collecting payments from health plans, insurers, and other payers and remitting the funds to the state, the Vaccine Account makes it possible for:

- Physicians, clinics, and hospitals to receive state-supplied vaccines at no charge
- All children and adults to have easy access to critical vaccines
- All payers to participate in one of the most efficient, cost-effective systems in the country for purchasing and distributing childhood vaccines.

House Bill 310 is a stop-gap measure which is running out. The current system in Alaska leaves many without easy access to affordable vaccines. Our childhood immunization rates are among the lowest in the nation. I urge the legislature to take action and support Senate Bill 169 to increase access to vaccine for all Alaskans.

Sincerely,

Rosalyn Singleton, MD MPH

MUNICIPALITY OF ANCHORAGE

Department of Health and Human Services



907-343-6718

Mayor Dan Sullivan

Senator Cathy Giessel
State Capitol, Room 427
Juneau, AK 99801

Dear Senator Giessel:

Our Department's Clinical Services includes the Disease Prevention and Control Section. This Section works primarily to treatment for tuberculosis as well as prevention through epidemiology. We support Senate Bill 169 which will lead to a self-sustaining vaccine financing solution for those whose insurance does not cover immunizations we consider essential to good public health.

As the State and even moreso, Anchorage, we have one of the lowest immunization rates nationally. Let's work toward becoming a state that is on the cutting edge like other states who have already successfully maintained universal access to state-supplied vaccines.

Our department serves 270,000 potential clients/citizens locally. We oftentimes see clients who are under insured and/or in a difficult situation where they are faced with the personal tough choice of good health for themselves, their children versus food on the table. We support Senate Bill 169 for a more efficient and cost-effective vaccination system that decreases administrative burden for health providers and increases access to all Alaskans.

Thank you.

Sincerely,

Janet S. Vietmeier

Janet S. Vietmeier

cc: Kenneth Takakuwa, DHHS, Direct Services Division Manager
Kerre Shelton, SOA, Public Health Nursing, Director



Alaska Primary Care
ASSOCIATION

February 21, 2014

Senator Cathy Giessel
Senator.Cathy.Giessel@akleg.gov

The importance of vaccinations cannot be denied. From childhood immunizations to those for seniors, vaccinations save lives and protect the public's health.

Alaska's Community Health Center (CHC) system of 27 organizations and more than 160 clinic locations across the state serve more than 98,000 patients every year. And our primary care providers administer a very large number of immunizations.

Alaska's CHCs will be financially, administratively, and programmatically negatively affected by the termination of State of Alaska support for the Immunization Program (HB 310, SB 140) in June 2015.

You have proposed a solution, however, in Senate Bill 169 to establish a vaccine assessment account and implement a self-sustaining vaccine financing solution to preserve universal access to State-supplied vaccines.

The Alaska Primary Care Association energetically supports SB 169, as it will save money and time for our CHC primary care providers, as well as helping to ensure universal access to life-saving immunizations for Alaskans at all stages of their lives.

Sincerely,

Nancy Merriman
Executive Director



ALASKA ACADEMY OF FAMILY PHYSICIANS

35555 Spur Highway #266, Soldotna, AK 99669 akafp@gci.net www.alaskaafp.org 907 258-2255 office 530 326-5612 fax

January 20, 2014

Re: Alaskan Vaccine Association

Dear Senator Giessel:

The Alaska Academy of Family Physicians supports the development of an Alaskan Vaccine Association. Alaska has had low childhood immunization coverage, leaving our children vulnerable to disease outbreaks. It is critical to develop a long term solution to vaccine access in Alaska and improve our children's health. We support the development of a Vaccine Association. It has proven to be successful in other states. A Vaccine Association is a self sustaining solution which facilitates universal purchase of vaccines by collecting payments from health plans, insurers and other payers and remitting funds directly to the State. A Vaccine Association makes it possible for:

- physicians, clinics and hospitals to receive State supplied vaccines at no charge ,
- all children to have easy access to critical vaccines,
- all payers to participate in one of the most efficient, cost effective systems in the country for purchasing and distributing childhood vaccines.

Currently, several small family practice offices find it burdensome to front the cost of vaccines and maintain separate public and private supplies of vaccines. Creating a Vaccine Association will improve the ability of health care providers throughout Alaska to offer vaccines. We support the development of a Vaccine Association this session.

The Alaska Academy of Family Physicians is a state chapter of the American Academy of Family Physicians which was founded in 1947; the AAFP represents more than 100,000 physicians and medical students nation-wide. It is the only medical society devoted solely to primary care. Family medicine's cornerstone is an ongoing, personal patient-physician relationship focused on integrated care.

Thank you for your attention to this important health matter.

Respectfully,

Triin Minton, MD
President-Elect



Asthma and Allergy
Foundation of America®

ALASKA CHAPTER

AAFA Alaska Chapter
P.O. Box 201927
Anchorage, AK 99520-1927

February 19, 2014

Dear Senator Giessel,

On behalf of the Asthma and Allergy Foundation of America - Alaska Chapter, I am writing to you in support of SB 169. This bill, in addition to health promotion would give the state a tool to monitor trends of vaccine usage. In a state with that has many challenges with access to healthcare it is imperative that we can study areas with low vaccination rates to determine if they are caused by a lack of education or by lack of financial access to services.

Adults and children living with asthma are at an increased risk of illness and unfortunate outcomes from a variety of diseases that are currently preventable. Common illnesses like influenza in an asthmatic person can lead to more serious conditions as well as death. However many asthmatics do not receive the flu vaccine either due to a misunderstanding of its benefits or because they do not have the financial resources to do so. It is imperative that patients have access to vaccines at a fiscally appropriate level.

Diseases like pertussis are also preventable with a vaccine however, babies and the elderly are always at risk due to vaccine timing. Asthmatic babies and adults are at even a greater risk as they already live with compromised airways. If these vulnerable populations are exposed to someone with pertussis the outcome can be grim. AAFA Alaska supports any and all programs that will allow the state to study the current levels of pertussis vaccinations in Alaska. While some people make a choice to not get vaccinated, many would like to receive the vaccination but find that their primary clinics do not carry the vaccine. The clinic are making this choice due to the cost of maintaining two sets of documentation for vaccinating children with and without vaccine funding eligibility.

The health and productivity of the people of Alaska depends on your decision. Vaccines have a real, practical and positive impact on the lives of the adults and children. Prevention of disease not only saves lives, but also reduces missed work time and school absences. All things that are good for the people of Alaska.

Sincerely,

Dale Knutsen
Executive Director
AAFA Alaska Chapter

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

February 19, 2014

Honorable Cathy Giessel
Alaska Senate
State Capital Room 427
Juneau, AK 99801

RE: Senate Bill 169

Dear Senator Giessel:

The Alaska State Medical Association (ASMA) represents physicians statewide and is primarily concerned with the health of all Alaskans.

Thank you for introducing Senate Bill 169. It is well documented that vaccines improve the overall health of our communities and can ultimately prove to save future health care costs. ASMA supports your effort to increase the availability of vaccines to Alaskans and supports passage of SB 169.

Please let us know if there is anything we can do to further support passage of this legislation.

Sincerely,



Michael Haugen, JD, MBA.
Executive Director
Alaska State Medical Association



THE STATE
of **ALASKA**

GOVERNOR SEAN PARNELL

Department of
Health and Social Services

ALASKA COMMISSION ON AGING

P.O. Box 110693
Juneau, Alaska 99811-0693
Main: 907.465.3250
Fax: 907.465.1398

March 3, 2014

Senator Cathy Giessel
Alaska Capitol, Room 427
Juneau, Alaska 99801-1182

Subject: Support SB 169, Statewide Immunization Program

Dear Senator Giessel:

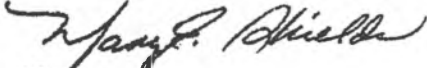
The Alaska Commission on Aging (ACoA) is pleased to express our support for SB 169 to establish a statewide immunization program that will provide recommended vaccines for Alaskans of all ages. This legislation, authored by you and co-sponsored by Senator French, proposes a business model that allows the program to become self-sustaining over time with revenues collected from assessment fees paid by health insurance payers and savings resulting from the state's bulk purchase of vaccine supplies at a reduced cost. It creates a permanent solution to fill the fiscal gap of reduced federal funding for Alaska's immunization program. HB 310 (SB 144) addressed this issue as a temporary measure in 2012, legislation which ACoA supported, that is scheduled to expire on July 1, 2015. Although SB 169 addresses the immunization needs of all Alaskans, our comments will focus on the benefits of this legislation we perceive for older Alaskans.

Preventative services, such as immunizations, are important tools for maintaining the health of all Alaskans at every stage of life. Immune systems weaken with age, which places older people at risk for severe illnesses from pneumonia, influenza, and shingles. The Centers for Disease Control and Prevention recommends vaccines for these conditions for all people over the age of 60. Based on our understanding, vaccines for pneumonia, influenza and shingles would be included under the statewide immunization program proposed by SB 169. Your legislation would help improve access to these vaccines by seniors who are low-income, those not eligible for Medicare, and for seniors who receive services by providers who do not accept Medicare.

SB 169 will also help a growing number of Alaskan seniors who are grandparents raising grandchildren on a fixed income with limited insurance coverage. They desire healthy grandchildren who have access to recommended immunizations recognized by public health standards. Medicare does not cover the cost of childhood immunizations, which are required for admission to public schools. Rather than seeing their grandchildren go without immunizations, many grandparents will make personal and financial sacrifices to insure their grandchildren receive the recommended immunizations. SB 169 will help reduce the cost of immunizations and improve access for these children being raised by grandparents with modest incomes.

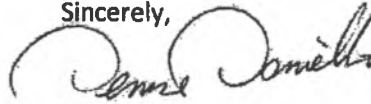
The ACoA supports SB 169 and believes this legislation provides an innovative public-private partnership solution that will create a strong foundation for ensuring improved health outcomes for Alaskans. We thank you and Senator French for your leadership on SB 169.

Sincerely,



Mary E. Shields
Chair, Alaska Commission on Aging

Sincerely,



Denise Daniello
ACoA Executive Director

Cc: Senator French



Newest 3/10/14

Planned Parenthood Votes Northwest

Senator Cathy Giessel
Alaska Legislature
State Capitol Room 427
Juneau, AK 99801

Re: SB 169

March 4, 2014

Dear Senator Giessel,

On behalf of Planned Parenthood Votes Northwest, I write today to thank you for sponsoring Senate Bill 169, which would establish a statewide immunization program in Alaska.

As a health care organization and a provider of vaccines, we know that immunizations are safe and effective in preventing serious diseases. In fact, vaccines are one of the most successful and cost-effective health investments in history, and this program will help ensure that Alaskans have better access to this critical health care.

It's in our state's best interest to rid the population of vaccine-preventable diseases. Expanding access to vaccines strengthens our ability to fight disease, keeps our families healthy, and improves economic stability. Immunized children are more likely to succeed in school and become healthy, productive adults.

Vaccines work to level the playing field so that everyone, no matter their circumstances, has a shot at a healthy life. Increasing access is one of the best steps we can take towards improving public health in our state. Thank you for your leadership on this issue.

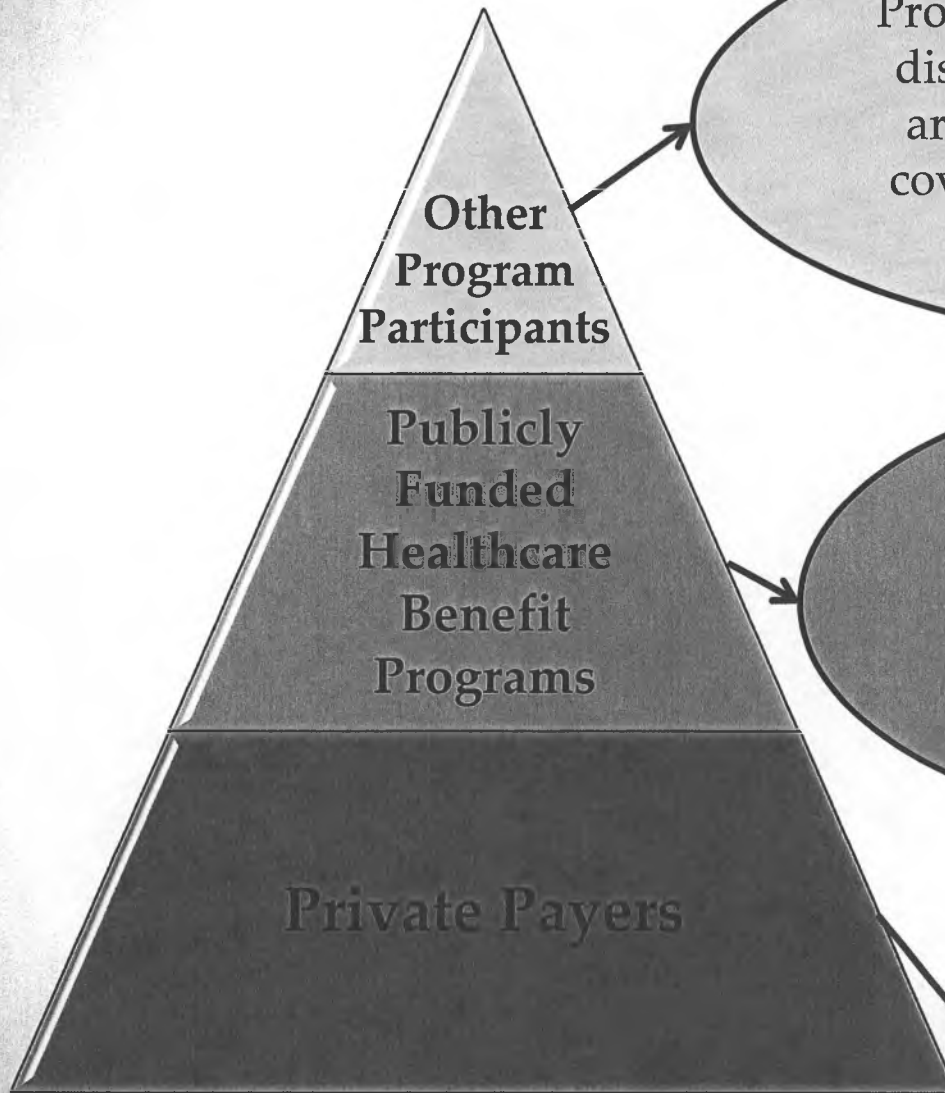
Sincerely,

A handwritten signature in black ink that reads 'Jessica Cler'. The signature is fluid and cursive.

Jessica Cler
Alaska Public Affairs Manager

Planned Parenthood Votes Northwest
4050 Lake Otis Parkway Suite 205 Anchorage, AK 99516
907.770.9705 | jessica.cler@ppvotessouthwest.org

SB169 Statewide Immunization Program



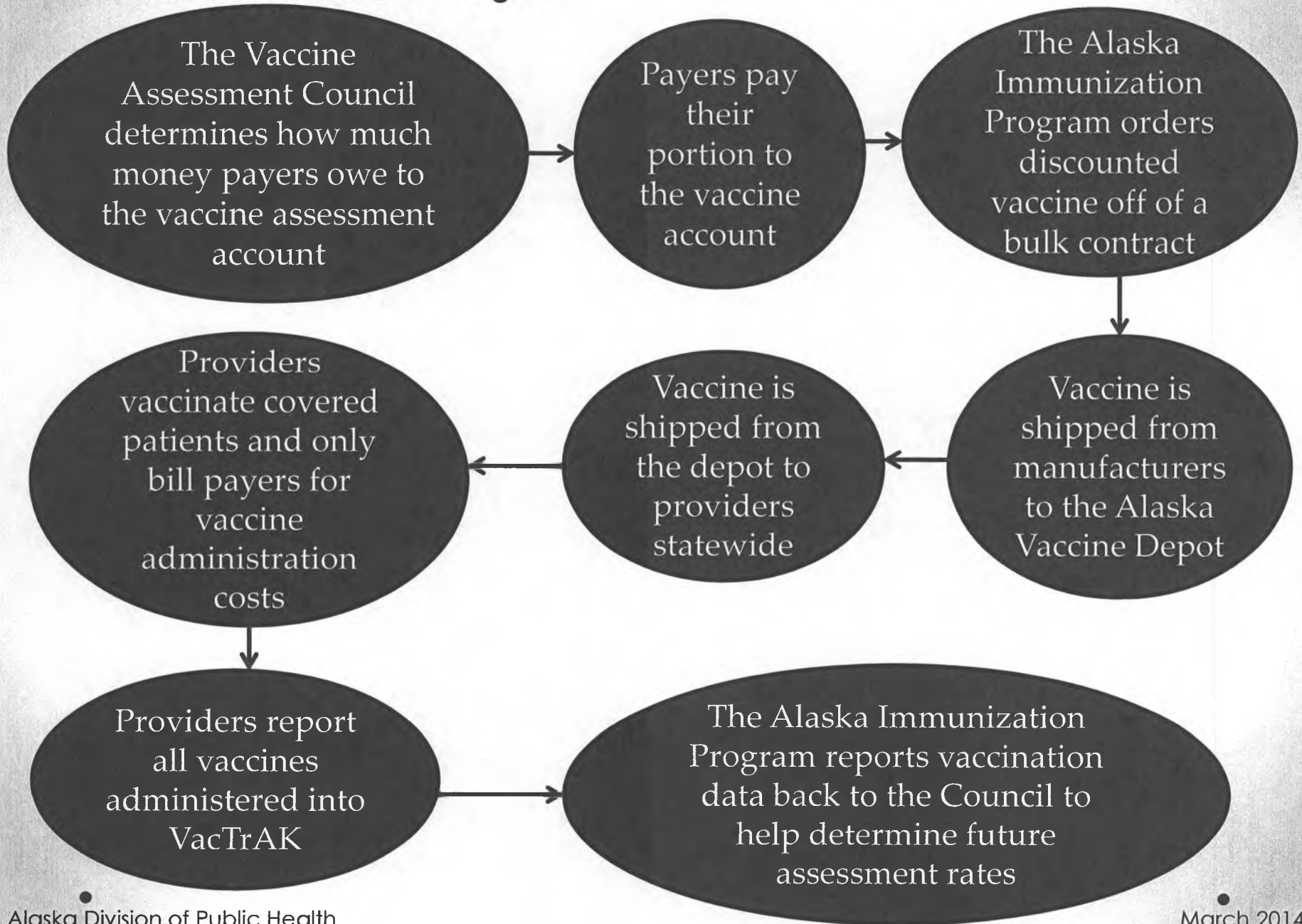
Providers who wish to obtain state-distributed vaccine for *adults* who are uninsured and not otherwise covered by an assessed payer may opt-in to the assessment

- e.g., Medicaid, Medicare, VA, TRICARE, and tribal health
- Public programs may opt-in to the assessment if Federal law precludes their mandatory participation under state law

- e.g., health care insurers, health benefit plans, third-party administrators
- Participation will be mandatory

The Payers

SB169 Statewide Immunization Program





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

Updated March 7, 2014 for SB169 (Version: CS 28-LS1219U)

(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).

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 169(HSS)
Fiscal Note Number: 1
(S) Publish Date: 2/24/14

Identifier: SB169-DHSS-VAA-02-20-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Health & Social Services Committee

Department: Fund Transfers
Appropriation: OpSys DGF Transfers (non-add)
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		4,496.0						
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	4,496.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1178 temp code		4,496.0						
Total	0.0	4,496.0	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? NA
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:	Kerre L. Shelton, Director	Phone:	(907)269-2042
Division:	Public Health	Date:	02/20/2014 02:30 PM
Approved By:	Sarah Woods, Deputy Director, Finance & Management Services	Date:	02/20/14
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS #1

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. CSSB 169(HSS)

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. Section 6 of this bill transfers the remaining \$4,496.0 GF unobligated funds from HB310 for FY2015 into the new vaccine assessment account created by this bill. This is to seed the new statewide vaccination program. 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.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 169(HSS)
Fiscal Note Number: 2
(S) Publish Date: 2/24/14

Identifier: SB169-DHSS-HCMS-02-17-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Health & Social Services 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	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							
---------------------------	--	--	--	--	--	--	--

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	Phone:	(907)334-2520
Division:	Health Care Services	Date:	02/13/2014 12:00 AM
Approved By:	Sarah Woods, Deputy Director, Finance & Management Services	Date:	02/17/14
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(HSS)

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: CSSB 169(HSS)
Fiscal Note Number: 3
(S) Publish Date: 2/24/14

Identifier: SB169-DHSS-EPI-02-20-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Health & Social Services 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	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	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)					
1178 temp code	26,950.0		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	26,950.0		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:

Upon further review, it was determined a separate note was needed to establish the vaccine assessment account. The fiscal note was updated to reflect this change.

Prepared By:	Kerre L. Shelton, Director	Phone:	(907)269-2042
Division:	Public Health	Date:	02/20/2014 02:15 PM
Approved By:	Sarah Woods, Deputy Director, Finance & Management Services	Date:	02/20/14
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(HSS)

Analysis

This bill establishes a Statewide Vaccination Program and creates a vaccine assessment commission 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 transferred into the special account to seed the new statewide vaccination program. 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 insurers 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, insurance payers (private and public) 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 insurance companies for less (office visit only, vs. also cost of vaccine), creating savings for insurance companies. Savings are passed on to patients, who would be charged only for the office visit.

Participation in the assessment would be mandatory for health care insurers. "Health care insurer" includes all assessable 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 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 #3

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(HSS)

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 in to 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. Overhead costs estimated at \$300.0 were added to get the total assessment of \$26.9 million.

Year 1 estimates:

\$46.4 million gross vaccine cost
- \$0 provider-purchased
= \$46.4 million state supplied cost
- \$14.6 million federal funds
- \$5.2 million state funds
= \$26.6 million to be assessed to providers/payers for vaccine
+ \$300.0 for overhead costs
= \$26.9 million total assessment (\$20.0 million from private providers/\$6.9 million from public providers, if allowed by law) deposited in the fund.

There is a one-time cost of \$50.0 in Year 1 for equipment to store the additional vaccine the state will be distributing.

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: CSSB 169(HSS)
Fiscal Note Number: 4
(S) Publish Date: 2/24/14

Identifier: SB169-DCCED-DOI-02-14-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Health and 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	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	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

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>Marty Hester, Acting Division Director</u>	Phone:	<u>(907)465-2515</u>
Division:	<u>Division of Insurance</u>	Date:	<u>02/14/2014 08:00 AM</u>
Approved By:	<u>Jeanne Mungle, Director</u>	Date:	<u>02/14/14</u>
Agency:	<u>Administrative Services</u>		

FISCAL NOTE ANALYSIS #4

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(HSS)

Analysis

SB169 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: CSSB 169(HSS)
Fiscal Note Number: 5
(S) Publish Date: 2/24/14

Identifier: SB169-DOA-HPA-02-18-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	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: 02/14/2014 05:30 PM
Date: 02/18/14

FISCAL NOTE ANALYSIS #5

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(HSS)

Analysis

SB169 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. SB169 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: CSSB 169(FIN)
Fiscal Note Number: 6
(S) Publish Date: 3/7/14

Identifier: SB169CS(FIN)-DHSS-VAA-03-05-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Finance 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:

Corrected to reflect a fund capitalization rather than a fund transfer.

Prepared By: Kerre L. Shelton, Director	Phone: (907)269-2042
Division: Public Health	Date: 03/05/2014 11:00 AM
Approved By: Sarah Woods, Deputy Director, Finance & Management Services	Date: 03/05/14
Agency: Health & Social Services	

FISCAL NOTE ANALYSIS #6

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. CSSB 169(FIN)

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. SB 169 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.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 169(FIN)
Fiscal Note Number: 7
(S) Publish Date: 3/7/14

Identifier: SB169CS(FIN)-DHSS-EPI-03-05-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Finance 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	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	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:

Updated for new CS (FIN). Corrected to reflect a fund capitalization rather than a fund transfer and to show that all funding comes from the newly created account.

Prepared By: Kerre L. Shelton, Director
Division: Public Health
Approved By: Sarah Woods, Deputy Director, Finance & Management Services
Agency: Health & Social Services

Phone: (907)269-2042
Date: 03/05/2014 11:00 AM
Date: 03/05/14

FISCAL NOTE ANALYSIS #7

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(FIN)

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 #7

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(FIN)

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: CSSB 169(FIN)
Fiscal Note Number: 8
(S) Publish Date: 3/7/14

Identifier: SB169CS(HSS)-DHSS-HCMS-02-27-14
Title: STATEWIDE IMMUNIZATION PROGRAM
Sponsor: GIESSEL
Requester: Senate Health & Social Services 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:

Updated for CS. No change.

Prepared By: Margaret Brodie	Phone: (907)334-2520
Division: Health Care Services	Date: 02/26/2014 12:00 AM
Approved By: Sarah Woods, Deputy Director, Finance & Management Services	Date: 02/27/14
Agency: Health & Social Services	

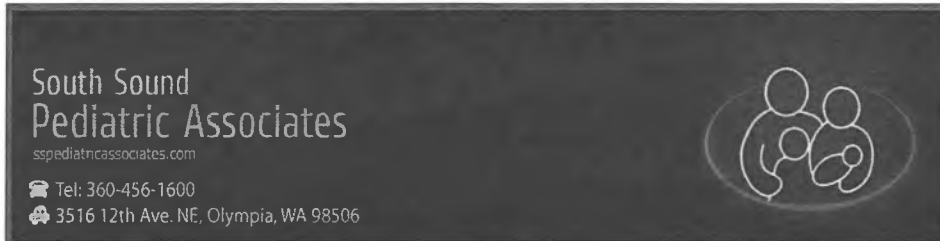
FISCAL NOTE ANALYSIS #8

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 169(FIN)

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.



To: Alaska State Legislature

Date: March 19, 2014

Re: Support for Senate Bill 169

As a Washington state pediatrician, I have been administering vaccines to my patients since 1997. I am also a long-time advocate of the universal purchase of vaccines by states so that all children and adolescents have access to recommended vaccinations in their medical home without cost or access barriers.

I was vice president of the Washington Chapter of the American Academy of Pediatrics when our state's universal purchase program was threatened by budget cuts in 2009. Our leadership surveyed members of the WCAAP to see if they had concerns about losing universal purchase. Our members were overwhelmingly concerned that they would not be able to continue providing access to vaccines in their clinics due to new burdens of keeping two separate stocks of vaccines and the financial overhead to start purchasing new private stock. Because of our members' concerns the WCAAP and immunization leaders in our state gathered stakeholders to try to find a solution to save universal purchase. The result of this work was the formation of the Washington Vaccine Association (WVA). The WVA is a nonprofit organization legislated to assess private health insurers for vaccines for the state's privately insured children. The assessments become part of the state's general fund and support the continuation of Washington's universal purchase system so all children continue to have access to vaccines in their medical home.

In my capacity as a pediatrician, a WVA founding board member, and the past president of the Washington Chapter of the American Academy of Pediatrics, I welcome the opportunity to support universal purchase of childhood vaccines for the children of Alaska.

Without state-supplied vaccines for privately insured patients, the average pediatric practice would have to spend \$50,000 to \$100,000 per month to buy vaccines, negotiate new contracts with health plans, and potentially settle for less than full reimbursement. In addition, practices would need to add refrigerators, separate vaccine storage for publicly and privately insured children, and find a way to track their vaccine stock. The degree of administrative complexity, as well as the financial burden this entails would have discouraged many providers from offering vaccinations to children; lacking access to vaccines in their medical home, many parents would simply forgo vaccinations for their children. In our state there is no public health clinic backup option. From our surveys the most rural and isolated regions of our state had the least ability to support access to vaccines if our system did away with universal purchase.

To summarize the benefits of universal purchase in Washington to state-wide pediatricians, clinics, and other providers:

- Providers receive vaccines at no charge from the state Department of Health, affording their patients easy access to critical vaccinations.
- Providers don't have to independently manage supplies for new vaccines or vaccine shortages — all vaccines are available from the state in a timely fashion.
- No cash outlay or additional staff is necessary to acquire vaccines. Providers use the state's online immunization information system to choose their vaccine brand preferences from the full list of childhood vaccines.

In addition to these significant benefits for providers and families, universal purchase of childhood vaccines holds many advantages for the state's public health system, as well as for insurers, health plans, and other payers. Universal purchase benefits Public Health by:

- Preserving the relationship between providers and public health
- Simplifying vaccine ordering and distribution
- Streamlining vaccine management and quality assurance
- Ensuring access to vaccines in children's medical homes

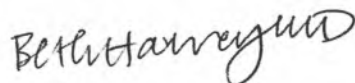
In Washington state, despite the presence of one of the country's most active anti-vaccine contingents, immunization rates have held steady over the last decade — and the cost of these vaccines has remained stable. The percentage of Washington state kindergarteners with complete immunizations has improved steadily since 2009.¹

Here, the amount health plans contribute to support the universal purchase system is done using a dosage-based assessment. All vaccines recommended by the federal Advisory Committee on Immunization Practices (ACIP) are accessible to all children in a timely fashion, and available in all provider offices regardless of the size of the practice or the remoteness of the practice's location.

Our universal purchase program has allowed us to have a unique public private partnership where we focus on access to all vaccines for children. We have an open formulary and the state does not restrict any vaccines from physicians. We are able to rapidly adjust to shortages as the state supply fluctuates. As a pediatrician in private practice with many Medicaid patients, having less capital outlay has allowed me to invest in more patient services such as care coordination, medical home transformation and purchase of an electronic health record. I firmly believe that if we had lost universal purchase of vaccines our immunization rates would have fallen instead of increased.

I think we were successful because we kept children and their health our focus and we tried to keep the system as simple as possible. Best wishes in your efforts.

Sincerely,



¹ WA State Dept. of Health, Office of Immunization and Child Profile, see [Kindergarteners with Complete Immunizations for each Vaccine, 2003-04 to 2012-13](#)

March 14, 2014

ALASKA STATE LEGISLATURE

Session:

**State Capitol Building,
Room 424
Juneau, Alaska 99801-2186
Phone (907) 465-4230
Fax: (907) 465-3883
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Interim:

**1292 Sadler Way
Fairbanks, Alaska 99701
Phone: (907) 452-6084
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REPRESENTATIVE PETE HIGGINS

April 7, 2014

Explanation of changes for House CS for CS SB 169\D

Section 1. Adds Article 1A Statewide Immunization Program to AS 18.09.

Sec. 18.09.200(a). Establishes a statewide immunization program in the Department for the purpose of monitoring, purchasing, and distributing vaccines to providers.

Sec. 18.09.200(b). The Department of Health and Social Services shall maintain a list of recommended vaccines for inclusion in the program; establish the 1st year's assessment & 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; set procedures for distributing vaccines; and review appeals for errors.

Sec. 18.09.210. Establishes the State Vaccine Assessment Council within HSS for the purpose of determining the assessment amount. The council has 8 members appointed by the Commissioner: the state's Chief Medical Officer (chair); Director of Division Insurance; 3 health care insurers, one of whom must be a plan administrator; 2 health care providers, one of which must be a pediatrician; and 1 representing a tribal or public health insurance plan who serve without compensation or reimbursement of expenses. Terms are 3 years with a 2- term limit. HSS will provide staff and other assistance to the council. The commission establishes and implements a plan of operation, submits an annual financial report to HSS each July 1st, and monitors compliance with the program.

Sec. 18.09.210(b)(1) the department's chief medical officer for public health or the chief medical officer's designee, who shall serve as the chair;

Sec. 18.09.210(f)(2). Requires an annual financial report to the commissioner and legislature.

Sec. 18.09.220(a) Establishes the vaccine assessment and reporting requirements after being phased into the program by the commissioner.

Sec.18.09.220(e). An assessable entity may opt out of the program during the three year phase-in period.

Sec. 18.09.225(a). Allows health care providers to opt into the program to purchase vaccine.

Sec. 18.09.225(b) a health care provider who did not opt into the program may not be denied a claim from an assessable entity.

Sec. 18.09.225(c) a health care provider cannot bill a payer or resell a vaccine distributed under the program.

Sec. 18.09.230. Creates a special account in the general fund for the purpose of purchasing vaccines. The legislature may appropriate program receipts from vaccine assessments, money from other sources, and interest earned. Appropriations do not lapse.

Sec. 18.09.240. Allows the commissioner to determine a monetary penalty for noncompliance.

Section 2. 18.09.990. Defines the terms assessable entity, commissioner (Health & Social Services), council, covered individual, other program participant, program, provider, recommended vaccine, and vaccine.

Section 3. Requires assessable entities to provide information to the department under (AS 21.09.242)

Section 4. Adds the vaccine assessment account to the list of special accounts for program receipts in (AS 37.05.146(c))

Section 5. repeals this act on January 1, 2021

Section6. Repeals Ch. 24, SLA 2012 (HB310), a temporary statewide immunization program.

Section 7. Redirects the remaining HB310 funds to be deposited to the vaccine account.

Section 8. Makes the act effective January 1, 2015.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE PETE HIGGINS

April 7, 2014

House CS for CS SB 169\D Sectional Analysis

Section 1. Establishes a Statewide Immunization Program with a State Vaccine Assessment Council; sets requirements for vaccine assessments, reporting and penalties for assessable entities and other program participants; and creates a vaccine assessment account.

Section 2. Definitions.

Section 3. Amends Title 21 (Insurance) to require assessable entities to provide information and pay assessments.

Section 4. Adds the vaccine assessment account to the list of program receipts authorized in the budget.

Section 5. Repeals this act on January 1, 2021

Section 6. Repeals Ch. 24 SLA 2012.

Section 7. Redirects the unobligated funds from Ch. 24 SLA 2012 to be deposited into the vaccine assessment account.

Section 8. Makes the effective date January 1, 2015.

28-LS1219\D
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4/7/14

HOUSE CS FOR CS FOR SENATE BILL NO. 169()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS GIESSEL, French

REPRESENTATIVE Hughes

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing in the Department of Health and Social Services a statewide**
2 **immunization program and the State Vaccine Assessment Council; creating a vaccine**
3 **assessment account; requiring a vaccine assessment from assessable entities and other**
4 **program participants for statewide immunization purchases; repealing the temporary**
5 **child and adult immunization program; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1.** AS 18.09 is amended by adding new sections to read:

8 **Article 1A. Statewide Immunization Program.**

9 **Sec. 18.09.200. Statewide immunization program established;**
10 **commissioner's duties.** (a) In addition to health promotion and vaccine registration
11 activities of the department, a statewide immunization program is established in the
12 department for the purpose of monitoring, purchasing, and distributing included
13 vaccines to providers approved by the department who agree to provide the included
14 vaccines to state residents under terms consistent with the program and state and

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federal law.

(b) The commissioner shall

(1) establish a procedure to phase in the program over a three-year period that provides for participation by an assessable entity;

(2) maintain a list of recommended vaccines for inclusion in the program;

(3) for each included vaccine, establish the initial vaccine assessment for the first year of the program and thereafter make annual assessments based on the determinations made by the council established under AS 18.09.210;

(4) notify assessable entities and other program participants of the annual vaccine assessment for each vaccine included in the program;

(5) devise a method for crediting to assessable entities and other program participants overpayments of vaccine assessments made for reasons related to administrative error, program termination, or lower than anticipated actual usage of the program by covered individuals;

(6) coordinate collective purchases of included vaccines;

(7) establish a procedure for statewide distributions of vaccines purchased under the program; and

(8) review vaccine assessment appeals for error.

Sec. 18.09.210. State Vaccine Assessment Council; members; duties. (a)

The State Vaccine Assessment Council is established in the department for the purpose of determining the amount of vaccine assessments made by the commissioner to be paid by assessable entities and other program participants in the state under procedures established by the council.

(b) The council consists of eight members appointed by the commissioner as follows:

(1) the department's chief medical officer for public health or the chief medical officer's designee, who shall serve as chair;

(2) two health care providers licensed in the state, one of whom must be a pediatrician;

(3) three members representing health care insurers licensed in the

1 state under AS 21.54, one of whom must be a plan administrator; each insurer must
2 represent a different organization in the state;

3 (4) a representative of a tribal or public health insurance plan;

4 (5) the director of the division of insurance or the director's designee.

5 (c) A member appointed to the council under (b)(2) - (4) of this section serves
6 without compensation and reimbursement of expenses for a term of three years or until
7 a successor is appointed. A member may not serve more than two consecutive terms.

8 (d) The council shall meet at the call of the chair and conduct business by
9 majority vote.

10 (e) The department shall provide staff and other assistance to the council.

11 (f) The council shall

12 (1) establish and implement a plan of operation to

13 (A) determine the amount of the annual vaccine assessment,
14 subject to review by the commissioner, for each included vaccine for each
15 covered individual following the initial vaccine assessment amounts
16 determined by the commissioner;

17 (B) use a method for determining the vaccine assessment
18 amount that attributes to each assessable entity and other program participant
19 the proportionate costs of included vaccines for covered individuals;

20 (C) establish procedures for the collection and deposit of the
21 vaccine assessment;

22 (D) establish procedures for collecting and updating data from
23 assessable entities and other program participants as necessary for the
24 operation of the program and the determination of the annual vaccine
25 assessment; the data collected must include the number of covered individuals
26 by each assessable entity and other program participant and the annual vaccine
27 program usage by each covered individual;

28 (E) devise a system for reducing surplus payments made by an
29 assessable entity and other program participant by crediting past overpayments
30 to current year vaccine assessments;

31 (2) submit to the commissioner and to the legislature, not later than

1 July 1 of each year, an annual financial report, including assessment determinations
2 and overall costs of the program, in a form acceptable to the commissioner and the
3 legislature;

4 (3) monitor compliance with the program requirements and vaccine
5 assessments and submit a periodic noncompliance report to the commissioner and the
6 director of insurance that lists assessable entities and other program participants that
7 failed to

8 (A) remit vaccine assessments as determined by the council
9 and approved by the commissioner; or

10 (B) comply with a reporting or auditing requirement under the
11 program after notice from the council.

12 **Sec. 18.09.220. Vaccine assessment and reporting requirements.** (a) An
13 assessable entity and other program participant shall, after being phased into the
14 program under procedures approved by the commissioner,

15 (1) pay to the department the annual combined vaccine assessments as
16 determined under the program for the included vaccines covered by the assessable
17 entity or other program participant for each covered individual on a schedule adopted
18 by the council;

19 (2) provide information requested by the council to determine the
20 number of covered individuals, actual vaccine usage under the program, and other data
21 necessary to calculate and monitor compliance with the vaccine assessment; and

22 (3) provide audited financial statements upon request of the council.

23 (b) A vaccine assessment must include a reasonable contribution toward
24 support of the program and appropriate reserve funds, as determined by the council. A
25 vaccine assessment may not include a provider fee for the administration of the
26 vaccine.

27 (c) A vaccine assessment shall be construed as a medical expense of the
28 assessable entity or other program participant.

29 (d) An assessable entity or other program participant may appeal a
30 determination of a vaccine assessment made by the council to the commissioner
31 within 10 days after receiving notification of the assessment. The commissioner shall

1 review the appeal and all materials relevant to the assessment that is the subject of the
2 appeal and shall modify the assessment if the commissioner finds substantial evidence
3 of an error.

4 (e) An assessable entity may opt out of the program during the three-year
5 phase-in period under procedures approved by the commissioner.

6 **Sec. 18.09.225. Other program participants.** (a) A health care provider or
7 group of providers may opt into the program if approved by the commissioner under
8 regulations adopted by the department.

9 (b) An assessable entity may not deny a claim for coverage by a health care
10 provider of vaccines not distributed under the program.

11 (c) A health care provider may not bill a payor for or resell a vaccine
12 distributed under the program.

13 **Sec. 18.09.230. Vaccine assessment account; creation.** (a) The vaccine
14 assessment account is created as an account in the general fund. The legislature may
15 appropriate to the account program receipts attributable to vaccine assessments under
16 AS 18.09.220, money from other sources, and interest earned on money in the
17 account. Appropriations to the account do not lapse.

18 (b) The legislature may make appropriations from the vaccine assessment
19 account for the purchase of included vaccines for the benefit of state residents in an
20 amount requested by the department and for other purposes of the program.

21 **Sec. 18.09.240. Penalties.** An assessable entity or other program participant
22 that fails to pay a required annual vaccine assessment after notification of the
23 assessment or fails to comply with a request for information necessary for
24 determination of the assessment may be assessed an additional noncompliance fee as
25 determined by the commissioner under regulations adopted by the department.

26 * **Sec. 2.** AS 18.09.990 is amended by adding new paragraphs to read:

- 27 (3) "assessable entity" means
 - 28 (A) a health care insurer as defined in AS 21.54.500;
 - 29 (B) an entity that provides the state health care plan described
 - 30 in AS 39.30.090 and 39.30.091;
 - 31 (C) a public or private entity that offers a publicly funded plan

1 in the state, to the extent participation in the program is authorized by law;

2 (D) a third-party administrator as defined in AS 21.97.900;

3 (4) "commissioner" means the commissioner of health and social
4 services;

5 (5) "council" means the State Vaccine Assessment Council;

6 (6) "covered individual" means an adult or child who resides in the
7 state and who is provided insurance coverage for an included vaccine by an assessable
8 entity or who is a patient of another program participant;

9 (7) "included vaccine" means a vaccine recommended by the Advisory
10 Committee on Immunization Practices of the Centers for Disease Control and
11 Prevention, United States Department of Health and Human Services, and included on
12 a list maintained by the commissioner for inclusion in the program;

13 (8) "other program participant" and "another program participant"
14 mean a health care provider or group of providers who have opted into the program
15 under AS 18.09.225 to both purchase vaccines for and administer vaccinations to
16 residents of the state;

17 (9) "program" means the statewide immunization program;

18 (10) "provider" means a person licensed or certified by the state to
19 administer vaccines or provide health care services or a partnership, corporation, or
20 other entity made up of persons licensed or certified to administer vaccines or provide
21 health care services;

22 (11) "vaccine" means a preparation of killed microorganisms, living
23 attenuated organisms, living fully virulent organisms, or other substances that are
24 administered to humans for the purpose of producing or artificially increasing specific
25 immunity to life-threatening and disabling diseases.

26 * **Sec. 3.** AS 21.09.242 is amended by adding a new subsection to read:

27 (b) An assessable entity, as defined in AS 18.09.990, shall provide
28 information and assessments to the Department of Health and Social Services and the
29 State Vaccine Assessment Council established under AS 18.09.210 as necessary for
30 the statewide immunization program established under AS 18.09.200.

31 * **Sec. 4.** AS 37.05.146(c) is amended by adding a new paragraph to read:

1 (87) the vaccine assessment account under AS 18.09.230.
2 * **Sec. 5.** AS 18.09.200, 18.09.210, 18.09.220, 18.09.225, 18.09.230, 18.09.240,
3 18.09.990(3), 18.09.990(4), 18.09.990(5), 18.09.990(6), 18.09.990(7), 18.09.990(8),
4 18.09.990(9), 18.09.990(10), 18.09.990(11); AS 21.09.242(b); and AS 37.05.146(c)(87) are
5 repealed January 1, 2021.
6 * **Sec. 6.** Chapter 24, SLA 2012, is repealed.
7 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:
9 TRANSITION; DEPOSIT OF FUNDS REMAINING FROM CHILD AND ADULT
10 IMMUNIZATION PROGRAM. All unobligated funds remaining in the program established
11 under sec. 2, ch. 24, SLA 2012, shall be deposited into the account created in AS 18.09.230,
12 added by sec. 1 of this Act.
13 * **Sec. 8.** This Act takes effect January 1, 2015.

April 7, 2014

Representative Pete Higgins
State Capitol, Room 424
Juneau, AK 99801-1182

Dear Representative Higgins:

The Pharmaceutical Research and Manufacturers of America (PhRMA) opposes Senate Bill 169: “An Act establishing in the Department of Health and Social Services a statewide immunization program and the State Vaccine Assessment Commission.” PhRMA’s member companies represent the leading innovative biopharmaceutical companies from around the world. Our members work tirelessly to advance the important causes of global health by investing in and developing breakthrough medications to treat many chronic and intractable diseases. A bright spot in all of this scientific achievement exists in the world of vaccines; products that serve as catalysts to eradicate illnesses. It is because of this important objective that we support the broadest-possible system to ensure all eligible individuals receive vaccinations. Unfortunately, SB 169 falls far short of accomplishing this objective and could likely do more harm than good. Even more concerning, however, is we believe SB 169 could represent a serious violation of federal law by using federal funds for purposes for which they are not authorized. Set forth below is our analysis of SB 169 and the shortfalls we see inherent in its proposed misappropriation of federal funds.

Initially, SB 169 would re-establish a universal purchasing program for vaccines. Here, the State proposes to fund this program by assessing a tax on health plans in the State. We understand this assessment will include health plans who administer the State’s Medicaid managed care program. Where the assessments collected exceed the amounts necessary to provide vaccines for the health plans assessed, the State would place the remaining amounts in a fund. We understand that the State intends to use this fund to provide vaccines for a wide range of uninsured adults and children in the State. In that regard, then, SB 169 would necessarily utilize federal dollars to pay for vaccines in a manner not allowed under federal law, both by covering vaccines for Medicaid children (who receive vaccines under a different federal program), and by using Medicaid funds to pay for individuals not eligible for Medicaid who may also be eligible to receive vaccines under another federal program – for instance under first-dollar coverage of vaccines in a state insurance exchange plan.

A state may not use Medicaid funds to pay for items not covered under the Medicaid law. The federal Medicaid program does not pay for vaccines for children. Instead, the federal government has established a separate program to purchase vaccines for Medicaid children. Specifically, the federal Medicaid law directs State Medicaid programs to participate in a pediatric vaccine distribution program in conjunction with the Vaccines for Children program, which is administered by the federal Centers for Disease Control (CDC).¹ Under the federal Medicaid law, a State Medicaid program is required to “provide for a program for the distribution of pediatric vaccines to program-registered providers for the immunization of vaccine-eligible children” in accordance with this CDC pediatric vaccine program.²

Under federal law, the federal government provides these pediatric vaccines at no cost to the State. The State does not pay for either the purchase or delivery of the vaccines – only federal dollars are used to pay for this program.³ The federal government is responsible for these costs for all Medicaid children, as well as for

¹ Social Security Act § 1928.

² Social Security Act § 1902(a)(62).

³ Social Security Act § 1928(a)(2)(A).

uninsured children, children who receive vaccines in federally qualified health centers or rural health clinics, and children covered by the Indian Health Service. The CDC purchases and distributes vaccines to grantees, such as state health departments and certain local and territorial public health agencies. These grantees distribute the vaccines at no charge to private physicians' offices and public health clinics that are registered as VFC providers.⁴

Not only does the federal Medicaid law require that states use the VFC program to provide vaccines for children, the law does not authorize other separate Medicaid payments for vaccines for children.⁵ Under federal law, Medicaid funds are not authorized for items that are not covered by the Medicaid statute; in the event that a state were to use federal Medicaid dollars to provide for a service not covered under Medicaid law, then, CMS would have the right to recover those funds by withholding any state claim for federal matching funds for other services provided under its Medicaid program.

A state may not use Medicaid funds to pay for items provided to individuals not eligible for Medicaid. As we understand it, SB 169 would also authorize the use of Medicaid funds to pay for individuals – such as uninsured adults – that are not eligible for Medicaid. This would be the case if the State utilized the assessment money not otherwise attributed to a specific insured individual to purchase vaccines for an uninsured or non-Medicaid beneficiary. Again, this is prohibited by the Medicaid statute. Federal Medicaid matching funds are required by federal law to be spent to pay for health care delivered to specified patient populations. Absent a specific permission in the Medicaid law, which does not appear to be present in this instance, a state is not permitted to use these funds for non-Medicaid patients.

Where a state uses its taxing authority to divert federal Medicaid funds from those mandatory uses to other uses, the federal government may consider withdrawing Medicaid funding for that state. Using federal funds to pay for projects that Medicaid does not pay for has long been subject to scrutiny by Congress, the U.S. Department of Health and Human Services' Office of the Inspector General, and CMS. Diverting Medicaid funds by means of a tax to fund vaccinations for non-Medicaid eligible patients will inflate the cost of Medicaid services and represent, at the very least, an abuse likely to warrant federal government attention and which could well put other funding for state Medicaid and CHIP programs at risk of reduction or delay.

PhRMA supports efforts to achieve widespread vaccination across the State of Alaska, but SB 169 would impermissibly leverage federal dollars to pay for vaccines in a manner not permitted under federal law.

Respectfully,



Kim Martin
Senior Director

⁴ <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Quality-of-Care/Quality-of-Care-%E2%80%93-Vaccines.html>.

⁵ The Medicaid statute defines “medical assistance” as meaning payment of part of all of the cost of the following care and services or the care and services themselves, or both” and then provides a long list of services that are covered by the Medicaid program as “medical assistance.” Social Security Act § 1905(a). Pediatric vaccine for Medicaid-eligible children are not listed in § 1905(a) as a Medicaid-covered service.

George W. Brown, MD **Community Pediatrician**
1640 Second Street Douglas, AK 99824 -5211 907 364 2726 gbrow177637@yahoo.com

Representative Benjamin Nageak
House HSS Committee

April 8, 2014

Representative Nageak:

I speak as a member of the American Academy of Pediatrics and practicing general pediatrician, urging prompt passage of SB 169 from your Committee to assure a House vote and, if necessary, conference committee work to assure passage before adjournment of the 28th Legislative session. Careful attention to details of successful application and long range planning have guided its passage through the Senate.

The outstanding strength of this legislation is building public – private partnership for preventing infectious disease outbreaks and potential dangerous epidemics among all Alaskan citizens. Increasing numbers of business and tourist travelers to and from Alaska carry higher chances for such outbreaks. Because a significant percent of parents and adults who have no experience with such infections as Diphtheria, Polio, Tetanus, or Whooping Cough, they ignore or resist full vaccinations with hope that herd immunity will protect them and their families. Infectious disease science has taught that nearly full immunization of children alone will not prevent outbreaks. Routine vaccination of all ages to prevent Pertussis (Whooping Cough) and Influenza are prime examples.

Surely, our public and private financial resources are more than sufficient to assure vaccine availability and access in Alaska. The heart of this matter is clear. We can pay less now for vaccines that are tried and true public health prevention, or we can pay much more later for outbreaks and epidemics we should have prevented.

Please vote to pass SB 169 today and when it reaches the House floor for a final vote.

Thank you for your attention and your dedication to public service.

Respectfully,



Who Pays for Vaccine in Alaska?

Current System <i>(through July 1, 2015 when HB310 ends)</i>	Medicaid	Amer Ind/ AK Native	Uninsured	Privately Insured	VA, Military, TRICARE	Medicare			
Children Aged 0-35 months	State supplies at no cost to provider								
Children Aged 3-18 yrs	Provider privately purchases and seeks reimbursement if available								
Adults Aged 19 yrs -65							Provider purchases after FY2015		
Adults Aged 65+									

SB169 Vaccine Assessment <i>(beginning July 1, 2014)</i>	Medicaid	Amer Ind/ AK Native	Uninsured	Privately Insured	VA, Military, TRICARE	Medicare
Children Aged 0-35 months	State supplies at no cost to provider					State supplies if entities can be assessed, otherwise provider purchases or can opt-in
Children Aged 3-18 yrs						
Adults Aged 19 yrs -65	State supplies if entities can be assessed, otherwise provider purchases or can opt-in		Provider purchases or can opt-in*			
Adults Aged 65+						

**State supplied vaccine may be available for FY2015 for uninsured adults age 19-65 years using HB310 GF.*

Questions raised by Representative Higgins on March 26, 2014

1. Fiscal Note Explanation by David Teal

David Teal is available at 3pm for the meeting. He would like to be first so he can meet his other scheduling obligations. Further questions after he leaves can be fielded by Jill Lewis.
2. Similar to #1 above, a clear explanation on how the state is NOT on the hook for \$28 million dollars

The fiscal note overview should put this question to rest. The state will receive assessment payments *in advance*, throughout the year so we will already have the money in hand when we purchase vaccines. The state will only supply vaccines for which funds are available—through assessments, federal grants, or the \$700.0 GF already in the department’s base budget. The healthcare provider, not the state, will be responsible for purchasing vaccine for which there is no assessment paid (such as uninsured adults or TRICARE children vaccinated off base.)

Simply put, if we don’t have money from an assessment, then we don’t buy vaccine. This entire private public partnership was designed to NOT USE state dollars and is the intent of the legislation.
3. You said a graph or pictogram on how the program works....like the oval chart in your binder....but layer that with how/when the money comes in and how it is used.

We will try to have that by committee time, but we may not have enough time to accomplish it, but we will get it to you soon.
4. If SB 169 does not pass, and we only have a very limited amount of money to spend on vaccines, we have stated that will result in only 50% of Alaska children will be covered. You want to know who those other 50% of the kids are that won’t be covered.

Covered: uninsured, Medicaid eligible, Alaska Native/American Indian children ages 0-18 yrs with federal funds (Vaccine For Children) and insured/covered children ages 0-35 months with the department’s limited GF in base budget (the \$700.0). Not covered: insured children ages 3-18 yrs and 100% of adults. See the “Who Pays” document included with this.
5. You are trying to figure out how the medical coding will work when the provider will be dividing out the vaccine cost from the office visit to bill the insurance company. I told you that was outside my knowledge base. Jill will have to answer that one.

As we understand it, the cost of the vaccine and administration of the vaccine, currently have different procedure codes with modifier codes to identify state supplied vaccine. State supplied vaccine cannot be resold/reimbursed so the cost of the ingredient would be billed as zero. This practice would not change. What would be different is that more of the vaccine would be state supplied with a zero claim. The administration fee would continue to be billed and reimbursed the same as it is now. Pat Senner, who will be on line, can help explain how that works as the division doesn’t bill insurance.
6. You asked for a breakdown of who administers the bulk of the vaccines by type of clinic or facility.

We are working to compile this information in time for the hearing, however, this is not information that the department has on hand.

Allergy, Asthma and Immunology Center of Alaska, L.L.C.

March 25, 2014

Mark Neuman
Chairman, Health & Social Services: Finance Subcommittee
Alaska State Legislature
Representative, District 10
State Capitol Room 513
Juneau AK, 99801

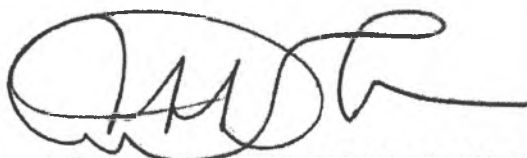
Re: Senate Bill 169

Dear Mr. Neuman,

I am writing in support of SB-169, which would establish a statewide immunization program, and a State Vaccine Assessment Council within the Department of Health and Social Services. This Act will provide less expensive, broader access to immunizations for all Alaskans, and will lead to a significant reduction in influenza and other infections and reduce morbidity and mortality among our population. It would reduce the cost not only of vaccines, but also the costs associated with handling, recording and administering them. Vaccines remain the single most important advancement in health care.

I urge you to support immunization coverage to both adults and children, by passing SB169.

Sincerely,



Jeffrey G Demain, MD, FAAAAI, FACAAI, FAAP
Director, Allergy Asthma & Immunology Center of Alaska
Clinical Professor, University of Washington
Adjunct Professor, University of Alaska

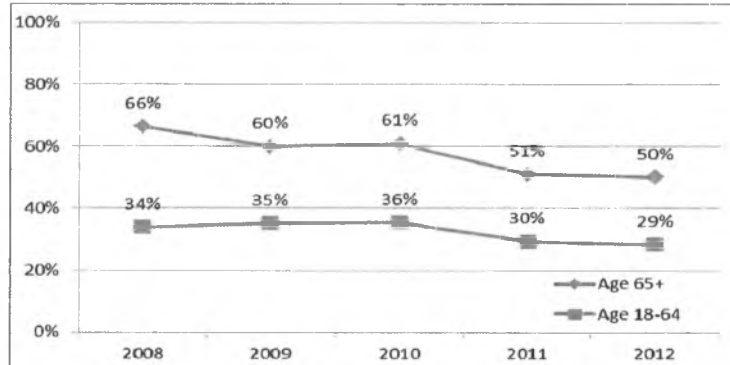
Alaska Immunization Data

Behavioral Risk Factor Surveillance System

Seasonal Flu Vaccine, 2012

- All adults 18 years and older – 31% had a flu vaccine in the past 12 months
- Adults 65 years and older – 50% had a flu vaccine within the past 12 months
 - Males – 50%; Females – 51%
 - White - 66% ; Alaska Native -58%; Other race – 43%
- Adults age 18-64 years – 29% has a flu vaccine within the past 12 months
 - Males – 28%; Females – 30%
 - White - 29% ; Alaska Native -31%; Other race – 24%
- Most common locations to receive flu vaccine – all adults
 - Health Clinic/Community Health Center – 23%; Doctor’s office – 20%; A store - 18%; Workplace – 16%

Seasonal flu vaccine – 2008-2012, Alaska BRFSS



Pneumonia vaccine, 2012

- Adults age 65 years and older – 63% ever had a pneumonia vaccine
 - Males – 57%; Females – 68%
 - White – 66% ; Alaska Native -58%; Other race – Data statistically unreliable

Pneumonia Vaccine, Adults Age 65 years and older – 2008-2012, Alaska BRFSS

