



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

Updated July 30, 2014

(The information contained in this FAQ is based on the best available information at the time, and will be updated frequently. SB169 passed during Alaska's 28th Legislative Session and was signed by the Governor as AS 18.09 on June 18, 2014.)

General

1. Why is a Vaccine Assessment Account needed?

For more than 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 \$200,000 in 2014. In 2012, legislation (HB 310) was passed to provide \$4.5 million in state general funds each year for three 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 purpose of the Vaccine Assessment Account is to preserve universal access to state-distributed vaccine for children and to provide state-distributed vaccine for covered adults.

2. How will the new Vaccine Assessment Program work for payers and providers during the first year?

Senate Bill 169 (AS 18.09) authorizes the formation of a Vaccine Assessment Account to be used for purchasing pediatric and adult vaccines: http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20169&session=28. The account will be overseen by an independent Council appointed by the Department of Health and Social Services' (DHSS) Commissioner. The account will be funded through vaccine payments (assessments) from payers (assessable entities) including "health care insurers, health benefit plans, third-party administrators, Medicaid & Medicare," based on their proportionate share of the overall vaccine costs. The Alaska Immunization Program will use the account funds to order vaccine at a discounted bulk rate and distribute that vaccine at no cost to health care providers (e.g., doctors, hospitals, clinics, etc.) statewide. The health care providers will vaccinate their patients and only bill payers for the administrative fee, since the vaccine cost has already been paid into the account. Providers report all vaccinations given into VacTrAK, the state's immunization information system.

3. When will the new Vaccine Assessment Program be effective?

January 1, 2015

4. How could a Vaccine Assessment Program reduce costs and barriers for providers, payers, and patients?

The Alaska Immunization Program is able to use the account to buy vaccines at discounted rates off the bulk contract compared to what providers would pay at market prices. As such, a Vaccine Assessment Program will 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 (in other states, payers saved 20-30% on overall vaccine costs after implementing similar vaccine financing solutions); 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).

5. Which Alaskans will be eligible for Vaccine Assessment Program vaccine?

State-supplied vaccine purchased through the Vaccine Assessment Account will be available to any Alaskan covered by a participating payer. Eligible children will continue to qualify for vaccine funded through the federal Vaccine for Children (VFC) Program. The Vaccine Assessment Account is expected to be sufficient to cover any Alaska children who are not eligible for federally-supplied VFC vaccine and are not covered by an assessed payer; however, the account is *not* expected to have enough surplus funds to cover adults who are not covered by an assessed payer.

6. Doesn't the Affordable Care Act (ACA) sufficiently address the financial barriers to immunization?

While the ACA does require private insurers to cover federally-recommended vaccines for children and adults with no out-of-pocket expense and no deductible, many plans are "grandfathered" and do not have to provide that coverage yet. Also, ACA does not solve the financial liability for providers. Providers are still needing to front the cost of vaccines for their patients and maintain separate stocks of vaccine, which is becoming increasingly more costly and burdensome.

7. Will the Affordable Care Act (ACA) preempt any provision(s) of the Vaccine Assessment Account?

No. Title I of ACA 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 ACA requirement that coverage be provided without the imposition of cost-sharing for immunizations for routine use in children and adults.

8. Where will the seed money come from to purchase the initial vaccine for a Vaccine Assessment Account?

Sources of start-up funds include the remainder of House Bill 310 funding, and advance payments from participating assessable entities.

9. How much did the state spend on vaccines during the 2013 CDC Federal Contract Year?

The State of Alaska spent \$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, which ran 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).

10. What role will DHSS play in this effort?

DHSS will maintain a list of recommended vaccines for inclusion in the program; establish the first year's assessment, and thereafter make annual assessments based on the council 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.

11. What is the composition of the Vaccine Assessment Council appointed by the DHSS Commissioner?

The council members will consist of eight members including three insurers, two health care providers, one public insurance/tribal entity, the Division of Insurance Director and the DHSS Chief Medical Officer. Council members will be appointed by the DHSS Commissioner.

12. Where should nominations to the council be directed?

Submit requests for a council nomination form to immune@alaska.gov. Nominations will be forwarded to the DHSS Commissioner.

13. Will council members be compensated for their work?

No. Council members will not be compensated for their work.

14. What will the Vaccine Assessment Council's plan of operation need to address?

The council's "plan of operation" will include the method for calculating the assessment amount; the method for determining proportional costs to payers; 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.

15. Will the Commissioner or the council contract out for administrative services in support of this new program, as has been done in other states?

Yes. AS 18.09.210(e) directs the DHSS 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).

Assessable Entities (Payers)

16. How is an assessable entity defined in the bill?

An assessable entity is defined as a) a health care insurer as defined in AS 21.54.500, b) an entity that provides the state health care plan described in AS 39.30.090 and 39.30.091, c) a public or private entity that offers a publicly funded plan in the state, to the extent participation in the program is authorized by law, and d) a third-party administrator as defined in AS 21.97.900.

17. How will payer assessment costs be determined? Nine other states have created similar vaccine financing solutions using either a “covered lives” or a “dosage based” assessment model. Under either model, the Alaska Immunization Program will determine the total projected assessment cost annually for all the vaccine the state expects to purchase and distribute based on the number of total covered Alaskans that are expected to be vaccinated that year, the discounted (bulk-rate) vaccine costs, and the overhead for running the program. Any overpayments from one year will be credited to payers the next year. Both methods prospectively assess and collect funds in advance of the vaccines purchased and administered.

- Under a “covered lives” model, the Vaccine Assessment Council will equitably assess each payer based on the payer’s projected market share of individuals covered for immunizations, 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 the number of individuals with coverage, some of whom may not actually receive a vaccine; such assessments lack precision and may overstate the market share. However, over time the “covered lives” assessments become more accurate.
- Under a “dosage-based” model, the Vaccine Assessment Council will equitably assess each payer based on the payer’s projected market share of doses of vaccine administered, and set the payment schedule (e.g., annual vs. quarterly). The primary advantage of this model is that payer assessments are based on an estimate of the actual number of doses to be administered. The primary disadvantage is that it is more cumbersome to operate—it involves more paperwork, a longer start-up time, and more administrative requirements for providers.

18. Has it been determined whether the assessment will be a “covered lives” model or a “dosage-based” model?

No. Since administrative data on dosage is not readily available during the first year, the Commissioner will likely use the “covered lives” model. After the first year, the Vaccine Assessment Council will determine which model will be best for Alaska.

19. 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 Insurance Portability and Accountability Act of 1996).*

20. Will the childhood and adult vaccine-eligible populations be combined to form a single assessment cost per payer?

In other states childhood and adult vaccines have been assessed separately since the cost-per-adult is much lower than the cost-per-child. 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.

21. How will assessments be determined for payers (assessable entities) for their covered lives.

The Vaccine Assessment Council will determine the assessment for each assessable entity based on the number of individuals with coverage for immunizations by each payer. The initial assessment will be based on covered lives in the months of July, August, and September. The program will determine this information through an online survey distributed to assessable entities in October 2014.

22. What provisions will 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. The plan must address assessments for beneficiaries that have multiple coverage (e.g., TRICARE beneficiaries who receive vaccines exclusively at military clinics on-base or Medicaid beneficiaries who are also enrolled in Medicare).

23. 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.

24. Will payments made by insurers be accountable as a medical expense?

Yes. Payments are considered a medical expense.

25. What is the 3-year phase-in period?

Senate Bill 169 includes a 3-year phase-in period for payers. While the law establishes all payers (assessable entities) as participants in the program starting January 1, 2015, payers are allowed to opt-out during the 3-year phase-in period. Participation by all eligible payers will be mandatory by January 1, 2018. Assessable entities whose participation cannot be mandated to participate by state law by year four will be added to the program as legal obstacles are resolved. Participation by health care providers will be voluntary throughout the life of the program. As such, the program will not likely provide universal coverage immediately, but will hopefully incorporate the vast majority of children and insured adults in the first year. Participation in the program will be mandatory for assessable entities after the third year.

26. For whom will participation in the program be mandatory?

The bill mandates participation, after the 3-year phase-in period, 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.

27. Will Employee Retirement Income Security Act (ERISA) plans be included?

Yes. ERISA does not prevent the state from assessing the payers. To the extent allowed by federal law, after the 3-year phase-in period, ERISA plans will be required to participate. Third-party administrators, who are often contracted to perform claims processing activities for ERISA plan trustees, will also be included in the mandatory assessment. ERISA plans that use a third-party administrator will pay a single assessment.

28. Will publicly-funded health care benefit plans be mandated to participate in the program?

While publicly funded health care benefit plans (e.g., Medicaid, Medicare, the Veteran’s Administration, the military’s TRICARE, and tribal health) *are* included in the bill’s definition of “health care insurer”, it is currently unclear whether the law could legally require these benefit plans to participate in the assessment program after the 3-year phase-in period, as federal law might prohibit such a mandate. For federal plans that cannot be required to participate, payers will need to either opt-in to the assessment or providers will directly purchase vaccine for those clients not covered in the assessment by another payer.

29. Is it legally possible for Medicaid to be an assessable entity in Alaska?

Medicaid is included in the definition of an assessable entity in the bill, but is exempt from mandatory participation until federal approval is obtained. In order for Medicaid to pay the assessment fee, the state of Alaska must obtain federal approval to expend Medicaid dollars to pay the assessment fee versus individual pharmacy claims. Federal approval has not yet been granted; however, under the federal 1115 demonstration waiver, states are allowed to add flexibility to the Medicaid rules to promote the objectives of Medicaid for the purpose of improving programs, such as using innovative service delivery systems that improve care, increase efficiency, and reduce costs.

Health Care Providers and Pharmacists

30. Will providers need to pay for state distributed vaccine for children and covered adults?

No. With 100% participation after the 3-year phase in period, providers will receive state distributed vaccine at no cost for a) all children, and b) adults who are covered by participating payers. The assessment for this vaccine is paid by the assessable entities that provide health care coverage for these patients.

- 31. Will health care providers who care for uninsured adults be required to participate in the assessment?**
No; however, providers will be able to voluntarily opt-in to the assessment throughout the life of the program to receive vaccines at a discounted (bulk) rate for uninsured adults. Providers who care for large numbers of non-qualifying participants (e.g., Federally Qualified Health Centers, Community Health Centers, tribal health for beneficiaries without other insurance) will continue to purchase vaccine from the marketplace for their uncovered clients if they decide not to opt-in to the vaccine assessment.
- 32. Could providers get vaccine for uninsured adults, funded by surplus funds, even if they don't opt-in?**
The Alaska Vaccine Assessment Account is expected to be sufficient to cover Alaska children who are not eligible for federally-supplied Vaccine for Children (VFC) vaccine and are 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.
- 33. Will providers incur a higher assessment cost for adult vaccines than they are currently paying?**
Not likely. Because vaccines will be purchased in bulk at discounted rates, providers are expected to pay less for adult vaccines by opting-in to the assessment program; however, each provider will need to determine if it is in their best interest to opt-in. The provider's share of the total assessment is based on their market share.
- 34. How will providers enroll to receive vaccine from the Vaccine Assessment Account? When will providers be able to start ordering vaccine for 2015?**
Providers who currently receive state-distributed vaccine will enroll for the statewide program during their annual Alaska Immunization Program re-enrollment (starting in December 2014). New providers will need to initiate enrollment through the Alaska Immunization Program. Providers should be able to start ordering in January 2015.
- 35. Will influenza vaccine for the 2014-15 influenza season be supplied through the Assessment Account?**
No. The Vaccine Assessment Account will not provide influenza vaccine for the current 2014-15 season because it is ordered before this law takes effect. Providers who have not already pre-booked influenza vaccine for next year's flu season should do so now.
- 36. How can providers prepare for the transition to the Vaccine Assessment Account?**
During fall 2014, DHSS will provide a tool for providers to evaluate their vaccine usage by payer. Providers should evaluate their monthly vaccine usage for private and public vaccine so that they can transition their inventory by 2015.
- 37. How will providers be compensated for the administration of vaccines?**
Since the assessment only covers the cost of the vaccine, providers will bill either the payers or the patients directly as they currently do for vaccine administration fees.
- 38. Will pharmacists who give shots at retail pharmacies be able to participate in the program?**
Yes. Pharmacists with a collaborating physician licensed in Alaska will be able to receive state distributed vaccine for a) all children, and b) adults who are covered by participating payers. Pharmacists can receive state distributed vaccine for uninsured adults if they opt in to the assessment program. If they don't opt-in they will need to continue to purchase vaccine directly for their uninsured customers.
- 39. 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 program, and has purchased one brand of vaccine in each category for the entire state. Several factors are used to determine which vaccines to include, such as cost, efficacy, and ease of use. The Commissioner will maintain a list of recommended vaccines for inclusion in the program, considering the recommendations of the Department's review of the Advisory Committee on Immunization Practice and the clinical and cost-benefit analysis of potential vaccines.
- 40. Where will the state store the vaccine?**
State-distributed vaccine will be stored in the Alaska Division of Public Health's Vaccine Depot (in Anchorage).
- 41. Can state-distributed vaccine be resold or billed by providers to other payers?**
No.
- 42. How can I get updated information on the Vaccine Assessment Program?**
a. Epi Bulletins will be published with new information summer and fall, 2014.

- b. Vaccine Assessment FAQs and Epi Bulletins will be posted on the State of Alaska Epidemiology home page <http://www.epi.alaska.gov>
- c. A new Vaccine Assessment Program website will be created in fall, 2014.
- d. Regular stakeholder teleconferences will be sponsored by the American Academy of Pediatrics Chapter president, Lily Lou (to be added to the distribution list, contact lilylou@mindspring.com)