



An Abridged History of the Alaska Immunization Program's Vaccine Finance Policy¹ **Updated: March 23, 2014**

For over thirty years, the Alaska Immunization Program maintained a universal vaccine program, distributing all recommended pediatric and select adult vaccines at no cost to public and private health care providers statewide.² Initially, federal funding supported almost all of Alaska's vaccine costs through two sources—the Vaccines for Children (VFC) Program, paying for vaccines administered to children meeting certain criteria, and Section 317 of the U.S. Public Health Service Act (317), covering the cost of vaccines for adults and approximately one-third of Alaska children who were not VFC eligible. VFC funding has increased to support newly recommended vaccines for eligible children. By contrast, 317 funding has not kept pace with the rapidly rising vaccine costs, which have increased almost seven-fold in the last ten years.²

Compounding the funding shortfall is the fact that in 2010 the federal government found Alaska's Immunization Program to be "significantly overfunded" relative to other state immunization programs.² Subsequently, Alaska's 317 funds decreased from \$4.3 million in 2010 to \$700,000 in 2013.³ Attempting to offset the enormous reduction in 317 funds, the Alaska Immunization Program deployed several cost-saving measures which included discontinuing routine state-supplied vaccines for adults and meningococcal (MCV) and human papillomavirus (HPV) vaccines for children not eligible for VFC.²

Over the recent years, rising vaccine costs and decreased federal funding has further impeded the ability of the Department of Health and Social Services (DHSS) to supply cost-free vaccines to Alaska residents.³ In 2012, as a stop-gap measure, the Alaska Legislature passed Senate Bill 310, providing a three-year period of funding for state-supplied vaccine distribution until a long-term vaccine financing solution could be created.⁴ These funds temporarily reinstated vaccine funding for underinsured children and uninsured or underinsured adults. In addition, an annual increment in the Governor's budget allowed the provision of state-supplied vaccines for all children 0 through 35 months of age from March 2013 through December 2014.⁵

In June 2014, Senate Bill 169 was signed into law, authorizing the formation of a vaccine assessment program, now known as the Alaska Vaccine Assessment Program (AVAP).⁶ This program creates a public-private vaccine partnership that reduces vaccine costs, safeguards vaccine availability, and minimizes the administrative burden on health care providers. The new program began on January 1, 2015, and allows the State to purchase pediatric and adult vaccines at discounted rates off a bulk contract and distribute them directly to health care providers.⁶ Given the relatively rapid implementation required by the new law and to minimize the administrative burden on providers, DHSS instituted a per capita methodology that is utilized by several other states with universal vaccine purchase. Under AVAP, private health insurers, third



party administrators, and other program participants pay an assessment based upon the number of beneficiaries they cover.⁷ Payers report their number of covered lives quarterly, and assessments are then generated based upon the child and adult covered lives reported by the paying entity.

An innovative and unique feature of AVAP allows for health care providers to opt-in and pay an assessment for their uninsured adult patients and thereby receive state-supplied vaccine at a considerable discount for their uninsured adult patients. Over thirty-five provider groups have elected to opt-in to this component of the program. For year one, DHSS is contributing to allow opt-in providers to also receive state-supplied vaccine for adults of non-participating payers. In addition, in year one DHSS is also contributing to allow all providers to receive state-supplied vaccines for children on non-participating payers. This reduces the administrative burden and financial liability of purchasing vaccines off the private market.

This sustainable vaccine financing solution proved integral to the State's ability to continue providing vaccines to its residents and lowering immunization health care costs. Given the precipitous increase in vaccine costs and the discontinuation of State vaccine funding, private health plans had yet to see the full impact of rising vaccination expenditures. The State's subsidization of vaccines for Alaska residents through 2014 artificially lowered private payers' vaccine costs, leaving some questioning the need for the program. However, due to widespread communication efforts, many payers now fully comprehend the importance of AVAP.

Due to extensive private insurer and third-party administrator participation in AVAP, private payers' vaccine outlays in the aggregate will be over 20% lower than what they would have paid in 2015, even with the addition of one-time start-up and administrative costs.⁸ Our goal was to achieve 100% payer participation in year one to assure a seamless transition for providers and to maximize vaccine access to Alaskans. Regrettably, two third-party payers decided to opt-out for year one, but we hope to have 100% participation in year two. Assuming AVAP continues to follow the financial trends seen in similarly administered universal vaccine purchase states, direct long-term health care cost savings are anticipated to be in the millions, further increasing as the program matures.⁹ We encourage interested parties to visit www.AKvaccine.org and subscribe to notifications, as we are committed to maintaining a transparent system that is responsive to public concerns and comments.

This abridged history of the Alaska Immunization Program vaccine finance policy was compiled by KidsVax.org to foster a deeper understanding of the challenges AVAP is intended to address. We would like to thank the payer community for their attentiveness and willingness to adapt to the rapid implementation of AVAP. We apologize for the inability to circulate complete program data to all stakeholders prior to AVAP's effective date. A good faith effort



was made to provide the most complete data available to the fullest extent of our resources in the time available.

We appreciate your patience and understanding, and we are encouraged by the early success of AVAP. We are convinced that AVAP will prove to serve Alaska as a successful public health initiative that will lower both direct and associated health care costs. Now, with stable funding in place supporting a reliable universal supply, we anticipate over the years ahead that Alaska residents will also enjoy improved health outcomes as vaccine-preventable disease is reduced statewide.

Julia G. Walter
Deputy Executive Director
Alaska Vaccine Assessment Program,
Administered by



References

¹ Compiled by Julia G. Walter, M.A., Esq. as Deputy Executive Director of AVAP, pursuant to DHSS's contact with KidsVax.org. For more information concerning AVAP, please visit www.AKVaccine.org. Additional Information concerning KidsVax is available at www.Kidsvax.org.

² Section of Epidemiology *Bulletin*. "Only Pediatric/Adolescent Vaccines to be Supplied by State Beginning in 2011." No. 31, October 06, 2010. Available at: http://www.epi.alaska.gov/bulletins/docs/b2010_31.pdf

³ Section of Epidemiology *Bulletin*. "Further Cuts in State-Provided Vaccines for VFC-Ineligible Children in 2012." No. 28, October 19, 2011. Available at: http://www.epi.alaska.gov/bulletins/docs/b2011_28.pdf

⁴ Section of Epidemiology *Bulletin*. "State Funding Increase Vaccines Distributed by Alaska Immunization Program." No. 8, May 22, 2012. Available at: http://www.epi.hss.state.ak.us/bulletins/docs/b2012_08.pdf

⁵ Section of Epidemiology *Bulletin*. "State-Supplied Vaccines Now Available for All Children Aged 0-35 Months." No. 7, March 4, 2013. Available at: http://www.epi.hss.state.ak.us/bulletins/docs/b2013_07.pdf

⁶ Section of Epidemiology *Bulletin*. "Alaska's New Vaccine Assessment Law: Increased Access to Vaccines at a Cost-Savings." No. 14, August 13, 2014. Available at: http://www.epi.hss.state.ak.us/bulletins/docs/b2014_14.pdf

⁷ See <http://www.akvaccine.org/akvaccine.nsf/pages/documents.html> (AVAP receives from DHSS the estimated vaccine costs for non-federal child and adult vaccines and allocates those costs across the estimated number of non-VFC eligible Alaska resident children and adults. AVAP computes a per child and per adult covered life per month assessment rate for each fiscal year. This computation considers all of AVAP's costs to maintain the vaccine assessment account, including reserves as allowed by statute, to minimize the risk of having to make a supplemental assessment. Any excess funds are carried forward to reduce next year's assessment).

⁸ 2015 AVAP Assessment Rate Determination Workbook. Available at:

<http://www.akvaccine.org/akvaccine.nsf/pages/documents.html>

⁹ See <http://www.mevaccine.org/mevaccine.nsf/pages/annual-reports.html> (showing Maine's estimated universal vaccine program's cumulative cost savings); <http://www.nhvaccine.org/nhvaccine.nsf/pages/savings.html> (showing New Hampshire's estimated universal vaccine program's cumulative cost savings);

[http://www.vtvaccine.org/vtvaccine.nsf/documents/CostSavingsLetter.html/\\$File/VVPP%20Savings%20Calc%20013%20Letter%2010-10-2014.pdf](http://www.vtvaccine.org/vtvaccine.nsf/documents/CostSavingsLetter.html/$File/VVPP%20Savings%20Calc%20013%20Letter%2010-10-2014.pdf) (showing Vermont's estimated universal vaccine program's cumulative cost savings).