AVAP – Vaccine Council Meeting
January 21, 2015 – 9:00 a.m. – 4:30 p.m.
Conference Room – Frontier Building, 5th Floor
Presiding Officer: Jay Butler, Chair

I. **Attendance.** Participating in all or part of the meeting in person (P) were the following individuals (T) denotes individuals participating by telephone:

Council Members:
Jay Butler, MD, Chairman – DHSS, Div. of Public Health (P)
Lydia Bartholomew, MD – Aetna (P)
Sheela Tallman –Premera (Representing Derek Blomquist) (P)
Fred Brown – Health Care Cost Management Corp. of AK (T)
Jodyne Butto, MD – Anchorage Pediatric Group (P)
Katie Campbell, FSA, MAAA – Alaska Division of Insurance (P)
Gary Givens – Alaska Native Tribal Health Consortium (P)
Lily Lou, MD – Alaska Neonatal Associates (P)

KidsVax.org®:
Fred L. Potter, Executive Director (P)
Julia G. S. Walter, Staff Attorney/Communication Coordinator (P)

Others:
Rosalyn Singleton, MD – DHSS, Staff Physician-Epidemiology (P)
Joe McLaughlin, MD – DHSS, Chief of Epidemiology (P)
Jill Lewis – DHSS, Director (P)
Matthew Bobo – DHSS, Immun. Program Manager, Deputy (P)
Gerri Yett – DHSS, Immun. Program Manager (P)

II. **Minutes**

Welcome and Introductions

At approximately 9:00 a.m., a quorum having been established, Chairman Butler called the meeting to order. Introductions were made and the Council Members were welcomed to the initial meeting.

Chairman Butler explained the Department of Public Health's perspective on the importance of a universal vaccine purchase program to the state of Alaska. Dr. Singleton shared her experience treating children who had not been vaccinated. She explained that AVAP arose after Alaska discontinued its 30-year universal vaccine program due to the state's budget crunch. Alaska was reported in *Morbidity and Mortality Weekly Report* for having extremely low vaccination rates in comparison to the lower 48 states. This report and certain preventable disease outbreaks in Alaska caused several individuals to propose legislation and support it through the legislature.

Dr. Singleton provided a slideshow outlining the statutory duties of each council member. The Council will fulfill its responsibilities through the following activities:

- Establish and implement a plan of operation, and review the plan annually;
- Determine the amount of the annual vaccine assessment, subject to review by the commissioner;
- Use a method for determining the vaccine assessment amount that attributes to each payer the proportional vaccine costs of included vaccines for covered lives;
- Establish procedures for collecting and depositing the vaccine assessment payments;
- 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;
- Devise a system for reducing surplus payments by payers and crediting overpayments;
- Monitor compliance with the program requirements and vaccine assessments.

Dr. Singleton explained the nomination process for council members and that each individual was selected by the commissioner based upon his or her qualifications, how closely the nominee represented the statutorily prescribed group, and his or her level of interest in the program. The group was congratulated on their collective qualifications and successes.

Ms. Walter outlined the timeline for key decisions the Council needs to make throughout the year and shared that no less than three in-person meetings are contemplated during the year, including the current one. Additionally, two or more telephone meetings are contemplated. Mr. Potter explained the covered-lives yearly calendar and when other states make their decisions. The group decided to meet via teleconference in February to adopt a charter. It was also determined that at the April meeting a discussion concerning the DBA methodology (versus the covered lives model) will need to be commenced and the vaccine list should also be reviewed preliminarily at that time. The June meeting will be a telephonic meeting to discuss the vaccine list, new ACIP recommendations, and a ½ year status update will be needed. July 1 the Council has to turn into the commissioner and to the legislature a financial report, so that too will need to be approved. Rate setting for the following year will be addressed at the October meeting.

Roles and Responsibilities

Mr. Potter explained that while DHSS approved the rates, the plan of operation, and the per capita methodology for year one of the program (calendar year 2015), the Council will be responsible for that in future years. DHSS actually runs AVAP and conducts all provider communication and distribution of vaccines. KidsVax® serves a support role for the Council, i.e., prepares all minutes, administrators of assessments, prepares rate setting workbook, maintains payer contacts, and would be the point of contact for council members. It is expected that members will read all materials prior to each meeting, will not miss more than two consecutive meetings, and will provide feedback when asked as well as, collectively, overall policy setting for the program.

Introduction to AVAP

Ms. Lewis explained why KidsVax® was the most qualified company to hire to administrate AVAP. Mr. Potter indicated that KidsVax® has experience with a number of other states, one of which covers adults as well as children similar to AVAP. Mr. Potter described his personal background as a past insurance company president and industry regulations attorney, and unscored the importance of the structure of KidsVax® systems. KidsVax® systems were created with insight into how payers operate and the best methods of getting payers to pay on time and remain compliant. Ms. Lewis noted that the KidsVax® contract has been renewed for year one of what is anticipated to be a 3-year start-up by KidsVax® for all administrative services related to AVAP.

Mr. Potter reviewed universal vaccine purchase program successes and explained the reason for the per capita system as the beginning system for Alaska. There was limited time and resources to begin the program. He explained that Washington had more support from the payer community who gave them $6.8 M to set up the dosage based system. The dosage based system could be an option for Alaska in the future, but with rapid implementation required, per capita was the only choice. Mr. Potter outlined the relative ease of the per capita system and explained that it has produced remarkably accurate results as far as allocating costs equitability amongst payers. Other universal program successes have included reducing the long-term healthcare costs in a state, increased vaccination rates, and lower vaccination costs.

Dr. Singleton explained Alaska's unique statutory provision that allows payers to opt-out of AVAP for the first 3 years of its existence. Many council members questioned her about this provision and why it was added to the statute as it inevitably makes the program harder to administrate and undermines Alaska's important public health initiatives. Ms. Lewis addressed the questions and told the group about the anti-vaccine lobby the statute faced. She also detailed the role pharmaceutical manufactures played in opposing the statute. Given these considerations, the legislation appeared to be viable only with the opt-out provision.

Dr. Singleton also explained the Provider opt-in portion of AVAP and explained that even with the passage of the Affordable Care Act, many Alaskans still do not have health care insurance. In order to ensure these individuals have access to vaccines DHSS, pursuant to the statute, created a system whereby providers in Alaska can be treated as payers and opt-into paying an assessment to receive state-supplied vaccine. For this part of the program, adults with no third party payer are able to receive ACIP recommended vaccines free of the vaccine cost, and pay only the administration fee. Ms. Yett explained the mechanics of distribution, vaccine wastage calculations, and the overwhelmingly positive response DHSS received from providers who opted in. She stated that around 50 provider practices have opted in to cover around 7,500 uninsured adults.

Overview of Relevant Numbers

Mr. Bobo presented a slide show giving a comparison of the ACIP vaccine costs for children and adults off the CDC contract price versus the private market. There was discussion on how the program will save payers money, even after funding KidsVax®'s administration fee and other overhead and start-up costs, given the discount the state will receive on vaccine prices.

While the goal of AVAP is to ensure universal purchase for both adults and children, Mr. Bobo explained that in year one, DHSS guaranteed that all children would receive vaccines free of vaccine costs, so even those without a third party payer or a non-participating payer will receive state-supplied vaccine. Ms. Yett told the group that the state can afford to do this during the first year because it has House Bill 310 money remaining. Mr. Potter interjected that this was news to KidsVax® and told those council members who objected to individuals getting state supplied vaccine that had a third party payer, that it could create a catch 22 situation because the state had already guaranteed such coverage. The Council then discussed various options and ways to mitigate any harm which could arise from that situation.

Mr. Potter explained the method for setting the rate, which has been completed in year one based on payer information from a survey of all payers conducted in November 2014. In October of 2015 the Council will need to address the matter afresh. From first year administrative experience, KidsVax® expects to be able to complete all of the background work for their decision.

Ms. Lewis discussed the regulations and the need for interest and penalties to be in place so that payers who do not comply with the law face appropriate consequences. She outlined the process for regulations and stated that they will most likely not be approved until around mid-year.

Ms. Walter gave an update on the payers who had opted out of the program. Dr. McLaughlin described KidsVax®'s and DHSS's efforts to work with the payers who had opted out to get them into the program. Ms. Walter and Mr. Potter explained they were unaware and thus unable to tell payers in the beginning of the opt-out process that the state of Alaska had been paying for vaccines through 2014 so health plan vaccine costs did not accurately fully embody their beneficiaries' actual vaccine costs. Dr. Singleton noted that DHSS and KidsVax® had several calls scheduled through the end of the week to try to come to a resolution on the matter. Ms. Lewis also noted efforts to work with Medicaid and Medicare, but at that point in time both groups remained out of the program for year one. Ms. Yett then explained that the state had excess funds to seed the program, subsidize provider opt-in, and cover children with no or a non-participating third party payer.

Council Work Plan and Operations

Ms. Lewis explained the Open Meetings Act and suggested that it be posted on the AVAP website. She explained to the members that they have to deliberate in public and cannot make any decisions behind closed doors. Ms. Campbell agreed and further elaborated upon the rules as a member for the division of insurance. Mr. Potter went over how some of the states' vaccine boards

operate. He explained that in the past, many boards decided that the best use of their time was a division of labor for special projects and to have standing committees staffed by board members to carry out routine affairs.

Mr. Potter reviewed the existing plan of operations, highlighting the work the Council is expected to do. He recommended an annual update. It was the sense of the Council that it would be best if the regulations could incorporate procedural provision for updating the Plan of Operation, but not require revision in the future each time the Council updates the plan.

Chairman Butler noted that SharePoint and message boards are not the best forms of communication. He suggested that a point person be designated to handle e-mailed announcements. Ms. Walter volunteered for this responsibility. She agreed to send out all future meeting dates and materials to council members in advance of the meetings. Any comments by council members will be sent to Ms. Walter who can distribute the comments to the group at large.

With respect to Council communications, Chairman Butler noted that he prefers open discussion, but asked that everyone identify themselves when meeting telephonically.

Review of Specific Key Issues and Timeline for Decision Making

Mr. Potter stated that KidsVax® is to assist with the Council Charter and Mission Statement. The charter is to address the following items:

- Quorum
- Majority of those in office or just those present
- Require 3 people in a work group to deal with any public policy issue
- Voting must be required by member
- Grounds for removal
- D&O insurance is not required
- Unincorporated groups; still under auspices of the state and its laws
- Whether minutes and recording should be posted on a public place
- Standing Groups to be put in charter: finance/audit; on determining covered lives.

The group agreed that February will be the best time to have a council meeting and adopt the charter. KidsVax® agreed to circulate a proposed draft by the beginning of February.

The group went on to discuss opt-outs and ways to address non-participating payers. Mr. Potter stated that if some of the non-participating payers had the benefit of free state-supplied vaccine it could mandate that other payers, TPAs who have a fiduciary duty to invest their plans' money, opt-out in 2016. A discussion ensued regarding possibly covering only children and not adults for year one as almost all children receive the recommended vaccines because they attend school, and schools require the vaccines. Dr. Butto suggested that private providers charge a higher administration fee for these payers and pass along the cost of having to stock private vaccine and maintain that separate stock. Ms. Yett and Dr. Butto also expressed fears that more remote provider offices will stop carrying private vaccine stock all together because of the added hassle, cost, and the high degree of wastage that might occur. Dr. Lou and Dr. Butto agreed to write a letter on behalf of pediatricians in support of AVAP. The letter is to be posted on the AVAP website. The council members also agreed that non-participating payers will have to be named and posted on the website.

Plans and Expectations for Next Meeting

Ms. Walter agreed to send a poll out to determine future meeting dates.

The meeting adjourned at 4:30 p.m.