

Introduction & Notes re: AVAP Annual Assessment Setting Workbook

September 2019 Draft for AVAP's fourth Assessment Setting Year Starting January 1, 2020

Note: Substantial Revisions May be Made to this Spreadsheet

01. This workbook follows the naming conventions of having each sheet begin with a letter (i.e., "a." through "f."), and each cell within each sheet be identified by row number (e.g., "01.") and column letter (e.g., "A"). So, to facilitate reference while collaborating via conference phone, users can refer to any single number, for example the new child vaccine calculated assessment rate, by a combination of the above. For that key number, for example, the reference is "a.42.C".
02. Since the first measurement period is for the months of Oct-Dec 2019 and assessments are due forty-five (45) days after the end of the quarter, the first assessment payment with the 2020 rate will be February 15, 2020 for the assessment months of Jan-Mar 2020.
03. The primary spreadsheet for the work is the assessment calculation worksheet, worksheet a. The other sheets are intended to be reference or to develop background data in specific areas for the work. Key data for developing the primary funding target is on spreadsheets d. & e. which contain data supplied by the DHSS for the vaccine funding needs. Key numbers from a subsidiary sheet rolled into the main assessment sheet generally are shaded in yellow.
04. Key control points expected to be subject to policy decisions by DHSS or the Council are coded in green. On the protected version of the sheets, cells not shaded green may be locked out to reduce the likelihood of user error. The password used is "AVAP" -- this is not a matter of confidentiality, but rather to reduce error. Users who want to unlock the sheets for any reason are welcome to do so.
05. Those cells in which entries normally would be made are shaded in green. They are unprotected to allow data entry. For example, a user can adjust utilization assumptions for increases over prior years by entering percents either by vaccine on sheets d. & e. or overall on sheet a. (Line 21). The vaccine funding target takes the number as adjusted by those two factors and then applies the assumed cost increase (Line 22). The cost increase is applied for 9/12 of the year for childhood vaccines since it typically becomes effective as of April 1 each year (1/2 of the year due to the July 1 effective date for adult vaccine contract changes).
06. DHSS for 2020 contemplates a substantial expansion of the adult program to cover all recommended adult vaccines for nearly all Alaskans (i.e., all except Medicare & Medicaid beneficiaries -- these two programs presently are not paying AVAP assessments). Because of the DHSS's favorable purchase rates using the wholesale federal contract, this expansion is expected to help payers as they seek to mitigate the impact of inflationary pressures on healthcare costs for Alaskans. AVAP has benefitted from its strong past financial performance which enables it now to (a) absorb the substantial increase in vaccine costs this year, (b) expand the adult program as indicated, and (c) still reduce the absolute monthly assessment rate by a symbolic penny in each of the child & adult programs. Recognizing that a year's experience will greatly help DHSS to calibrate well for the expanded adult program forecasting, the base spreadsheet simply incorporates that penny reduction and solves for the release of excess reserves to reach that objective (see Line 29 on the Assessment Calculation Worksheet). So, the retained excess reserve balance should provide a more than adequate buffer for any experience variations next year and still leave a modest level of cash to dampen future assessment rate increases. Pre-calculated, and included with this base model is an Alternative A which applies ALL excess reserves this year directly to assessment rate reductions. This is intended to aide the Council in its important policy-recommendation role.
07. It is anticipated that the Council will, as part of its deliberations and upon considering the input of any public members or others at its meeting(s), adjust the assumptions which guide the assessment level. The Council's recommendations will be considered by the Commissioner who has final decision-making authority regarding assessment rates.

Alaska Vaccine Assessment Program Assessment Calculation Worksheet

Column →	A	C	D	F	G
	CHILDREN		ADULTS		
Line ↓	2019	2020	2019	2020	Comments
A. Preliminary Vaccine Cost Estimates					
01.	7,347,869	7,389,851	1,670,866	3,953,667	Est. Costs of Vaccines (sheets d. & e. with utilize. & price adj.)
02.	183,697	369,493	41,772	197,683	DHSS Administrative Fee
03.	367,393	332,543 ¹	83,543	177,915 ¹	Vaccine Waste Allowance
04.	-323,868	-522,434 ²	-105,925	-2,651,327 ²	Liquidity Reserve Buildup (Return)
09.	7,575,091	7,569,453	1,690,256	1,677,938	Net AVAP Funds Requested by DHSS
B. Assessable Covered Lives Estimates					
11.	88,965	88,965	283,417	283,417	Assessable Covered Lives (sheet c.)
12.	1.50%	1.50%	1.50%	1.50%	Leakage (unknown insurer, out of reach entity, etc.)
19.	87,631	87,631	279,166	279,166	Assessable lives actually paying
C. Planning / budgeting parameters					
21.	0.00%	0.00%	0.00%	0.00%	Provision for vaccine utilization increase
22.	3.75%	3.75% ³	3.75%	3.75% ³	Provision for vaccine cost increase
23.	0.25%	0.25% ⁴	0.25%	0.25%	Bad debt allowance (as a % of funds to be remitted)
24.	2.50%	5.00%	2.50%	5.00%	DHSS administrative fee
25.	5.00%	4.50%	5.00%	4.50%	DHSS waste cost cap
26.	3.0	3.0 ⁴	3.0	3.0	Working Capital Reserve as months of ave. Line 09 amount
27.	0.00%	0.00%	0.00%	0.00%	% of reserve to build in future years
28.	0.00%	0.00%	0.00%	0.00%	Other reserves as allowed by law & deemed prudent
29.	33.33%	54.88%	33.33%	88.81%	% of excess reserve, if any, to release next year
D. Assessment Calculation					
31.	\$ 7,575,091	\$ 7,569,453	\$ 1,690,256	\$ 1,677,938	(a) Estimated total non-federal cost (adjusted)
32.	221,945	230,728	49,518	51,147	Total Administrative Budget (from sheet b.)
33.	18,938	18,924	4,226	4,195	Bad Debt Allowance
34.	7,815,974	7,819,105	1,744,000	1,733,280	Vaccine + Cash Reserve + Operating Cost components
36.	0	0	0	0	(c) part 3 - Other Reserves
39.	\$ 7,815,974	\$ 7,819,105	\$ 1,744,000	\$ 1,733,280	Total Assessment Billed
E. Per Assessable Covered Life Assessment					
41.	\$89.19	\$ 89.23	\$6.25	\$ 6.21	Annual Assessment per covered life
42.	\$7.44	\$ 7.44	\$ 0.53	\$ 0.52	Monthly Assessment per covered life calculated
43.	\$7.44	\$ 7.43	\$ 0.53	\$ 0.52	Monthly Assessment per covered life set
F. Financial Carry Forwards					
51.	18,938	18,924	4,226	4,195	Unexpended assessments anticipated to roll forward
G. Various Performance Metrics					
61.	3.02%	3.12%	2.96%	1.29%	Net admin costs as % of vaccine costs
62.	108.87%	110.81%	140.06%	48.84%	Total costs as a % of vaccine costs
63.	-14%	0%	47%	-2%	% year to year change in assessment rate
64.	\$ 7.74	\$ 7.93 ⁵	\$ 0.70	\$ 1.31 ⁵	"Normalized" assessment rate this year.

Notes:

- ¹ Alaska's distribution conditions present serious challenges to waste costs. DHSS has agreed to cap the loss at 4.5% for calendar year 2020.
- ² Carryforward cash amounts, if any, will be applied to reduce subsequent years' assessments (see line 04).
- ³ The provision for cost increases is applied for 9 months for childhood vaccines and 6 months for adult vaccines in developing the line 01. cost estimates. (This is due to the fact that the CDC contracts for children reprice in April and for adults in July.)
- ⁴ Only one control point given since assumes that factors are same for both Child & Adult.
- ⁵ This calculation gives an indication of what the assessment rates would have been for a mature program this year (i.e., without reserve changes).

**Alaska Vaccine Assessment Program
Budget Estimates and Allocations**

Line ↓	Column →	A	B	C	D	E	F	G	H
		Prior Year	Unallocated ¹	Specific	Allocated ¹	Total	Specific	Allocated ¹	Total
				CHILDREN				ADULT	
01.	Administrative Fees (program administrator selected by DHSS)								
02.	Annual Base Fee	254,468	263,375 ²		215,585	215,585		47,790	47,790
03.	Expense Allowance (travel)	-	- ³		-	-		-	-
04.	Other	-	-		-	-		-	-
05.	Subtotal	254,468	263,375	-	215,585	215,585	-	47,790	47,790
	General Expenses								
06.	Bank Fees & Service Charges	6,500	7,500 ⁴		6,139	6,139		1,361	1,361
07.	Auditing Fees	10,500	11,000 ⁵		9,004	9,004		1,996	1,996
08.	Legal Fees				-	-		-	-
09.	AVAP Miscellaneous Expenses				-	-		-	-
10.	Office Expense				-	-		-	-
11.	Telephone Expense				-	-		-	-
12.	Postage and Shipping Expense				-	-		-	-
13.	Significant Customized Website Enhancement				-	-		-	-
14.	Public Information Expense (other than web site)				-	-		-	-
15.	Printing Expense				-	-		-	-
16.	Publications				-	-		-	-
17.	Travel Expense				-	-		-	-
18.	Meeting Expense	-	- ⁶		-	-		-	-
29.	Subtotal	17,000	18,500	-	15,143	15,143	-	3,357	3,357
	Special Projects								
31.	TRICARE special assessment supplement	15,000			-	-		-	-
32.					-	-		-	-
33.					-	-		-	-
34.					-	-		-	-
35.					-	-		-	-
36.					-	-		-	-
37.					-	-		-	-
38.		-	-		-	-		-	-
39.	Subtotal	15,000	-	-	-	-	-	-	-
49.	Total Expenses	<u>286,468</u>	<u>281,875</u>	<u>-</u>	<u>230,728</u>	<u>230,728</u>	<u>-</u>	<u>51,147</u>	<u>51,147</u>
59.	Budgeted for Bad Debt								

NOTES:

¹ "Unallocated" in this spreadsheet means that the specific item is not specific to either child or adult vaccines. If no other rule is given, allocation will be based upon the ratio of the child & adult vaccine funds needed, respectively, to the total. That computation is as follows:

total child: 7,569,453 total adult: 1,677,938 **81.86%** is the child % of total

² Assumes KidsVax[®] contract is renewed at current contracting standards. An evergreen contract approach would reduce this somewhat in 2020 and also limit future increases.

³ KidsVax[®] has bundled travel costs into the 2017 contract.

⁴ Set at last year's expense (which should be adequate) plus \$1,000 to allow for any necessary cost increases.

⁵ A good faith estimate which should be more than adequate.

⁶ Bundled in KidsVax[®] contract.

⁷ Not likely to be needed. KV makes significant annual investment in web & other IT technology and deploys to all states under technology licenses.

⁸ To be set as part of the assessment work.

AVAP Covered Lives Estimates

Column → Line ↓	A	B	C	D
	Source / Entity	Date	Children	Adults
A. Current Estimate of Covered Lives				
01.	AVAP Self-Reporting assessment system #s	15-Aug-18	88,965	253,184
02.	Provider Opt-In uninsureds (unique to AK)			30,233
03.				
04.				
05.				
09.	total		88,965	283,417
B. Possible Deductions				
11.				
12.				
13.				
14.				
15.				
16.				
19.	total		0	0
C. Possible Additions				
21.				
22.				
23.				
24.				
29.	total		0	0
D. Totals				
99.	Best Current Estimate		88,965	283,417
xx.	Note prior quarter numbers for reference	15-May-18	82,656	244,860
E. Known outliers				
101.	None			
102.				
103.				
104.				
109.	total		0	0

Note: Commencing August 15, 2018 includes TRICARE reported lives.

(Note KidsVax® still is pressing for methodological improvements which would be expected to raise these #s)

**DHHS Pediatric Vaccine Purchase Estimates
AVAP Calendar Year**

Column → A B C D E F G H I J K
Line ↓

	Vaccine	Brand Name	NDC	Cost Per Dose*	PY Estimated Doses	Total Estimated Doses	Total Estimated Cost	Vaccine Level AVAP Adjustments	AVAP Budget
01.	DT	DT		\$54.59		20	\$1,092	0.00%	\$1,092
02.	DTaP*	Infanrix		\$18.67	4,550	4,290	\$80,094	0.00%	\$80,094
03.	DTaP/Hep B/IPV	Pediarix		\$59.05	10,680	10,720	\$633,016	0.00%	\$633,016
04.	DTaP/IPV	Kinrix		\$41.31	3,650	3,830	\$158,217	0.00%	\$158,217
05.	Hep A	Havrix		\$20.52	8,390	8,210	\$168,469	0.00%	\$168,469
06.	Hep B	Recombivax		\$16.02	2,330	2,380	\$38,128	0.00%	\$38,128
07.	Hib - PRP-OMP	PedvaxHIB		\$13.21	11,040	10,930	\$144,385	0.00%	\$144,385
09.	9vHPV*	Gardasil9		\$178.14	7,550	7,200	\$1,282,608	0.00%	\$1,282,608
10.	e-IPV	IPOL		\$13.55	1,080	1,030	\$13,957	0.00%	\$13,957
11.	Meningococcal	Menactra		\$93.45	5,830	6,160	\$575,652	0.00%	\$575,652
12.	MENB	Bexsero		\$108.53	250	560	\$60,777	0.00%	\$60,777
13.	MVC40	Menveo		\$76.02		50	\$3,801	0.00%	\$3,801
14.	MMR	M-M-R II		\$21.22	10,580	9,440	\$200,317	0.00%	\$200,317
15.	PCV13	Pevnar 13		\$137.01	14,030	12,640	\$1,731,806	0.00%	\$1,731,806
16.	PPSV23	Pneumovax23		\$56.30		40	\$2,252	0.00%	\$2,252
17.	Rotavirus	RotaTeq		\$70.49	9,110	9,240	\$651,328	0.00%	\$651,328
18.	Td	TDVAX		\$16.03		130	\$2,084	0.00%	\$2,084
21.	Tdap	Boostrix		\$32.24	5,550	4,620	\$148,949	0.00%	\$148,949
22.	Varicella	Varivax		\$104.09	8,340	8,170	\$850,415	0.00%	\$850,415
23.							\$0	0.00%	\$0
24.							\$0	0.00%	\$0
25.	all flu			\$15.37	28,000	28,650	\$440,351	0.00%	\$440,351
18.	TOTAL				PY Cost Estimated: \$ 7,347,869		\$7,187,697		\$7,187,697
19.							Adjusted for overall utilization increase		\$7,187,697
20.							Adjusted for price increase		\$7,389,851
30.	Total Doses				130,960	128,310			

Notes:

*Cost per dose is based on the CDC Vaccine Price List, which can be found here:
<http://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/>
 †Influenza brand names vary each influenza season

**DHHS Adult Vaccine Purchase Estimates
AVAP Calendar Year**

Column →
Line ↓

	A	B	C	D	E	F	G	H	
	Vaccine	Brand Name	NDC	Cost Per Dose*	PY Estimated Doses	Total Estimated Doses	Total Estimated Cost	Vaccine Level AVAP Adjustments	AVAP Budget
01.	9vHPV (19-26 yrs)	Gardasil9		\$144.99	1,780	1,890	\$274,031	0.00%	\$274,031
02.	Meningococcal Conjugate (19-20 yrs)	Menactra		\$75.07	100	120	\$9,008	0.00%	\$9,008
03.	MENB	Bexsero		\$103.94	100	60	\$6,236	0.00%	\$6,236
04.	PPSV23	Pneumovax23		\$66.20	1,670	1,620	\$107,246	0.00%	\$107,246
05.	Td	Tenivac		\$16.03	1,370	2,050	\$32,855	0.00%	\$32,855
06.	Tdap	Boostrix		\$24.49	10,820	11,570	\$283,349	0.00%	\$283,349
07.	Zoster Recombinant	Shingrix		\$102.90	5,000	5,150	\$529,935	0.00%	\$529,935
08.	Hep A	Havrix®		\$30.76		2,550	\$78,433	0.00%	\$78,433
11.	Hep B	Heplisav-B™		\$69.75		6,370	\$444,308	0.00%	\$444,308
12.	MMR (Measles/Mumps/Rubella)	M-M-R®II		\$49.54		5,290	\$262,045	0.00%	\$262,045
13.	PCV13 (Pneumococcal conjugate)	Prevnar 13™		\$125.07		9,660	\$1,208,176	0.00%	\$1,208,176
14.							\$0	0.00%	\$0
15.							\$0	0.00%	\$0
16.	All Influenza			\$16.87	32,620	38,250	\$645,278	0.00%	\$645,278
21.				PY Cost Estimated: \$ 1,670,866			\$3,880,900		\$3,880,900
22.							Adjusted for overall utilization increase		\$3,880,900
29.							Adjusted for price increase		\$3,953,667
39.	Total Doses				53,460	84,580			

Notes:

*Cost per dose is based on the CDC Vaccine Price List, which can be found here:
<http://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/>
'Influenza brand names vary each influenza season

Prior Year's Financial Recap

Column →	A	B	C	D
Line ↓			Child	Adult
01.	Starting Cash balance (see calculation below)	30-Jun-2019	7,185,882	2,331,086
02.	¹ Balance of TRICARE settlement (in at zero for now)		-	-
03.	² Increment from 2019 remaining		193,298	62,706
04.				
05.				
09.	Total		7,379,180	2,393,792
Estimated Revenues				
11.	Rebalance reserves to adult fund			3,500,000
12.				
13.				
14.				
19.	Total		-	3,500,000
Expenditures / Allowances				
21.	Rebalance reserves to adult fund		3,500,000	
22.				
23.				
24.				
25.				
26.				
27.				
29.	Total		3,500,000	-
31.	Estimated Starting Balance January 1		3,879,180	5,893,792
33.	Target months cash (non-flu)	3	1,487,534	348,465
34.	Target cash for flu		1,439,715	2,559,807
35.	Target cash reserve (Line 33 + Line 34)		2,927,249	2,908,272
36.	Deferral amount	0.00%	-	-
37.	Target Cash Reserve net of deferral		2,927,249	2,908,272
99.	Excess Cash balance above Cash target		951,931	2,985,520

Notes:

- ¹ KV believes that the TRICARE arrearage owed is higher than the \$2,526,652 it offered in full settlement on June 27, 2018. So far TRICARE has prepaid \$1,500,000 leaving \$1,026,652 due AVAP by its calculations.
- ² From DHSS report to KV of cash as of 6/30/2019. Assume 1/2 of 6 months gain through balance of year.
- ³ At present point just assuming the bad debt reserve is unexpended in 2019. As experience is gained and program matures, may be able to make better estimates in future years.

Development of carryforward cash by fund:

		Child	Adult
2015 target assessment billed		6,722,322	3,567,765
2016 target assessment billed		6,522,946	2,146,641
2017 target assessment billed		8,219,588	2,003,055
2018 target assessment billed		9,015,792	2,961,887
2019 target assessment billed		7,815,974	1,744,000
totals		<u>38,296,622</u>	<u>12,423,348</u>
percents		76%	24%
12/31/2018 total per audit:	9,004,961		
Assessment carryforward from 2018-06-30 Financials:	9,516,968	7,185,882	2,331,086