

# Introduction & Notes re: AVAP Annual Assessment Setting Workbook

September 2017 Draft for AVAP's fourth Assessment Setting Year Starting January 1, 2018

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 2017 and assessments are due forty-five (45) days after the end of the quarter, the first assessment payment with the 2018 rate will be February 15, 2018 for the assessment months of Jan-Mar 2018.
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. 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 →	CHILDREN		ADULTS		
Line ↓	Prior	Next	Prior	Next	Comments
<b>A. Preliminary Vaccine Cost Estimates</b>					
01.	7,169,358	7,644,209	1,517,465	2,153,139	Est. Costs of Vaccines (sheets d. & e. with utilize. & price adj.)
02.	179,234	191,105	37,937	53,828	DHSS Administrative Fee
03.	358,468	382,210 <sup>1</sup>	75,873	107,657	Vaccine Waste Allowance
04.	141,108	556,539 <sup>2</sup>	194,122	567,851	Liquidity Reserve Buildup (Return)
09.	7,848,168	8,774,063	1,825,397	2,882,475	Net AVAP Funds Requested by DHSS
<b>B. Assessable Covered Lives Estimates</b>					
11.	80,751	88,630	284,658	287,738	Assessable Covered Lives (sheet c.)
12.	1.50%	1.50%	1.50%	1.50%	Leakage (unknown insurer, out of reach entity, etc.)
19.	79,540	87,301	280,388	283,422	Assessable lives actually paying
<b>C. Planning / budgeting parameters</b>					
21.	0.00%	0.00%	0.00%	0.00%	Provision for vaccine utilization increase
22.	3.75%	3.75% <sup>3</sup>	3.75%	3.75%	Provision for vaccine cost increase
23.	0.25%	0.25% <sup>4</sup>	0.25%	0.25%	Bad debt allowance (as a % of funds to be remitted)
26.	2.50%	2.50%	2.50%	2.50%	DHSS administrative fee
27.	5.00%	5.00%	5.00%	5.00%	DHSS waste cost cap
28.	3.0	3.0 <sup>4</sup>	3.0	3.0	Working Capital Reserve as months of ave. Line 09 amount
29.	25.00%	30.00% <sup>4</sup>	25.00%	30.00%	% of reserve to build in future years
30.	0.00%	0.00%	5.00%	0.00%	Other reserves as allowed by law & deemed prudent
<b>D. Assessment Calculation</b>					
31.	\$ 7,848,168	\$ 8,774,063	\$ 1,825,397	\$ 2,882,475	(a) Estimated total non-federal cost (adjusted)
32.	351,800	219,794	78,917	72,206	Total Administrative Budget (from sheet b.)
33.	19,620	21,935	4,563	7,206	Bad Debt Allowance
34.	8,219,588	9,015,792	1,908,877	2,961,887	Vaccine + Cash Reserve + Operating Cost components
36.	0	0	91,270	0	(c) part 3 - Other Reserves
39.	\$ 8,219,588	\$ 9,015,792	\$ 2,000,147	\$ 2,961,887	Total Assessment Billed
<b>E. Per Assessable Covered Life Assessment</b>					
41.	\$103.34	\$ 103.27	\$7.13	\$ 10.45	Annual Assessment per covered life
42.	\$8.62	<b>\$ 8.61</b>	\$ 0.60	<b>\$ 0.88</b>	<b>Monthly Assessment per covered life calculated</b>
43.	\$8.62	<b>\$ 8.61</b>	\$ 0.60	<b>\$ 0.88</b>	<b>Monthly Assessment per covered life set</b>
<b>F. Financial Carry Forwards</b>					
51.	19,620	21,935 <sup>2</sup>	95,833	7,206	Unexpended assessments anticipated to roll forward
<b>G. Various Performance Metrics</b>					
61.	6.25%	2.88%	5.60%	3.35%	Net admin costs as % of vaccine costs
62.	8.50%	120.44%	7.82%	140.06%	Total costs as a % of vaccine costs
63.	n/a	0%	n/a	47%	% year to year change in assessment rate
64.	\$ 6.56	\$ 8.07 <sup>5</sup>	\$ 0.81	\$ 0.70	"Normalized" assessment rate

**Notes:**

- <sup>1</sup> Alaska's distribution conditions present serious challenges to waste costs. DHSS has agreed to cap the loss at 5% for calendar year 2018.
- <sup>2</sup> Carryforward cash amounts, if any, will be applied to reduce subsequent years' assessments (see line 04).
- <sup>3</sup> 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 estimate (This is due to the fact that the CDC contracts for children reprice in April and for adults in July.)
- <sup>4</sup> Only one control point given since assumes that factors are same for both Child & Adult.
- <sup>5</sup> 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

Column →	A	B	C	D	E	F	G	H	
Line ↓			CHILDREN				ADULT		
	Prior Year	Unallocated <sup>1</sup>	Specific	Allocated <sup>1</sup>	Total	Specific	Allocated <sup>1</sup>	Total	
01. <b>Administrative Fees (program administrator selected by DHSS)</b>									
02. Annual Base Fee	384,625	275,000 <sup>2</sup>		206,997	206,997		68,003	68,003	
03. Expense Allowance (travel)	-	- <sup>3</sup>		-	-		-	-	
04. Other	-	-		-	-		-	-	
05. Subtotal	384,625	275,000	-	206,997	206,997	-	68,003	68,003	
<b>General Expenses</b>									
06. Bank Fees & Service Charges	9,500	6,500 <sup>4</sup>		4,893	4,893		1,607	1,607	
07. Auditing Fees	15,000	10,500 <sup>5</sup>		7,904	7,904		2,596	2,596	
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	-	-		-	-		-	-	
29. Subtotal	24,500	17,000	-	12,797	12,797	-	4,203	4,203	
<b>Special Projects</b>									
31.				-	-		-	-	
32.				-	-		-	-	
33.				-	-		-	-	
39. Subtotal	24,500	-	-	-	-	-	-	-	
49. <b>Total Expenses</b>	433,625	292,000	-	219,794	219,794	-	72,206	72,206	
59. Budgeted for Bad Debt									

### NOTES:

<sup>1</sup> "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: 8,774,063    total adult: 2,882,475    75.27% is the child % of total

<sup>2</sup> Assumes KidsVax<sup>®</sup> contract is renewed at current contracting standards. An evergreen contract approach would reduce this somewhat in 2018 and also limit future increases

<sup>3</sup> KidsVax<sup>®</sup> has bundled travel costs into the 2017 contract.

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

<sup>5</sup> Set at last year's expense (which should be adequate) plus \$1,000 to allow for any necessary cost increases.

<sup>6</sup> Bundled in KidsVax<sup>®</sup> contract.

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

<sup>8</sup> To be set as part of the assessment work.

## AVAP Covered Lives Estimates

Column → Line ↓	A	B	C	D
	Source / Entity	Date	Children	Adults
<b>A. Current Estimate of Covered Lives</b>				
01.	AVAP Self-Reporting assessment system #s	15-Aug-17	83,030	242,233
02.	Provider Opt-In uninsureds (unique to AK)			30,233
03.	TRICARE FTFE from 2017-09-18 "offer"	18-Sep-17	5,600	15,272
04.				
05.				
09.	total		88,630	287,738
<b>B. Possible Deductions</b>				
11.				
12.				
13.				
14.				
15.				
16.				
19.	total		0	0
<b>C. Possible Additions</b>				
21.				
22.				
23.				
24.				
29.	total		0	0
<b>D. Totals</b>				
99.	Best Current Estimate		88,630	287,738
xx.	Note prior quarter numbers for reference	15-May-17	85,158	248,059
		15-Feb-17	84,429	246,104
		15-Nov-16	81,051	237,240
<b>E. Known outliers</b>				
101.	TRICARE (may be subject to reductions)		23,432	38,058
102.				
103.				
104.				
109.	total		23,432	38,058

Note: TRICARE numbers on line 101 are actual lives per September 2017 TRICARE report. The lives on line 03 are the rough FTFE corresponding to the count reductions and rate reductions indicated by the "LIMITATIONS" system TRICARE advanced in early September.

**DHHS Pediatric Vaccine Purchase Estimates  
AVAP Calendar Year 2015**

Column → A B C D 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.	DTaP*	Infanrix		\$17.73	4,850	5,050	\$89,537	0.00%	\$89,537
02.	DTaP/Hep B/IPV	Pediarix		\$56.43	10,780	10,890	\$614,523	0.00%	\$614,523
03.	DTaP/IPV	Kinrix		\$39.57	3,060	3,680	\$145,618	0.00%	\$145,618
04.	Hep A	Havrix		\$18.68	8,487	8,670	\$161,956	0.00%	\$161,956
05.	Hep B	Recombivax		\$12.30	1,750	2,310	\$28,413	0.00%	\$28,413
06.	Hib - PRP-OMP	PedvaxHIB		\$12.79	11,070	11,290	\$144,399	0.00%	\$144,399
07.	9vHPV*	Gardasil9		\$154.28	9,380	9,410	\$1,451,775	0.00%	\$1,451,775
09.	e-IPV	IPOL		\$13.04	1,640	1,640	\$21,386	0.00%	\$21,386
10.	Meningococcal	Menactra		\$89.16	5,150	5,700	\$508,212	0.00%	\$508,212
11.	MENB	Bexsero		\$98.51	1,640	1,640	\$161,556	0.00%	\$161,556
12.	MMR	M-M-R II		\$20.59	7,720	8,740	\$179,957	0.00%	\$179,957
13.	PCV13	Prevnar 13		\$126.97	14,370	14,750	\$1,872,808	0.00%	\$1,872,808
14.	Rotavirus	RotaTeq		\$69.12	9,350	9,290	\$642,125	0.00%	\$642,125
15.	Tdap	Boostrix		\$31.37	4,830	5,150	\$161,556	0.00%	\$161,556
16.	Varicella	Varivax		\$92.72	7,910	8,460	\$784,411	0.00%	\$784,411
17.									
18.									
21.	Influenza†	GSK Fluarix Syr 36+ mos		\$14.43	10,900	10,900	\$157,287	0.00%	\$157,287
22.	Influenza†	Sanofi Fluzone Syr 6-35 mos		\$15.68	14,750	14,750	\$231,206	0.00%	\$231,206
23.	Influenza†	Sanofi Fluzone MD 6+ mos		\$15.68	5,000	5,000	\$78,375	0.00%	\$78,375
24.	Influenza†	Sanofi Fluzone Syr 36+ mos		-	-		\$0	0.00%	\$0
18.	<b>TOTAL</b>				<b>PY Cost Estimated: \$ 6,973,236</b>		<b>\$7,435,097</b>		\$7,435,097
19.							<b>Adjusted for overall utilization increase</b>		\$7,435,097
20.							<b>Adjusted for price increase</b>		\$7,644,209

**Notes:**

\*Cost per dose is based on the CDC Vaccine Price List (reviewed/updated: July 3, 2017), 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 2015**

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		\$116.22	800	3,100	\$360,282	0.00%	\$360,282
02.	Meningococcal Conjugate (19-20 yrs)	Menactra		\$76.15	120	250	\$19,038	0.00%	\$19,038
03.	MENB	Bexsero		\$106.28	120	75	\$7,971	0.00%	\$7,971
04.	PPSV23	Pneumovax23		\$48.52	2,150	2,660	\$129,063	0.00%	\$129,063
05.	Td	Tenivac		\$13.58	530	530	\$7,195	0.00%	\$7,195
06.	Tdap	Boostrix		\$24.36	13,390	13,640	\$332,270	0.00%	\$332,270
07.	Zoster (60-64 yrs)	Zostavax		\$134.16	1,740	2,100	\$281,736	0.00%	\$281,736
08.									
11.	Influenza†	Sanofi Fluzone MD		\$12.57	25,500	25,500	\$320,535	0.00%	\$320,535
12.	Influenza†	GSK Flaurix Syr		\$12.72	36,000	36,000	\$457,920	0.00%	\$457,920
13.	Influenza†	Sanofi Fluzone High Dose		\$39.50		5,000	\$197,500	0.00%	\$197,500
14.									
21.				<b>PY Cost Estimated: \$ 1,489,536</b>			\$2,113,510		\$2,113,510
22.							<b>Adjusted for overall utilization increase</b>		\$2,113,510
29.							<b>Adjusted for price increase</b>		\$2,153,139

Notes:

\*Cost per dose is based on the CDC Vaccine Price List (reviewed/updated: July 3, 2017), 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.	<sup>2</sup> Starting Cash balance	1-Jan-2017	1,006,684	213,074
02.	<sup>2</sup> Increment from 2017 AVAP operations		19,620	4,563
03.				
04.				
05.				
09.	Total		1,026,304	217,637

Estimated Revenues

11.				
12.				
13.				
14.				
19.				

Expenditures / Allowances

21.				
22.				
23.				
24.				
25.				
26.				
27.				
29.			-	-
31.	Estimated Starting Balance January 1		1,026,304	217,637
33.	Target months cash (non-flu)	3	1,794,335	343,671
34.	Target cash for flu		466,868	778,455
35.	Target cash reserve (Line 34 + Line 35)		2,261,204	1,122,126
36.	Deferral amount	30.00%	678,361	336,638
37.	Target Cash Reserve net of deferral		1,582,843	785,488
99.	Excess Cash balance above Cash target		(556,539)	(567,851)

Notes:

<sup>1</sup> KV's best estimate is that the TRICARE arrearage through 12/31/2017 is approximately \$4,330,506.

<sup>2</sup> From recently released auditors report for 2017.

<sup>3</sup> At present point just assuming the bad debt reserve is unexpended in 2017. As experience is gained and