

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**

**Third Report  
of the  
MAINE VACCINE BOARD**

*for the*  
**State Fiscal Year ended June 30, 2013**  
*and the*  
**Full Calendar Year of 2013**

**December 2013**

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**Peter Gore, Chair**  
**Judith Chamberlain, MD**  
**Deborah Deatruck, MPH**  
**Larry Hart**  
**Larry Losey, MD**  
**Katherine Pelletreau**  
*(ex officio)* **Kristi L. Carlow**  
**Forrest West, MD**  
**Gary Connor, RN**  
*(ex officio)* **Lori Wolanski, MPH**

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**EXECUTIVE SUMMARY**

This is the third annual report of the Maine Vaccine Board (MVB). MVB assessment collections commenced on November 15, 2011. MVB raises funds to support universal childhood vaccine purchases at favorable rates by assessing insurers and other entities responsible for payment for health benefits afforded Maine’s children. Assessment compliance by payers has been strong. The close of the 2012/13 fiscal year saw the MVB beginning to advance from startup mode to greater organizational maturity. The MVB has now completed two full years of operation.

At the core of MVB’s mission is the desire to reduce the occurrences of vaccine preventable disease by increasing medically-appropriate use of vaccines for Maine’s children. This year marked dramatic success in that goal as Maine’s childhood immunization levels continued to rise. In achieving this goal, it also is hoped that overall systemic cost savings can be realized.

State vaccine purchases with MVB funds and distribution to providers began in January 2012. In order to provide a more representative overview, this report contains data from both the fiscal year July 1, 2012 – June 30, 2013 and the complete calendar year 2013. Key statistics are listed below:

	Calendar Year 2013	Fiscal Year 7/1/2012 – 6/30/2013
Total Number of Payers:	83	85
Total Assessments Raised:	\$11,227,987	\$10,832,657
Average Monthly Child Covered Lives:	125,108	126,422
Number of board meetings:	6	5

All Board meetings are open to the public and afford opportunity for public comment. Both oral and written comments are welcome. Detailed information about the MVB and its operations, including minutes of all board meetings, is available at [www.MEvaccine.org](http://www.MEvaccine.org).

The Board anticipates submitting findings, recommendations, and updates in its next annual report, due January 1, 2015 to the Joint Standing Committee of the legislature having jurisdiction over health and human services matters.

## **HISTORY AND DESCRIPTION OF THE MAINE VACCINE BOARD**

The history and information regarding the Maine Vaccine Board can be found on our website: [www.MEvaccine.org](http://www.MEvaccine.org).

### **THE VACCINE BOARD**

The MVB was created by the 124th Legislature through the enactment of Public Law 595. That law took effect on August 2, 2010. The Board held meetings during the 2012/13 fiscal year on 08-14-12, 09-18-12, 11-20-12, 01-15-13, and 04-02-13. The Board consists of ten members: three representatives of health insurance carriers, three representatives of providers in the state as nominated by statewide associations of providers, a representative of employers who self-insure for health coverage, a representative of the pharmaceutical manufacturing industry, and two non-voting *ex officio* members, namely, the DHHS Commissioner (or designee) and the State Treasurer (or designee). Peter M. Gore currently serves as Board chair. Lori Wolanski, Director of the Division of Infectious Disease, now serves as the DHHS Commissioner's designee. With the exception of the pharmaceutical manufacturing industry representative, who serves a one-year term, the terms of Board members are three years.

### **SUMMARY OF PROGRAM PROGRESS**

Vaccine supply for children eligible for free vaccines under the federal Vaccines for Children (VFC) program continues to be managed by the Maine Center for Disease Control and Prevention (Maine CDC). These vaccines are funded by grants from the federal Centers for Disease Control and Prevention (federal CDC) to the Maine CDC. Commencing January 1, 2012, the Maine CDC expanded its free vaccine supply to cover all children (hence "universal"). Vaccines for non-VFC-eligible children now are purchased by the State of Maine at the same favorable federal CDC contract rates as the federal government has been able to negotiate with vaccine manufacturers for the VFC program.

MVB imbedded the entire vaccine list covered by its universal purchase program in its initial rule adopted soon after MVB's formation. This required public comment and rulemaking every year when the vaccine list is reviewed. We recently amended this rule so that the entire vaccine list is no longer imbedded in regulation, but we still actively solicit and welcome public comment on the vaccine list as it is revised from time-to-time. In addition we delineated the procedures for appeals of any MVB decision.

MVB has adopted two assessment rate changes since its formation. The first was a rate reduction in response to early assessment collections which were better than anticipated. The second, effective April 1, 2013, implemented the increase necessitated by the fact that MVB's vaccine costs rose once providers exhausted their supplies of previously purchased vaccines. Also, that adjustment covered two years of vaccine cost inflation. Finally, improved immunization rates meant that vaccine use had gone up statewide. Although this is great news for overall healthcare costs in Maine over time, in the short run this utilization increase necessitated an MVB assessment rate increase. In the future, assessment rate changes should be driven primarily by adjustments for inflation to pay for the additional vaccines used, additional improvements in vaccination rates, and new vaccine recommendations.

It's been hard work to get Maine's program up and running, but well worth it. With MVB's support for the efforts of Maine CDC and others, Maine's prior trend of downward childhood immunization rates has been reversed – and to a stunning degree. For example, the federal CDC's fall 2013 report documents Maine's childhood immunization rate improvement for the key immunization series for DTaP, Polio & MMR (for children 19-35 months) from 46.2%, a level **substantially below** the national average of 59.2% **in 2010** to 74.9% -- a level **above** the national average **in 2012**. This is particularly important given the multiplier effect of childhood immunization dollars in reducing long term healthcare costs. As documented in Exhibit B, experts estimate the long term financial cost reduction through disease avoidance at over \$10 for each \$1 of childhood immunization costs. This cost benefit to healthcare payers, of course, is in addition to the indirect benefits of improved health, avoidance of loss of work, and so on.

MVB continues to benefit from timely self-reporting and assessment remittance by payers. Now only TRICARE, the federal program responsible for armed services beneficiaries, is known to be non-compliant. KidsVax.org® is working on behalf of MVB and other state programs to encourage TRICARE leadership to bring the program into voluntary compliance. Recent contacts give reason to hope that this can be accomplished. Any final resolution will also address TRICARE's equitable share for past assessments.

MVB continues to enhance its website: [www.MEvaccine.org](http://www.MEvaccine.org). Recent improvements now allow any member of the public to subscribe to automatic notifications about MVB events as they are scheduled and to be alerted to agendas, meeting materials, and other documents as they become available.

MVB has initiated efforts to identify any remaining non-compliant payers, presently unknown, which may not be paying their full shares of applicable MVB assessments. It also will continue both to review vaccines which may be added, as they are approved for the VFC program, and to explore further opportunities for improving MVB's overall operations.

## **OUR CONTINUED THANKS**

MVB remains deeply grateful for the support of its key constituents: payers, providers, and the Maine CDC. Other state agencies also have facilitated its work in improving childhood health in the State of Maine. Special thanks go to individual board members & their employers (who allow time for this service to the state without charge), the staff of Maine CDC and the Office of Attorney General, all of whom have remained resourceful and diligent in supporting the board. Finally, we want to express our appreciation to members of the Maine congressional delegation and their staff who intervened when requested by MVB (i) to encourage the federal CDC to consider relief from a policy change announced in August 2013 which would have, if fully implemented, unduly burdened providers participating in Maine's universal childhood vaccine program and (ii) to support MVB's efforts to secure equitable participation by TRICARE in payment for vaccines supplied in Maine to TRICARE beneficiaries.

Note: This report has been compiled by Fred L. Potter who serves the MVB as its servicing agent through a turnkey Executive Director and Administrative Services Agreement with KidsVax.org®. Fred's contact information is below. He will be happy to respond to any questions this report may prompt.


Fred L. Potter • *Managing Member*



PO Box 1885 • Concord, NH 03302-1885

ph 1.855.KidsVax (543.7829) | fax 1.855.KidsFax (543.7329) | email [fpotter@KidsVax.org](mailto:fpotter@KidsVax.org)

Exhibit A



Administrative Programs & Cost Containment Systems

December 18, 2013

Maine Vaccine Board  
 P.O. Box 1885  
 Concord, NH 03302-1885

**MBV Program Savings Calculation for CY 2013**

Dear Directors,


Below is our calculation of the savings that the program has created in calendar years 2012 and 2013 as well as the cumulative program savings since January 1, 2012.

	<u>2012</u>	<u>2013</u>	<u>Cumulative</u>
A. CDC Survey Market Comparison costs: (actual doses per brand x CDC market survey)	\$13,777,024	\$13,735,339	\$27,512,363
B. MVB Program costs:			
Cost of vaccine replenishments	\$10,464,223	\$10,234,140	\$20,698,363
+ Operating Cost	161,355	145,891	307,246
+ Leakage & Bad Debt	3,974	29,390	33,364
+/- Incremental Reserve Adj.	(113,146)	-	(113,146)
= Total Program Costs	<u>\$10,516,406</u>	<u>\$10,409,421</u>	<u>\$20,925,827</u>
C. MVB Program Savings (A - B = C)	\$3,260,618	\$3,325,918	\$6,586,536
D. Program Savings Percentage (C / A = D)	23.67%	24.21%	23.94%
E. Savings per child covered life per year (covered lives: 2012 = 120,135 & 2013= 116,276)	\$27.14	\$28.60	\$27.87

Notes:

1. In any program like this it is not possible to calculate savings with 100% accuracy. There are a number of reasons for this including the fact that some providers may continue to bill for some private supply.
2. The market comparison used for each dose is an average of prices given in response to the survey conducted annually by the CDC. Information is not provided on volume or location purchased. This CDC survey just addresses vaccine costs. It does not include other costs such as management fees, financing costs or other overhead, which some providers properly include in billings. Neither does it include normal payer administration costs for individual claims administration.
3. We believe this is a fair representation of the cost savings for the vaccines themselves. Payments to providers for administration of vaccines, of course, are completely outside of this system.
4. KidsVax.org will continue to track this metric periodically to aid the MVB in monitoring its program effectiveness.

Sincerely,



Peter M. Smith  
 Financial & Internal Control Analyst

cc: Fred L. Potter, Executive Director

☎ 1 855 KidsVax (543 7829) | ☎ 1 855 KidsFax (543 7839) | PO Box 1885 • Concord, NH 03302-1885 | [www.KidsVax.org](http://www.KidsVax.org)

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**Exhibit B**

National and State of Maine Vaccine Cost Savings and National Morbidity Reduction

**Table 1**  
**Estimated Return on Investment of Childhood Vaccines in the US and Maine**

<p>On average, for each <i>US birth cohort</i> vaccinated through age 6 against 13 diseases* :</p> <ul style="list-style-type: none"> <li>• 42,000 lives are saved</li> <li>• 20 million cases of disease are prevented</li> <li>• For each dollar invested in these vaccinations, \$10.1 is saved</li> <li>• 13.5 billion dollars in direct costs are saved</li> <li>• 68.8 billion dollars in direct plus indirect (societal) costs are saved</li> </ul> <p>*Fangjun Zhou, PhD et al, National Immunization Conference 2011.</p>	<p>On average, for each <i>Maine birth cohort</i> vaccinated through age 6 against 13 diseases** :</p> <ul style="list-style-type: none"> <li>• 135 lives are saved</li> <li>• 600,000 cases of disease are prevented</li> <li>• For each dollar invested in these vaccinations, \$10.1 is saved</li> <li>• 43 million dollars in direct costs are saved</li> <li>• Indirect societal costs not calculated for Maine.</li> </ul> <p>** <b>Assumption:</b> Disease rates and costs in Maine are equal to national averages.</p> <p>Fangjun Zhou, PhD, Health Scientist,          Immunization Services Division, Centers for Disease Control and Prevention.</p>
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*Birth cohort:* # of births in one year and group followed through 6 years of age. The cost savings to the state is calculated based on the birth cohort receiving all childhood vaccines to protect them against 13 vaccine preventable childhood diseases.

*Direct Costs:* Medical costs saved.

**Table 2**  
**Comparison of 20<sup>th</sup> Century Annual Morbidity and Current Morbidity: Vaccine-Preventable Diseases**

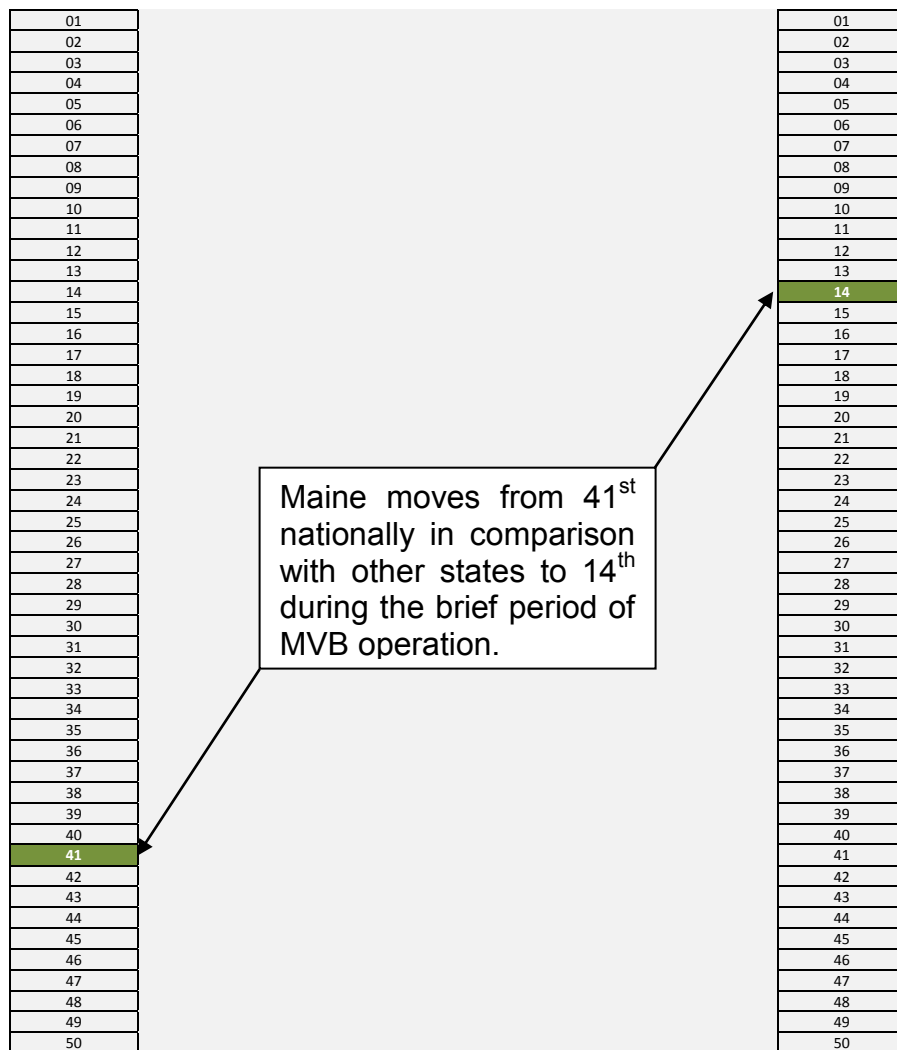
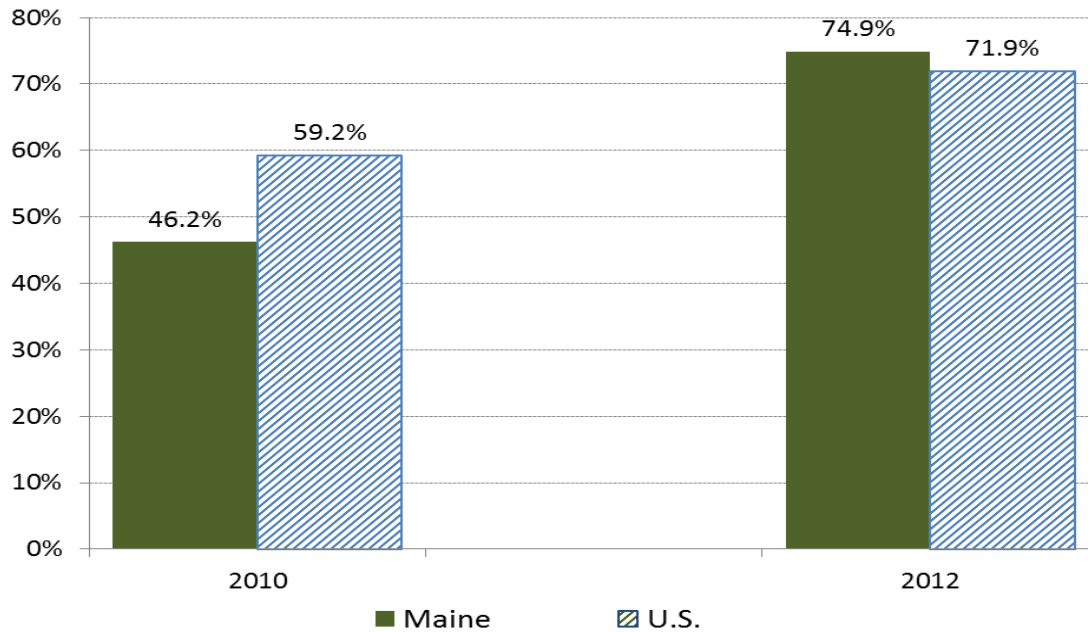
Disease	20th Century Annual Morbidity	2011 Reported Cases	Percent Decrease
Smallpox	29,005	0	100%
Diphtheria	21,053	0	100%
Measles	530,217	222	>99%
Mumps	162,344	404	>99%
Pertussis	200,752	18,719	91%
Polio (paralytic)	16,316	0	100%
Rubella	47,745	4	>99%
Congenital Rubella Syndrome	152	0	100%
Tetanus	580	36	94%
Haemophilus influenzae	20,000	14	>99%

<sup>†</sup> Source: JAMA. 2007;298(18):2155-2163  
<sup>††</sup> Source: CDC. MMWR August 17, 2012;61(32):624-637. (final 2011 data)  
*Haemophilus influenzae* type b (Hib) < 5 years of age. An additional 14 cases of Hib are estimated to have occurred among the 226 reports of Hib (< 5 years of age) with unknown serotype.



**Exhibit C\***

Estimated Vaccination Coverage with 4:3:1:3\*:3:1 Among Children 19-35 Months  
Maine and US – 2010 compared to 2012



\*Data source: National Immunization Survey (updated September 2013) summary prepared by the Maine CDC