

MAINE STATE LEGISLATURE

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STATE OF MAINE

**Fourth Report
of the
MAINE VACCINE BOARD**

for the
State Fiscal Year ended June 30, 2014

December 2014

Peter Gore, Chair
Judith Chamberlain, MD
Deborah Deatruck, MPH
Larry Hart
Larry Losey, MD
Katherine Pelletreau, MPH
(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 fourth 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 the Maine CDC 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 2013/14 fiscal year saw the MVB continuing to advance to organizational maturity and improved efficiency. The MVB has now completed three 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 continues MVB's success in that goal. Although there has been some slippage in a few categories, overall Maine's childhood immunization rates continue to improve. While achieving this goal, MVB also enabled overall systemic cost savings to be realized.

State vaccine purchases with MVB funds and distribution to providers began in January 2012. This report contains data for the fiscal year July 1, 2013- June 30, 2014:

	Fiscal Year 7/1/2013 - <u>6/30/2014</u>
Total Number of Payers:	105
Total Assessments Raised:	\$12,453,392
Average Monthly Child Covered Lives:	127,179
Number of board meetings:	7

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.

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.

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 2013/14 fiscal year on 07-16-13, 09-17-13, 10-29-13, 12-17-13, 02-25-14, 04-15-14, and 05-06-14. 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 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 at that time.

An important 2014 initiative of MVB was the work of its task force seeking to improve even further equity among payers in sharing the load for the benefits of their respective plan beneficiaries. That work consisted of several working sessions in person and by telephone extending over half of the year. This brought in over 4,000 additional covered lives to the assessment base. Thereby, MVB was able both to broaden the assessment base and to collect amounts which had been unpaid by payers from its inception. As a consequence, the Board determined in the fall of 2014 that it would be able to leave its assessment rate unchanged throughout 2015.

So, through the work of MVB in 2014 to improve assessment equity, it has been able to absorb two years of cost increases without any increase in the assessment rate. 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.

Unfortunately, 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. In addition to TRICARE, a few smaller out-of-state entities have been identified for which MVB's servicing agent will be following up. This work to assure payer payment equity has become an important part of MVB's annual oversight of the assessment program.

With MVB's support for the efforts of Maine CDC and others, Maine's trend (prior to the restoration of universal purchase in Maine) of downward childhood immunization rates has been reversed – and to a stunning degree. For example, the federal CDC's fall 2014 National Immunization Survey results show that Maine's childhood immunization rate improvement for the key immunization series for 4 doses of DTaP, 3 doses of Polio, 1 dose of MMR, plus ≥3 doses of Haemophilus influenzae type b (Hib) vaccine of any type, ≥3 doses of hepatitis B (HepB) vaccine and ≥1 dose of varicella (Var) vaccine (for children 19-35 months) from 46.2%, a level **substantially below** the national average of 59.2% **in 2010** to 74.5% -- a level **nearer** the national average **in 2013 of 77.7%**. 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.

OUR CONTINUED THANKS

MVB remains deeply grateful for the support of its key constituents: payers, providers, and the Maine CDC. Other state agencies, including the Maine State Auditor who this year assisted MVB in initiating an annual fiscal audit, 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.

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*



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Exhibit A



September 3, 2014

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

MBV Program Savings Calculation for FYE 6/30/2014

Dear Directors,

Below is our calculation of the savings that the program has created in the fiscal year ended June 30, 2014 as well as comparison to the calendar year savings for 2013 as previously distributed.

	(A)	(B)
	<u>CY 12/2013</u>	<u>FY 6/2014</u>
A. CDC Survey Market Comparison costs: (Actual doses per brand x CDC market survey)	\$13,735,339	\$15,782,945
 B. MVB Program costs:		
Cost of vaccine replenishments	\$10,234,140	\$11,443,446
+ Operating Cost	145,891	123,777
+ Leakage & Bad Debt	29,390	1,387
+/- Incremental Reserve Adj.	-	-
 = Total Program Cost	<u>\$10,409,421</u>	<u>\$11,568,610</u>
 C. MVB Program Savings (A - B = C)	\$3,325,918	\$4,214,335
 D. Program Savings Percentage (C / A = D)	24.21%	26.70%
 E. Savings per child covered life per year (Covered lives: CY2013= 116,276, FY2014= 123,479)	\$28.60	\$34.13

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

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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"> • 42,000 lives are saved • 20 million cases of disease are prevented • For each dollar invested in these vaccinations, \$10.1 is saved • 13.5 billion dollars in direct costs are saved • 68.8 billion dollars in direct plus indirect (societal) costs are saved 	<p>On average, for each <i>Maine birth cohort</i> vaccinated through age 6 against 13 diseases** :</p> <ul style="list-style-type: none"> • 135 lives are saved • 600,000 cases of disease are prevented • For each dollar invested in these vaccinations, \$10.1 is saved • 43 million dollars in direct costs are saved • Indirect societal costs not calculated for Maine.
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*Fangjun Zhou, PhD et al, National Immunization Conference 2011.

** **Assumption:** Disease rates and costs in Maine are equal to national averages.

Fangjun Zhou, PhD, Health Scientist,
 Immunization Services Division, Centers for Disease Control and Prevention.

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 20th 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%

¹ Source: JAMA. 2007;298(18):2155-2163
¹¹ 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

The two pages which follow include MVB's newly-implemented annual report. This is anticipated to become the primary annual report format for MVB on an ongoing basis. The intent is to present an easily-digestible review of MVB along with high level financial summaries and links to MVB's website locations for more detailed financial data. A full-sized version of the VaxFactsSM report is available for viewing or download on MVB's home page at www.MEvaccine.org.



MVB MAINE VACCINE BOARD

Timeline

2009

Seeking to protect Maine's children from disease and to lower health care costs, the Maine Legislature passed a bill establishing a universal childhood immunization program.

2010

The Maine Vaccine Board (MVB) was created, and MVB hired KidsVax® to administer the program. MVB was given rulemaking authority to select the list of vaccines and to set the assessment rate. With the help of the Maine Attorney General's Office, MVB established initial emergency and technical rules. KidsVax® and the Maine Bureau of Insurance began informing insurers and other payers in Maine about the new program and gathering data about the number of child covered lives.

2011

The Maine CDC provided training opportunities for providers to inform them about the new method for ordering vaccines and the new process for managing inventories and records. Providers and payers alike responded positively to the new program.

2012

State vaccine purchases with MVB funds and distribution to providers began in January. Initial reports confirmed that the program reduced costs. Additionally, the program assisted Maine CDC in raising childhood immunization rates.

2013

MVB simplified the process for setting the vaccine list. KidsVax®, the Maine Bureau of Insurance, and the Attorney General's Office worked to narrow the gap between projected and reported child covered lives and to ensure that assessments are allocated equitably.

2014

Maine's universal vaccination program is recognized nationally for its success in improving statewide healthcare.

WWW.MEVACCINE.ORG

- MVB funds Maine's award winning universal childhood vaccine purchasing program. The program produces over \$34.13 in savings per child per year. That adds up to over \$4.21MM in health care cost savings each year, for a cumulative savings of over \$7.5MM.
- This year, Maine Vaccine Board (MVB) is proud to report that The National Immunization Conference awarded Maine's vaccine program for its efforts in improving statewide immunization rates. The Program received four immunization awards out of ten award categories across four age groups, including:
 - The outstanding accomplishment of achieving **34.9%** coverage for pneumococcal vaccination of high-risk adults age 18-64;
 - The Vaccine Coverage Award "outstanding achievement" for a 77.3% pneumococcal coverage rate for adults 65 and older;
 - The Healthy People 2020 Childhood Influenza Immunization Coverage Award, for being ahead of schedule for administering childhood influenza immunizations; and
 - The Most Improved Toddler Vaccination Coverage Award, recognizing Maine's improvement in average coverage for children ages 19-35 month over previous years.



- MVB has reduced administrative and financial burdens on health care providers. Instead of having to purchase vaccines up front and await repayment from insurance companies, doctors now receive vaccines from the state free of charge. This enables more doctors to offer immunization services.
- **How did MVB do all this?** MVB is a joint public and private effort to improve immunization rates while lowering the costs of health care. The universal childhood vaccine purchasing program allows the state to purchase vaccines for all Maine's children at substantially discounted rates. Private insurers fund the program and pay for the vaccines administered to their beneficiaries—at much lower cost than they could secure on the private market.





Maine: Advocating to Improve Public Health

A key goal of Maine's vaccine purchasing program is to reduce administrative and financial burdens on physicians who provide immunization services. In the past, doctors had to pre-pay for costly vaccines out of their own pockets. This burden was compounded by the fact that the risk of loss was placed squarely on the physicians. A dropped vial, a malfunctioning refrigerator, or a power outage could diminish a doctor's vaccine supply and require the physician to spend more money replacing lost vaccines. Physicians also had to spend precious time ordering and managing vaccine inventories, a process that required them to keep multiple inventories and refrigerators to separate the vaccines for publicly and privately insured patients. For some doctors, especially those in small, rural practices, these burdens made it difficult for them to offer immunization services.

Maine's universal vaccine purchasing program eliminated these obstacles by establishing a mechanism for the state to purchase all childhood vaccines and distribute them to providers free of charge. The program also made the ordering process and inventory control procedures much simpler.

In 2013, however, universal vaccine purchasing programs across the country faced a unexpected threat. The federal CDC announced a new policy that would have brought back the old administrative burdens by requiring providers to physically separate vaccine inventories based on funding source. The policy also exposed physicians to reporting fraud claims for misuse of federal vaccines and prohibited doctors from borrowing from one program's supply to vaccinate a child who qualified for another program.

Concerned that these demanding inventory requirements would negatively impact children's health, MVB Chairman Peter Gore wrote a letter to Maine's congressional delegation asking for assistance. Public health officials, state immunization managers, and organizations like the Association of State & Territorial Health Officials also rallied and sent letters of support. Collective efforts sparked a conversation that ultimately led the federal CDC to allow states to submit alternative inventory management proposals. On January 13, 2014, Maine's proposal to allow providers to maintain blended inventories was approved. Our thanks and congratulations go out to all who worked tirelessly to bring about this success. MVB will continue to offer leadership both locally and nationally to improve children's health.



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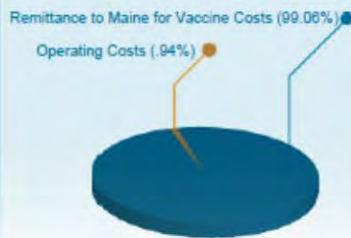
FINANCIALS

July 1, 2013 - June 30, 2014

Vaccine Funding Sources
(Total: \$ 24,896,076)



MVB Program Expenditures
(Total: \$13,149,371)



Footnote: For the annual savings analysis visit: www.MEvaccine.org/savings/2014

WWW.MEVACCINE.ORG

ADMINISTRATOR:



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