

MAINE STATE LEGISLATURE

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STATE OF MAINE

**Fifth Report
of the
MAINE VACCINE BOARD**

for the
State Fiscal Year ended June 30, 2015

December 2015

Peter Gore, Chair
Judith Chamberlain, MD
Deborah Deatruck, MPH
Terry Hayes, State Treasurer
Larry Losey, MD
Katherine Pelletreau, MPH
Forrest West, MD
Gary Connor, RN
(ex officio) **Lori Wolanski, MPH**

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EXECUTIVE SUMMARY

This is the fifth annual report of the Maine Vaccine Board (MVB). MVB assessment collections commenced on November 15, 2011. The MVB raises funds to support universal childhood vaccine purchases at the Maine CDC's favorable rates by assessing insurers and other entities responsible for the health benefits afforded to Maine's children. Assessment compliance by payers continues to be strong. The close of the 2014/15 fiscal year saw the MVB continuing to advance in organizational maturity and improved efficiency. The MVB has now completed four 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. Maine's childhood immunization rates continue to improve. Maine now has achieved the distinction of having the highest childhood vaccination rates in the country. As noted in MVB's VaxFactsSM for 2014/15, primary credit for that remarkable accomplishment should go to the Maine CDC and Maine's pediatric care providers. But the contributions of the pharmaceutical industry and healthcare payers, directly and through MVB, should also be noted as significant. While assisting to advance this goal, MVB also enabled overall systemic cost savings to be realized for the provider community and the insurer community.

State vaccine purchases with MVB funds and distribution to providers began in January 2012. This report contains data for the fiscal year July 1, 2014 - June 30, 2015:

	Fiscal Year 7/1/2014 – <u>6/30/2015</u>
Total Number of Payers (4-qtr average):	106.25
Total Assessments Raised:	\$12,868,752.47
Average Monthly Child Covered Lives:	131,421
Number of Board Meetings:	6

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 2014/15 fiscal year on 09-09-2014, 11-04-2014, 02-10-2015, 03-31-2015, 05-19-2015, and 06-23-2015. The Board consists of nine members, with representatives from the health insurance carrier community, the health provider community, self-insuring employers, the pharmaceutical industry, and the Maine Department of Health and Human Services. 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 three 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. 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. The third assessment rate change, set at the 9/15/2015 MVB Board Meeting and effective in Quarter 2 of the 2015/16 year, is \$9.19 per covered life. This rate reflects Maine's recent status as the state with the highest percentage of vaccinated children in the country. Maine's vaccination rate for the series of seven vaccines preventing against 11 common diseases was 84.7%, as opposed to the national average of 71.6%. This increase, then, covers vaccine cost inflation, the additional vaccines used, improvements in vaccination rates, and new vaccine recommendations.

One noticeable change in the MVB's structure was the hiring of a private auditing firm – Dawson, Smith, Purvis, & Bassett, PA, of Portland, ME – to audit the organization's financials for the FY 2014 & 2015. They were highly recommended for their cost-effective nature and high quality of work. The MVB wishes to thank the State auditors for assisting with this step forward in transparency of accountability by completing earlier this year the first year's audit (FY 2013). The engagement of this outside firm will enable more timely completion of audits going forward.

Payer participation generally has been salutary. Unfortunately, TRICARE (aka the Defense Health Agency), the federal program responsible for armed services beneficiaries, is known to be non-compliant. KidsVax® is working on behalf of MVB and other state programs to encourage TRICARE leadership to bring the program into voluntary compliance. MVB desires that any final resolution will also address TRICARE's equitable share for past assessments. 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. 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 agencies, including the MVB's auditor beginning in May of 2015 – Dawson, Smith, Purvis, and Bassett, PA – have also facilitated its work in improving childhood health in the State of Maine. Special thanks go to the board members & their employers (who allow time for this service to the state without charge), the staff of the Maine CDC, the Maine State Treasurer's Office, 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®. 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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October 26, 2015

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

MBV Program Savings Calculation for FYE 6/30/2015 & FYE 6/30/2014

Dear Directors,

Below is our calculation of the savings that the program has created in the fiscal years ended June 30, 2014 and June 30, 2015.


	(A) <u>FY 6/2014</u>	(B) <u>FY 6/2015</u>
A. CDC Survey Market Comparison costs: (Actual doses per brand x CDC market survey)	\$15,782,945	\$14,939,756
B. MVB Program costs:		
Cost of vaccine replenishments	\$11,443,446	\$10,806,509
+ Operating Cost	123,777	141,476
+ Leakage & Bad Debt	1,387	-
+/- Incremental Reserve Adj.	-	-
= Total Program Cost	<u>\$11,568,610</u>	<u>\$10,947,985</u>
C. MVB Program Savings (A – B = C)	\$4,214,335	\$3,991,771
D. Program Savings Percentage (C / A = D)	26.70%	26.72%
E. Savings per child covered life per year (Covered lives: FY2014= 123,479, FY2015= 124,921)	\$34.13	\$31.95

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

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

On average, for each *US birth cohort* vaccinated through age 6 against 13 diseases* :

- 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

*Fangjun Zhou, PhD et al, National Immunization Conference 2011.

On average, for each *Maine birth cohort* vaccinated through age 6 against 13 diseases** :

- 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.

** **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%

[†] Source: JAMA. 2007;298(18):2155-2163

^{††} 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 the MVB's annual report. The intent of this report 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.



2014 - 2015

ME

VaxFactsSM



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.

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

2015

Maine is recognized by the U.S. CDC as having the highest percentage of vaccinated children in the country, as well as its first place ranking in the series of seven vaccines that prevent 11 common diseases. Maine achieved an 84.7% vaccination rate for its children, compared to the national average of 71.6%.

MVB funds Maine's award-winning universal childhood vaccine purchasing and distribution program. The program produces over \$34.13 in savings per child per year. That adds up to over \$4.26MM in annual health care cost savings each year.

This year, Maine Vaccine Board (MVB) is proud to report that the state of Maine has achieved the admirable distinction of having the highest percentage of vaccinated children in the United States, according to the U.S. Centers for Disease Control and Prevention.

In an incredible turnaround, the state of Maine has progressed to having the highest childhood vaccination rates in the nation in 2014. The Center for Disease Control (CDC) released statistics showing that Maine's vaccination rate for the series of seven vaccines protecting against 11 diseases was 84.7%. This is an incredible achievement, especially when considering that the national average for this series of seven vaccines is 71.6%.

MaineHealth's Health Index website highlighted this improvement in the childhood vaccination coverage, particularly lauding the efforts of Maine's provider community in achieving this milestone.



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, provider offices now receive vaccines from the state free of charge.

MVB is a joint public and private effort in collaboration with the Maine CDC to improve immunization rates while lowering the costs of health care. The universal childhood vaccine purchasing program administered by the MVB allows the state to purchase vaccines for all

Maine's children at substantially discounted rates. Funds from private insurers are pooled with VFC funds to fund the program and pay for the vaccines administered to their beneficiaries—at a 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 burden on providers and offices that provide immunization services. In the past, providers had to pre-pay for costly vaccines out of their own pockets and finance their vaccine inventories. 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 providers, especially those in small, rural practices, these burdens made it difficult for them to offer immunization services.

Maine's universal vaccine purchasing program reduced 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.

Maine not only upholds an excellent standard of child vaccinations through the work of the Maine Vaccine Board, but it has now taken the lead in this regard on a national scale. The state of Maine recently received the honor of being recognized as the state with the highest percentage of vaccinated children in the country. The MVB does this in partnership with the Maine Immunization Program and the Maine CDC, as well as the state and local health departments, the pharmaceutical industry, and the physicians, nurses, hospitals, health systems, and families of the state of Maine.

Through the work of the MVB, the state of Maine continues to be a national leader in children's health.

MVB Board of Directors

Judith Chamberlain, MD
Senior Medical Director
Aetna Medicaid

Gary Connor, RN
Asclepius Research Services, Inc.

Deborah Deatrick, MPH
Senior Vice President for Community Health
MaineHealth

Peter Gore, Chairman
Vice President
Maine State Chamber of Commerce

Larry Losey, MD
Brunswick Pediatrics
Maine Chapter AAP

Terry Hayes
Maine State Treasurer,
Office of the Treasurer

Katherine Pelletreau, MPH
Executive Director
Maine Association of Health Plans

Forrest West, MD
HealthReach Community Health Centers

Lori Wolanski, MPH
Director, Division of Infectious Disease
Maine CDC

FINANCIALS

July 1, 2014 - June 30, 2015

Vaccine Funding Sources

Total: \$25,517,715

46.8% | MVB Funds (from private insurers)

53.4% | Federal Contribution (VFC Funds)

MVB Program Expenditures*

Total: \$12,026,722

98.8% | Remittance to ME for Vaccine Costs

1.2% | Operating Costs

**This chart reflects funding operations for MVB-funded vaccines. The overall success of Maine's universal vaccine program is a result of the contributions of the Maine CDC, providers, payers, and others not reflected in this chart.*

WWW.MEVACCINE.ORG

ADMINISTRATOR:



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