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**Health Care & Wellness Committee**

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**HB 2551**

**Brief Description:** Establishing the Washington vaccine association.

**Sponsors:** Representatives Cody, Green, Sullivan, Pedersen, Darneille and Moeller.

**Brief Summary of Bill**

- Establishes a nonprofit corporation to facilitate universal purchase of vaccines for children, and assess health carriers and third-party administrators for the cost of vaccines for certain children under the age of 19.
- Directs the Department of Licensing to register all third-party administrators for a health insurer or health care purchaser by September 1, 2010, and renew their registration annually.
- Provides a sunset termination date of June 30, 2015 for the nonprofit corporation.

**Hearing Date:** 1/15/10

**Staff:** Dave Knutson (786-7146).

**Background:**

Washington state purchases vaccines for all children regardless of their health insurance coverage and participates in the free distribution system provided by the federal government for federally-and state-funded vaccines. This universal purchase program has provided access to the federal Centers for Disease Control (CDC) contract pricing of the vaccines, and a single order distribution system that gets vaccines delivered to all health care providers in the state.

The 2009-2011 biennial operating budget provided state funding for the universal purchase vaccine system until May, 2010. When state funding ends, the federal Vaccines for Children (VFC) program will continue to purchase vaccines for Medicaid, Native American/Alaskan, uninsured, and underinsured children. State purchasing of vaccines for non-VFC children will end, impacting children covered by individual insurance policies, employer-based coverage, and Taft-Hartley plans by shifting expenses for the vaccine purchase to these other plans and ending

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access to the CDC contract pricing. Elimination of the universal purchase system will also end the single order distribution system for providers, and require providers to establish a separate and parallel system for purchase, storage, and administration of vaccines for non-VFC children. This may result in an increased expense and workload for health care providers as they will have to account for vaccines differently, depending on whether the the entity paying for the vaccine is a public or private party.

**Summary of Bill:**

The Washington Vaccine Association (WVA) is formed as a nonprofit corporation to facilitate universal purchase of vaccines for children, and assess health carriers and third-party administrators for the cost of vaccines for certain children under the age of 19.

The WVA Board of Directors includes five representatives from the licensed health carriers with the most covered lives in Washington; two third-party administrators, one representing the Taft-Hartley health benefit plan with the most covered lives in Washington and one representing private self-funded health care purchasers; two health care providers, including one board certified pediatrician; and the Secretary of the Department of Health (Secretary) as an ex officio member.

Beginning November 1, 2010, and annually thereafter, the WVA Board must establish the amount of the assessment and the assessment payment plan. Payments are deposited in the universal vaccine purchase account established in the State Treasury. The assessment amount is determined by multiplying the ratio of the number of covered children (non-VFC children under 19) to the total number of Washington State residents under 19, by the total nonfederal program costs for the vaccines. Each participant must be assessed in proportion to their number of covered children. The initial assessment is calculated to reflect the anticipated total nonfederal program cost for the upcoming calendar year, as well as the anticipated nonfederal program cost for May through December 2010. Participants may deposit voluntary assessments into the universal vaccine purchase account prior to December 31, 2010, that will be credited to the total assessment due. Advance notice of the assessment due must be provided by November 15 of each year, and initial payment must be deposited within 90 days.

The Secretary must fine participants that have not paid the assessment within six months of notification. The fine is 125 percent of the delinquent assessment, and must be deposited into the universal vaccine purchase account.

All entities that act as third-party administrators for a health insurer or health care purchaser must register with the Department of Licensing as a third-party administrator by September 1, 2010, and renew their registration annually.

The association is subject to a sunset review process and is scheduled to sunset June 30, 2015, and all assessments are scheduled to sunset effective June 30, 2016.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/5/2010.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.