

SENATE BILL REPORT

SB 6263

As Reported by Senate Committee On:
Health & Long-Term Care, January 25, 2010
Ways & Means, February 3, 2010

Title: An act relating to the establishment of the Washington vaccine association.

Brief Description: Establishing the Washington vaccine association.

Sponsors: Senator Keiser.

Brief History:

Committee Activity: Health & Long-Term Care: 1/11/10, 1/25/10 [DPS-WM, w/oRec].
Ways & Means: 2/01/10, 2/03/10 [DPS(HEA)].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6263 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Marr and Murray.

Minority Report: That it be referred without recommendation.

Signed by Senators Becker and Parlette.

Staff: Mich'l Needham (786-7442)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6263 as recommended by Committee on Health & Long-Term Care be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Brandland, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Parlette, Pridemore, Rockefeller and Schoesler.

Staff: Jenny Greenlee (786-7711)

Background: Washington has been one of the few states purchasing vaccines for all children and participating in the free distribution system provided by the federal government

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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 the unique single order distribution system that gets vaccines delivered to all providers in the state.

The state funding that contributed to the universal purchase system is funded only through April 2010. 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 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.

Throughout the interim an extensive work group including physicians, nurses, payors, public health, and others have explored alternatives for the efficient purchase of vaccines for all children.

Summary of Bill (Recommended Substitute): The Washington Vaccine Association 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 board of directors of the association includes five representatives from the licensed health carriers with the most covered lives in Washington; four third-party administrators, two representing Taft-Hartley health benefit plans and two representing self-funded health care purchasers; two health care providers, including one board certified pediatrician; and the Secretary of the Department of Health (DOH) as an ex officio member. Carrier members must be selected by election from among the carrier members, and third-party administrator members must be selected by election from among the third-party administrator members.

DOH must calculate the total nonfederal program cost for the upcoming calendar year by October of each year, as well as the anticipated nonfederal program cost for May through December 2010. Beginning November 1, 2010, and annually thereafter, the board of the association must establish the amount of the assessment and the assessment payment plan. The amount to be raised in assessment is based on the number of covered lives for whom vaccine must be purchased and the total anticipated nonfederal program cost. Each participant must be assessed in proportion to their number of covered children. The board must develop a mechanism to verify the number and cost of doses of vaccine purchased and administered to children covered by each participant are attributed to each participant to reflect actual experience. The mechanism must include the date of service, patient name, vaccine received, and health plan eligibility. The actual experience of the previous year must be factored into the determination of the assessment for the upcoming year.

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. Payments are deposited in the universal vaccine purchase account established in the state treasury. Only the Secretary of DOH or the Secretary's designee may authorize expenditures from the account.

The Board must establish a committee to select vaccines to be purchased for the upcoming year. The committee is comprised of at least five voting members, including one carrier representative, one third-party administrator representative, one physician, the Secretary or the Secretary's designee, and one non-voting member representing the vaccine manufacturers. The representative of the vaccine manufacturers is chosen by the Secretary from a list of three nominees submitted collectively by vaccine manufacturers. In selecting vaccines, the committee should consider patient safety and clinical efficacy, public health and purchaser value, patient and provider choice, and stability of vaccine supply.

DOH must assess a civil penalty against any carriers or third-party administrator that fails to pay the assessment within six months of notification. The penalty is 125 percent of the delinquent assessment. All entities that act as third-party administrators for a health insurer or health care purchaser must register with the Department of Licensing (DOL) by September 1, 2010, and renew their registration annually. Any third-party administrator that fails to register is subject to a civil penalty of between \$1,000 and \$10,000.

The board members are provided immunity from liability for any lawful action provided in the course of their duties. 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.

EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended Substitute): A definition for third party administrator is added and the definition of vaccine is modified. The Board is increased in size with additional representatives of Taft-Hartley trusts and self-funded health care purchasers. The Board is directed to develop the mechanism for attributing the number and cost of doses of vaccine, rather than establishing a formula in statute. The Board must establish a committee to select vaccines to be purchased, including at least one carrier representative, one third-party administrator, one physician, the Secretary, and a non-voting member representing the vaccine manufacturers. The Board members are provided immunity from liability for lawful action taken in the performance of their duties. Third party administrators that do not register with the DOL are subject to a civil fine of between \$1,000 and \$10,000. Only the Secretary or the Secretary's designee may authorize expenditures from the vaccine account.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Health & Long-Term Care):

PRO: This bill represents the recommendation of the working group. We believe it will preserve access to vaccines for all children, assist small practices with the administrative burden that could result in creating a parallel system for non-federal children, and save money for employers and insurance carriers. Without an approach that preserves the universal purchase of vaccines, many providers will decline to offer vaccines because the administrative burden of separate inventories and cost of separate storage will be too cumbersome. This is an efficient approach to transferring the costs to employers that preserves access to the most efficient purchasing possible. It is transparent and fair and assures that all parties pay their share. We would like to ensure there is a method to true-up the costs at the end of each year, and to reflect the costs for those children that actually received the vaccines.

OTHER: We have concerns with the lack of funding from the state and recognize the importance of providing vaccines for children. We're not sure about this approach, and the work group is continuing to explore alternative approaches that would create a pool to cover the costs.

Persons Testifying (Health & Long-Term Care): PRO: Dr. Beth Harvey, Washington Chapter of American Academy of Pediatrics; Phil Haas, Aetna; Ross Baker, Regence Blue Shield.

OTHER: Jack McRae, Premera Blue Cross.

Staff Summary of Public Testimony on Recommended Substitute (Ways & Means):

PRO: This has been a collaborative effort between private insurers and public agencies. The workgroup has developed a way to preserve getting vaccines to providers in a unified fashion and this will ensure that more kids in Washington State get vaccinated. This bill is not administratively burdensome to either the state or the providers. The non-profit entity created in this bill represents an excellent private-public partnership. Thanks to everyone who participated on the work group.

Persons Testifying (Ways & Means): PRO: Ross Baker, Regence; Diana Birkett, Group Health; Len Edinger, Washington State Medical Association; Jack McRue, Premera BlueCross; Sydney Zvatra, Association of Washington Health Plans.