

# HOUSE BILL REPORT

## 2SHB 2551

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### As Amended by the Senate

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

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

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Cody, Green, Sullivan, Pedersen, Darneille and Moeller).

#### **Brief History:**

##### **Committee Activity:**

Health Care & Wellness: 1/15/10, 1/22/10 [DPS];

Ways & Means: 2/3/10, 2/8/10 [DP2S(w/o sub HCW)].

##### **Floor Activity:**

Passed House: 2/12/10, 97-0.

Senate Amended.

Passed Senate: 3/2/10, 44-2.

#### **Brief Summary of Second Substitute 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 years.
- 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.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Cody, Chair; Driscoll, Vice Chair; Ericksen, Ranking Minority Member; Bailey, Campbell, Clibborn, Green, Herrera, Hinkle, Kelley, Moeller, Morrell and Pedersen.

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*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.*

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

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 22 members: Representatives Linville, Chair; Ericks, Vice Chair; Sullivan, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick and Seaquist.

**Staff:** Chris Blake (786-7392).

### **Background:**

Washington 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 and Prevention (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 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 entity paying for the vaccine is a public or private party.

### **Summary of Second Substitute 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 years. The WVA Board of Directors (Board) members are provided immunity from liability for lawful actions taken in the performance of their duties.

The Board includes five representatives from the licensed health carriers with the most covered lives in Washington; four third-party administrators, two representing the Taft-Hartley health benefit plan with the most covered lives in Washington and two 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 (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-years-old) to the total number of Washington residents under 19-years-old, 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 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 Account.

All entities that act as third-party administrators for a health insurer or health care purchaser must register with the Department of Licensing (DOL) as a third-party administrator by September 1, 2010, and renew their registration annually. A third-party administrator that does not register with the DOL is subject to a civil fine of between \$1,000 and \$10,000 for each violation.

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 SENATE AMENDMENT(S):**

The purpose of the Washington Vaccine Association is clarified to be for the purpose of collecting vaccine funds and any reference to undertaking broader activities is removed. The assessments will only be for the purchase of vaccine serum and will not finance the promotion of immunization rates or provide financial or other incentives for achievement of higher vaccination rates. The vaccine selection committee must also consider RCW 70.95M.115, which regulates the amount of mercury a vaccine may contain and who may receive a vaccine containing mercury, when making vaccine purchasing decisions. Representatives of Taft-Hartley plans will be appointed from a list of nominees submitted by the Northwest Administrators Association rather than the Puget Sound Health Alliance. References to the board's auditing authority are generalized to ensure they can access relevant records.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 2, 2010.

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

**Staff Summary of Public Testimony (Health Care & Wellness):**

(In support) The universal purchase and distribution system for children's vaccines is a cost-effective efficient method of delivering vaccine. Even though the State has ended it's support for the universal purchase program, health carriers and third-party administrators should continue to support the program.

(Opposed) None.

**Staff Summary of Public Testimony (Ways & Means):**

(In support) This has been worked on by many participants over the summer. This is a way to get partners together to keep the universal purchase program going.

(Opposed) None.

**Persons Testifying (Health Care & Wellness):** Patty Hayes, Within Reach; Dr. Mary Kay O'Neil, CIGNA; Amber Ulvenes, Group Health Cooperative; Dr. Beth Harvey, Washington Chapter of American Academy of Pediatrics; Steve Gano, Premera Blue Cross; Carrie Tellefson, Regence Blue Shield; and Andrew Oliveira, Aetna.

**Persons Testifying (Ways & Means):** Representative Cody, prime sponsor; and Laurie Lippold, Washington Chapter of the American Academy of Pediatrics.

**Persons Signed In To Testify But Not Testifying (Health Care & Wellness):** None.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** None.