

HOUSE BILL REPORT

2SHB 2551

As Passed Legislature

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.

House Concurred.

Passed House: 3/6/10, 95-0.

Passed Legislature.

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.
- Authorizes the association board to recommend the termination of the association after June 30, 2015.

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,

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Ranking Minority Member; Bailey, Campbell, Clibborn, Green, Herrera, Hinkle, Kelley, Moeller, Morrell and Pedersen.

Staff: Dave Knutson (786-7146).

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 Board must establish a committee to develop recommendations to the Board on the vaccines to be purchased for the upcoming year. The committee is comprised of at least five voting members, including three carrier or third-party administrator representatives, one physician, the Secretary or the Secretary's designee, and one nonvoting 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, compliance with RCW 70.95M.115, and stability of vaccine supply.

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.

Physicians and clinics ordering state-supplied vaccine must ensure they have billing mechanisms in place that enable the association to accurately track vaccine delivered to each covered life and must submit documentation requested by the Board. Physicians and others providing childhood immunizations are strongly encouraged to use state supplied vaccine whenever possible. Health insurance carriers and third-party administrators may deny claims for vaccine serum costs when serum or serums providing similar protection are available through state supplied vaccine.

If any portion of this program is invalidated by a court, the Board may terminate the program 120 days following a final judicial determination. The assessments paid by carriers may be considered medical expenses for rate setting purposes, and the assessments received by the association are not subject to the business and occupation tax established under RCW 82.04.

The Board may vote to recommend termination of the association on or after June 30, 2015, if the association finds the original intent to ensure more cost-effective purchase and distribution of vaccine than if provided through uncoordinated purchase by health care providers has not been achieved. The recommendation must be provided to the Legislature within 30 days of the vote, and if the Legislature has not acted to reject the Board's recommendation by the last day of the next regular legislative session, the Board may vote to permanently dissolve the association.

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.