

SENATE BILL REPORT

SB 6263

As of January 13, 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.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

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 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: The Washington Vaccine Association is formed as a nonprofit corporation to facilitate universal purchase of vaccines for children, and assess health carriers

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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; 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 (DOH) as an ex officio member.

Beginning November 1, 2010, and annually thereafter, the board of the association 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 of DOH 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 January 7, 2010.
[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: 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: 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.