MINUTES
(Approved by the subcommittee)

IMMUNIZATION SUBCOMMITTEE

of the

HEALTH CARE TASK FORCE

Boise, Idaho
September 28, 2009

Immunization Subcommittee members present were Senators Dean Cameron, Patti Anne Lodge and John McGee and Representatives Gary Collins, Carlos Bilbao and John Rusche. Round table participants were: Kurt G. Stembridge, Government Affairs Manager, State Government Affairs, GlaxoSmithKline; Richard Rainey, M.D., Idaho Medical Director, Regence BlueShield of Idaho; Stephen Ryter, M.D., Medical Director, Blue Cross of Idaho; Susie Pouliot, Idaho Medical Association; Corey Surber, Advocacy & Community Health Coordinator, Saint Alphonsus; Richard M. Armstrong, Director, Department of Health and Welfare; Jane Smith, Administrator, Division of Public Health, Department of Health and Welfare; Christine Hahn, M.D., Office of Epidemiology and Food Protection, Department of Health and Welfare; Bruce Krosch, Director, Public Health District No. 3; Tom Patterson, M.D., Chairman of the Immunization Coalition; Jeremy Pisca, Risch Pisca, PLLC, representing Pharmaceutical Research & Manufacturers Association and Saint Alphonsus Regional Medical Center; Ted Epperly, M.D., Program Director and CEO Family Medicine Residency of Idaho; and Sara Stover, Department of Financial Management. Legislative Services Office staff were Amy Johnson and Paige Alan Parker.

Also present at the Immunization Subcommittee meeting were: Rebecca Coyle, Department of Health and Welfare; Cheryl Dunham, Moffatt Thomas Barrett Rock & Fields Chartered, representing Idaho Association of Health Underwriters; Kathie Garrett, representing Family Medicine Residency Program; Benjamin Davenport, Risch Pisca, PLLC; Martin Bilbao, representing Connolly & Smyser, Chartered; Woody Richards, representing Blue Cross of Idaho; Senator Joyce Broadsword, representing Legislative District No. 2; and Russ Meyers, representing Eli Lilly & Company.

Senator Dean Cameron called the meeting to order at 8:30 a.m. After the subcommittee and panel members were introduced, **Senator Cameron** stated that the purpose of today's meeting was not to decide anything but to organize. **Senator Cameron** asked if there was someone who should be included on the panel. **Ted Epperly, M.D.**, wondered if a consumer representative should be present. **Senator Cameron** stated that since the goal of the subcommittee is to address financing of the Idaho Immunization Program, a consumer representative was not needed at this point.

Representative John Rusche encouraged a broader view to include addressing the abysmal immunization rates in Idaho. **Senator John McGee** commented that immunization rates should be

addressed by the full Health Care Task Force. **Senator Cameron** reiterated that the subcommittee's short-term goal is financing.

Richard Armstrong commented that the concern coming from the physicians is the on again/off again policy changes coming from state government. Due to the change from a universal program, physicians purchased pharmaceutical products on the private market that cannot be returned. The state needs to adopt a long-term approach. Changing policy can only damage Idaho's already poor immunization rate. **Senator Cameron** agreed that developing a long-term strategy and improving communications with the physician community should be goals. **Susie Pouliot** stated that physicians need to know the playing field for the upcoming year. **Richard Rainey, M.D.** stated that the short notice given regarding changes in policy added to the problems. **Senator Cameron** responded that longer notice and improvement of the overall immunization rates should be goals, but second to addressing the resource issue.

Dr. Epperly added that there needs to be a long-range education campaign for patients. Many people think that vaccines are not good. Immunization rates may be increased by educating both physicians and patients.

Senator Cameron asked **Jane Smith** to address terminology. **Ms. Smith** began by noting that people are sometimes confused by the Vaccine for Children Program (VFC). The VFC is a federal entitlement program for Native Americans and underinsured children. A state can augment this program by buying vaccine for children not eligible for the VFC program, utilizing state moneys, and thus become a "universal" state. **Senator Cameron** commented that the requirements of the VFC program predated the changes to the Idaho Immunization Program that went into effect on July 1.

Representative Rusche asked about the advantage of being a universal vaccine state. **Ms. Smith** replied that the advantage is accountability. In a VFC state, physicians are required to keep privately purchased vaccine separate from the vaccine provided through the VFC program for eligible children. Record keeping is required to ensure that only eligible children receive the state purchased VCF vaccine. The privately purchased vaccine is also more expensive, creating greater upfront cost. Given these issues, some physicians choose not to participate in the Idaho Immunization Program. **Tom Patterson, M.D**., commented that his practice has been left with $21,000 in privately purchased vaccine, which is double the cost of vaccine purchased through the Centers for Disease Control (CDC). Solo practitioners, who are unable to receive the volume discounts available to larger practices, must pay more. **Representative Rusche** added that these increased costs are borne by the patients. **Dr. Patterson** continued that the vaccine required for kindergarten cost $400 to $500. Some families cannot afford this cost and claim the religious exemption to the Idaho Immunization Program. He observed that the VFC states with good immunization rates did not become VFC states in a time of crisis. Idaho is now in a time of crisis.

Senator Cameron asked if the goal should be to return Idaho to universal status. **Stephen Ryter, M.D**., answered that there are really only three options: going back to universal; VCF with a purchasing

pool for privately obtained vaccine, which in Idaho's short experience was a disaster; or fee for service for children not eligible for VFC, with the requirement of separate recordkeeping, increased upfront vaccine cost and subsequent reimbursement by health insurance companies. This is where we were in July.

Dr. Epperly asked how much state money was involved in making Idaho a universal state. **Ms. Smith** answered that the current estimate is $4.2 million with costs increasing. **Dr. Epperly** asked how much the federal government was providing through VFC. **Ms. Smith** stated that it was $21 to $22 million a year.

Senator Cameron wondered if possible alternatives might be to require the health insurance companies to cover immunizations on a first dollar basis or to have the state purchase vaccine from the CDC at the lower rate with subsequent reimbursement by the health insurance companies. **Ms. Smith** stated that federal law would not permit this second alternative. However, if moneys were collected from the insurance companies upfront, perhaps through a premium tax, and deposited in the state general fund or a dedicated fund, then those moneys could be used to purchase vaccine through the CDC. **Ms. Smith** stated that under universal coverage, providers can only charge an administration fee.

Ms. Pouliot stated that the Idaho Medical Association is strongly in favor of universal vaccine coverage, but is open as to funding.

Dr. Rainey stated that the provider can bill the insurance company for the administration fee and even for the vaccine, when it is privately obtained. According to **Dr. Rainey**, even under universal coverage, a provider could administer privately purchased vaccine, especially where vaccine not covered by VCF is being administered, such as a flu vaccine. **Dr. Patterson** stated that this might be done to ensure that the vaccine was available. **Bruce Krosch** added that the public health districts keep privately purchased flu vaccine on hand.

Kurt Stembridge commented that every universal state is struggling. There are only ten universal states currently. A number of states are looking at the New Mexico model, where the two major health insurance companies have voluntarily contributed the moneys to the state to fund vaccine for children not eligible under the VFC. However, a third insurance company has recently entered the New Mexico market and has refused to participate in this voluntary program. **Mr. Stembridge** stated that universal states do not necessarily have the highest immunization rates. He advocated a free market for vaccines, noting that vaccines for a particular disease are not identical but are proprietary. He added that the pharmaceutical "best, best" price on three vaccines is lower than the VFC price, and within ten percent of the VFC price on four other vaccines. Physicians should be able to decide which vaccine to use.

Senator Cameron asked whether universal select was not the ideal system. **Mr. Stembridge** stated that GlaxoSmithKline is neutral on going back to universal select.

Senator Cameron asked if the insurance companies paid a voluntary tax in New Mexico. **Mr. Stembridge** answered that the insurance companies voluntarily paid the moneys to the state which purchased vaccine through the Minnesota multistate pool. **Dr. Patterson** stated that the private providers cannot use the Minnesota multistate pool. His group practice was able to get good volume rates on vaccine but at a higher rate than that available through CDC. He commented that most of the universal states are in the rural West, which may account for the low immunization rates. Under the VFC program, some families had to pick and choose which vaccines they could afford. This is not a time to put up barriers.

Dr. Ryter stated that the policy of Blue Cross is to pay only for the administration of vaccines and not for vaccines themselves under universal coverage. He stated that a premium tax to provide moneys to purchase vaccines to achieve universal status would create an inequity when an Idaho resident is insured by an out of state insurer that would not be subject to the premium tax.

Senator Cameron asked whether Regence builds in both vaccine and administration costs into its premiums. **Dr. Rainey** stated that it is unlawful to resale VFC vaccine, but that Regence does not audit its providers when they seek reimbursement for vaccine cost. Regence relies on the providers to seek reimbursement only for privately purchased vaccine.

Senator Cameron requested both Blue Cross and Regence to disclose to him the premium load for the vaccine program prior to July 1, 2009, and how premiums would be affected if insurance companies were required to pay for vaccines on a first dollar basis. These insurance companies may provide this information to **Senator Cameron** privately if they feel the information is proprietary.

Dr. Rainey commented that a first dollar mandate would not affect premiums on Regence's new products since first dollar vaccine coverage is already being provided on those new products. For legacy products there would be an impact, but Regence is trying to get its customers to move to the new products so the premium impact would be minimal. He disclosed that the actuary does not have experience on this change going forward. His best estimate would be the annual Health and Welfare VFC supplemental cost of $4.2 million. **Senator Cameron** responded that the actuary would have had to make an assessment on the new and legacy products. **Dr. Rainey** replied that prior to July 1, the actuary did not have to make an assessment on the new versus legacy Idaho products since the vaccine was all purchased through the CDC, but perhaps Regence's experience in neighboring states could provide an example.

Senator Cameron asked whether the ideal appears to be to go back to the universal select system. **Dr. Epperly** replied that a recent survey revealed that 25% to 30% of Idaho physicians have stopped delivering vaccines. He warned that Idaho needs to get this right as soon as possible. He opined that Idaho needs to go back to universal select in order to keep immunization rates from slipping further. For the long term, Idaho needs to look at new models that other states may have adopted.

Dr. Ryter asked **Ms. Smith** if there were additional federal moneys for non-VFC eligible children. **Ms. Smith** replied that there are some section 317 moneys in addition to federal VFC moneys and state

general fund moneys. In making its request to the CDC, Idaho estimates the number of children who are underinsured by Blue Cross and Regence. **Dr. Ryter** asked how much of the CDC moneys went to these underinsureds. **Senator Cameron** stated that this would be addressed at the subcommittee's next meeting.

Dr. Patterson stated that the VFC allotment is based on consumption. That allotment decreases as consumption decreases. **Ms. Smith** stated that the Department provides its estimates to the CDC annually but that information may be updated. The funding formula is based on population estimates and on the best estimates of the underinsured to determine the number of children eligible for immunization. The immunization rate is then applied to the eligible population, resulting in a reduction in the funding. She explained that if a state is not using all the vaccine it is entitled to, then the amount received is reduced.

Mr. Stembridge stated that there is no competition in Idaho and if GlaxoSmithKline was given an opportunity to compete here, it would do so.   **Ms. Smith** explained that Idaho is a universal select state since one or more vaccines have not been selected and manufacturers have been restricted.   This selection process predates **Ms. Smith's** tenure at Health and Welfare, but she understands that the rationale was to maximize general fund moneys.   **Senator Cameron** asked **Ms. Smith** to check into the selection process and criteria so that the subcommittee can determine if it needs to be reevaluated.

Senator Cameron summarized that the consensus of the subcommittee appears to be to go back to universal status. He asked **Dr. Epperly** to discuss alternatives and other state models at the subcommittee's next meeting. He also asked for an Access Card accounting from Health and Welfare. **Senator McGee** asked **Amy Johnson** if she could do a state-by-state comparison of what other states are doing, particularly states with demographics similar to Idaho's with better immunization rates. **Senator Patti Ann Lodge** asked **Dr. Epperly** to discuss how physicians and patients might be educated. **Senator John Goedde** asked **Ms. Smith** to provide information on the noncompetitive buying of vaccines.

Senator Cameron announced that the next meeting will be held prior to the Health Care Task Force meeting scheduled for November 4, 2009.

The meeting adjourned at 9:55 a.m.