Julia Bloom

07/22/2014

Policy Paper

Vaccine Costs in Massachusetts: Possible Solutions

Nationally, the rising cost of vaccines is becoming a major problem, affecting independent medical practices, parents, children, the uninsured and State health agencies. Since the 1980's, the average price to vaccinate a child to maturity in the United States has increased by over 1000%. In addition, seven essential vaccines on the Massachusetts Department of Public Health's (DPH) schedule are restricted to children covered by a governmental insurance plan. With Federal regulations requiring that all children receive recommended vaccines, and pharmaceutical companies holding patent monopolies on many of these drugs, a solution is needed to stabilize costs and ensure all citizens receive adequate care. (MDPH Childhood Vaccine Availability Table 2014, Division of Health Care Finance and Policy 2010, Freed and Cowan 2002)

Massachusetts has operated a Universal Vaccine Purchase System (UVPS) for over 100 years. This program intends to cover all Massachusetts children under age 18 with all vaccines required by the Federal Government for attendance in school. The State purchases and distributes all vaccines recommended by the Advisory Committee on Immunization Practices (ACIP) a Federal council that sets the standard for adult and child immunization schedules. Although States are obligated to purchase ACIP recommended vaccines each year, they require Federal or State funding to do so. There are three main sources of vaccine funding available to cover state programs: Vaccines For Children (VFC) funds, Section 317 grants, and State funds. The VFC program covers all children to age 18, including those of Native

American or Alaskan Native descent, and underinsured children. Section 317 grants are discretionary, and can cover all vaccines without a Federal contract for a lower price. The Federal government usually sets vaccine prices through contracts with pharmaceutical companies, which lower the price from 20-40%. However, even with these reductions, the rising cost of health care and the lack of funding for independent providers make purchasing vaccines difficult for most in the private sector. State funds vary by local budget allocations, but are usually earmarked for certain projects or placed in the budget under general revenue. While UVPS is the most effective system for vaccine distribution in the United States, it is directly threatened by three factors: the rising cost of vaccines, the decline of 317 funding as more customers join the VFC system, and the increasing number of ACIP recommended vaccines. (Rosenthal 2014, Freed and Cowan 2002 2-5, Palfrey 2011)

Following the Recession in 2007, Massachusetts changed from a UVPS state to a Universal Select State, as budget shortfalls prevented the state from funding the HPV vaccine, the booster meningococcal vaccine, and some "catch-up" vaccines intended for children who missed intended doses. Although Massachusetts still pays for most vaccines using VFC, 317, and State funds, it lacks the money needed to provide all ACIP recommended medicines to its citizens. In addition to Federal and State vaccine funds, the DPH distributes vaccines to insured customers without cost in conjunction with Federal systems. Recession related costs threatened to undermine the program's funding, until the state imposed an assessment on health insurers and providers in 2009, having them cover the costs of these "free" vaccines. One year later, Beacon Hill established an immunization registry to track patients schedule status and total vaccine doses across the Commonwealth. The original trust fund was a budget initiative, and required most Massachusetts health insurers to cover 100% of all vaccine costs, paying into the fund to be used for subsequent years. Unfortunately, the fledgling Trust Fund lacked the funds to cover all required vaccines, and the registry was left entirely unfunded. For the next six years, various bills were

proposed in the Massachusetts Senate and House to make the new "Universal Childhood Vaccine Program," with its registry and trust fund, permanent and fully funded. These included S2195 in 2009, S2362 in 2012, and H2012 in 2013. Finally, though, Governor Patrick signed S1971 into Chapter 28 of the Massachusetts General Laws in 2014, establishing permanently the Vaccine Trust Fund and creating funding for immunization registry. This law aims to bring Massachusetts back to UVPS status, and will greatly assist in reducing over-vaccination, preventing waste, and keeping costs down for providers. More work is needed, though, to get the registry up and running, and continue to keep vaccine prices down. (S2195, S2362, H2012, S1971, S362, Massachusetts Department of Public Health 2014, Palfrey 2011, DHCFP 2010)

Although the UVPS law is a large step forward towards regaining Massachusetts's Universal Purchase status, the law only provides minimal funding for the vaccination registry and trust fund. These funds are too small and growing too slowly to fund the program's needs. There is also a 3.6% funding cap on the vaccine fund's revenue, enacted as part of a 2012 Health Care Reform law, tying the program's income to state economic growth. Even though the law was put into place to bring uncovered medications under State coverage, today the HPV, meningococcal, and "catch-up" vaccines remain unavailable and uncovered. In a phone conversation, an anonymous source from the DPH said in order for Massachusetts to reach Universal Purchase status again, the State needs a much bigger budget without funding caps. In addition, providers still have trouble affording shipping and storage costs for their vaccine supplies, and should be reimbursed to prevent them from halting childhood vaccinations. Although earlier drafts of the Vaccine bill included a provision that providers should be reimbursed for 100% of all vaccine related costs, the current law does not include this provision. Instead, Section 24N of chapter 111 of the Massachusetts Laws states that Vaccine Purchase costs not covered by the Federal government "shall not exceed 10 percent" of the total amount of funds needed to vaccinate all children

for the year. (Brennan 2012, Talebian 2014, Massachusetts Department of Public Health 2014, S1971, Division of Health Care Finance and Policy 2010)

An anonymous source from the Massachusetts Chapter of the American Academy of Pediatrics (MCAAP) said that as the new Chapter 28 law is slowly implemented across the State, there have been small lags in coverage for needed vaccines, but overall, all vaccines, including those previously uncovered ones like HPV, are now covered. Massachusetts insurers also cover all ACIP recommended vaccines, so the problems with access to vaccines are slowly improving. One large question, though, is how the DPH will close lags in universal vaccine coverage due to inadequate yearly funding. According to the Massachusetts UVPS law, funding for vaccines are based on the total costs for vaccines the previous year. If there is an increase in costs from year to year, as often happens, the Fund experiences a shortfall in its purchasing power, as the needed costs for vaccines are not met by last year's low prices. If the Fund exceeds the cap on spending set by these old prices, it must submit a report to the Commissioner of the DPH requesting more funds. As this law is quite new, however, no such report has been filed under it. (Anonymous source MCAAP 2014)

The vast majority of Massachusetts children are covered under VFC and 317 programs, and Federal grants used to order vaccines must be ordered from the Center for Disease Control every year. The State Health office must sign up for the CDC's website, and compile a population estimate for the coming year in January, to be presented in August or September. On paper, the grants are then awarded as a line of credit to the State's account. But State officials across the US have had issues with the amount of money received, the timing of the delivery, how many awards are granted, shortfalls in funds, and checking the balance of the vaccine account. This online purchasing system is often too cumbersome for State Health

Departments to manage. Future populations are difficult to guess, and most states find the models the CDC provides to be difficult and yield inaccurate figures. As a result, many States do not receive enough funding, and run the risk of facing a shortfall and having to ask the CDC for more grants. Some states suspect the CDC does not use their population estimates in determining grants, and instead awards a lump sum of money, often in segments, at random times during the year. On top of this, the CDC offers no method of keeping track of vaccine expenditures, or finding the state's grant balance in its account. Since vaccine purchases are charged to the state, even if the purchased supplies do not arrive, states can run out of funds quickly, with no accurate way of budgeting and no easy method of acquiring new grants quickly if the well dries up. With the number of children moving out of the 317 program into VFC increasing, the state will require more grants from the CDC, and increased dealing with the outdated system. (Freed and Cowan 2002 5-9)

As there are still problems with providers affording and accessing vaccines, I believe Massachusetts should appoint a commission composed of state legislators, insurance company representatives, and health care organization representatives to ensure all vaccines are covered, discuss methods to ensure needed vaccines are widely accessible, and keep the state vaccination rate high. The commission's findings should then be shared with the Joint Committee on Health Care Financing, who can discuss possible legislative options to take with their respective bodies. In addition, removing the inflation-based funding cap would greatly improve the functionality of the UVPS program, and allow it to work towards fully covering HPV, meningococcal, and "catch-up" vaccines. Insurance laws should also be changed to allow providers reimbursement for costs incurred in purchasing, storing, and accessing vaccines. The Governor and Mayor should also be involved with the commission's work, and assist in setting up best practices for unexpected events such as city and state outbreaks, natural disasters, and vaccinations for incoming immigrants. One of the commission's first functions would involve consulting

with the DPH to oversee the maintenance of the state vaccine trust fund, and see the monies it collects are meeting provider and state needs. I believe that state-wide initiatives aimed at keeping Massachusetts's vaccination rates high are essential to maintaining public health, setting National standards, and preventing vaccine preventable outbreaks from those who are unvaccinated. The state should take these policies seriously, and begin the work that needs to be done to protect Massachusetts. (Talebian 2014)

Although Massachusetts has made leaps and bounds towards improving Universal vaccine access for all children, the problem still persists in many other States. In Texas and many other states, not all ACIP recommended vaccines are provided to doctors and practices, forcing many to pay for these lifesaving drugs out of pocket. Often providers don't feel they will be reimbursed for the high costs of shipping and storing vaccines, and have stopped purchasing them as a result. This has led to a scramble for some families, as they struggle to find a practice that still carries the vaccine their children require to attend school. In addition, some states do not cover adult vaccines, dropping the vaccination rate even further and running up the risk of dangerous outbreaks. The high price of vaccines, and the problems they pose for adequate immunization across the country, are a public health threat, and should be looked at seriously by the Federal Government. Massachusetts should work together with States facing this problem, in order to assist them in forming their own coverage solutions. We cannot wait while the number of unvaccinated citizens in our country increases, or until a vaccine preventable disease outbreak emerges. We must work hard to ensure the health of our nation is protected. (Anonymous MCAAP 2014, Rosenthal 2014.)

Bibliography:

An Act Establishing the Childhood Vaccine Program (S1971, February 12th, 2014). Acts of 2014, Commonwealth of Massachusetts, 28 (2014).

An Act Establishing the Massachusetts Childhood Vaccine Program (H2012). Commonwealth of Massachusetts, 2013.

An Act Establishing the Massachusetts Childhood Vaccine Program (S362). Commonwealth of Massachusetts, 2012.

An Act Establishing the Massachusetts Childhood Vaccine Program and the Massachusetts Immunization Registry (S2195). Commonwealth of Massachusetts, 2009.

Anonymous, Phone Interview, DPH. 5 Aug. 2014.

Anonymous, Phone Interview, MCAAP. 14 Aug, 2014.

Brennan, Jr., Edward. *Massachusetts Chapter, American Academy of Pediatrics, Report of Counsel*. 10 Oct. 2012: 1-5. Print.

Division of Health Care Finance and Policy. *Review and Evaluation of Proposed Legislation Entitled: An Act Relative to Establishing the Massachusetts Childhood Vaccine Program and the Massachusetts Immunization Registry. (Senate Bill 2195) House Bill 3453.* Joint Committee on Health Care Financing. 2010

Freed, Gary MD MPH, and Anne Cowan MPH. Committee on the Evaluation of Vaccine Purchase Financing in the United States. *State-Level Perspectives on Vaccine Purchase Financing*. Division of Health Care Services. Dec. 2002: 1-24. Print.

Howell-White, Sandra PHD, and Nancy Scotto-Rosato MA. *Examination of Universal Vaccine Purchasing States and New Jersey*. Rutgers Center for States Health Policy 1 Nov. 2005: 17-18, 25-34. Print.

Massachusetts Board of Health. *Immunization and Vaccine Distribution: Chapter 23, Immunization and Vaccine Distribution.* 23. Boston, MA. Massachusetts Board of Health. 2009.

Massachusetts Department of Public Health. *Childhood Vaccine Availability Table*. Boston,2014. Print.

Massachusetts Department of Public Health. *Massachusetts Vaccine Purchasing Advisory Council (MVPAC) Meeting.* 17 April, 2014.

Mass. Gen. Laws. ch. 111, § 24N

McKenna, Ryan. *Childhood Immunization Programs in New England States*. 10 Jan. 2013: 10-11, 16-17, 35-36. Print.

Palfrey, Sean, MD. *Re: H.348, An Act Establishing the Massachusetts Childhood Vaccines Program*. Letter to The Honorable Chairs and Members of the Joint Committee on Health Care Financing. 9 Nov. 2011. MS. N.p.

Rosenthal, Elisabeth. *The Price of Prevention: Vaccine Costs Are Soaring*. New York Times 2 July 2014, sec. Health: 1-17. Print.