

## **Immunization Financing Crisis in Massachusetts**

### **-- The Need for Secure Funding, Reimbursement and Tracking --**

**Immunizations are a cornerstone of public health. They have been ranked by the Centers for Disease Control and Prevention (CDC) as one of the ten greatest public health achievements of the 20th Century. Many experts say no other intervention, with the exception of safe water, has had such a major impact on health and well being, and mortality reduction.**

- **Vaccines Are Unique Public Health Tools.**

Because most vaccine-preventable diseases (VPD) are communicable diseases which are transmitted from person-to-person, a vaccinated child or adult not only receives personal protection but also provides protection to other children and adults in society. As the proportion of people in a population who are vaccinated increases, the likelihood of sustained disease transmission decreases because there are fewer vulnerable people in the population. This concept is referred to as 'herd immunity'.

- **Cost Effectiveness.**

Vaccines save money or are cost-effective.

- Vaccines for children recommended prior to 2000 are cost-saving. Every dollar spent on vaccinating children with the older antigens saves more than \$5 in medical costs and more than \$11 in societal costs (e.g. lost time from work or school).
- The newer vaccines are cost-effective. Experts estimate that over the lifetime of each birth cohort in the United States, routine vaccination of children and adolescents prevent 14 million VPD cases and 33,000 VPD deaths, nationwide.

- **Universal Childhood Vaccine Distribution**

For over 100 years, the Massachusetts Department of Public Health (MDPH) distributed all of the routinely recommended childhood vaccines, free-of-charge, to all health providers in the state (both public and private). This allowed children to be vaccinated in their medical home, **regardless** of insurance status.

- In 2007, over 3.6 million doses of vaccine were distributed by the MDPH immunization program for vaccination of all children through 18 years of age, regardless of income level or insurance status, and for high-risk adults seen at select sites. These vaccines protect our citizens against 16 serious diseases.
- In 2008, these vaccine expenditures of about \$110 million are expected to save \$600 million in potential health care costs and over \$1.9 billion in overall societal costs in Massachusetts (MA).
- However, MA is **no** longer a 'universal childhood distribution state'. There is currently **no** state funding for human papillomavirus (HPV) vaccine. There is **reduced** funding for some other adolescent vaccines. As a result of the 9C cuts, beginning in July 2009, there will be **no** state funding for rotavirus vaccine. In addition, state-provided vaccines for adults have had to be significantly **reduced**.
- For many years, the childhood immunization rates in MA have been among the highest in the U.S., as measured by the National Immunization Survey. It is important to maintain these levels.

- **Vaccine Financing**

Legislative appropriations, in addition to federal funding, have allowed Massachusetts to universally provide all the routinely recommended childhood vaccines. Over the last several years, several factors have challenged the ability of legislative appropriations to keep pace:

- the licensing of new vaccines (e.g., meningococcal conjugate vaccine, pertussis booster, rotavirus and HPV vaccines)
- expanded recommendations for existing vaccines (e.g., hepatitis A, varicella, influenza vaccines); and
- funding challenges, both state and federal.

As a result of this confluence of events, MDPH can no longer provide all vaccines through this combination of funding.

- **Reimbursement Issues**

MA has been identified as being among the states with weak requirements for ‘first dollar’ coverage for immunizations. This means that providers are not reimbursed the amount they pay out-of-pocket for vaccines, or a reasonable administration fee for each shot given.

Reimbursement policies for vaccines need to be **clear and transparent**. MA providers report being unable to purchase vaccines due to all the issues outlined above. As a result, providers in our state and across the country report they are facing **ethical dilemmas** on a daily basis. They must decide whether to delay implementation of a new vaccine until they are able to provide it to all of their patients, regardless of type of insurance.

New mechanisms for funding and reimbursement are needed. See below for a proposed legislative solution.

- **Tracking Immunization Data**

Immunization registries are part of a national and statewide effort to increase childhood immunization rates. Immunization registries, which collect and consolidate records of vaccinations from multiple health care providers, are required by the CDC to:

- assist providers with decision making to ensure that children are up-to-date with their immunizations;
- identify unimmunized and underimmunized children; and
- provide the infrastructure needed for tracking essential information during natural disasters, influenza pandemics, bioterrorist events and other infectious disease emergencies.

Currently, Massachusetts is one of **only** two states **without** an immunization registry. We estimate that it will cost \$1 million per year to implement an immunization registry in our state, which is less than 1% of annual vaccine purchase costs.

However, immunization registries are cost saving. This investment is more than compensated by the over **\$5.5 million dollars in saving** realized due to decreases in:

- vaccine wastage (\$2 million per year);
- unnecessary duplicate immunization (\$1 million per year); and

- administrative costs in provider's offices (\$2.5 million per year).

These projected saving do not include additional potential savings related to decreased administrative burden in schools or those related to avoidable outbreaks of vaccine-preventable diseases.

- **Proposed Legislative Solutions**

Legislation is needed and has been drafted to ensure the availability of all vaccines recommended by the Advisory Committee on Immunization Practices (ACIP), the body charged with developing national standards for immunizations. The proposed legislation addresses the following issues:

- **Financing.** A vaccine purchase trust to support the universal childhood system will be established. Funds for this trust will come from an assessment of insurers and health plans based on the number of children they cover, that are not eligible for federally purchased vaccine. The aim is to purchase vaccines through the federal procurement system. The cost per dose through this federal procurement system is on average 40% **less** than costs in the private sector. If 3<sup>rd</sup> party payors were to reimburse providers at the private purchase price, they could pay up to **\$17 million dollars more per year** for childhood vaccines.
- **Reimbursement.** Adequate first-dollar reimbursement for routinely recommended vaccines and their administration will be mandated for all children and adults, regardless of the setting where they are administered. (Reimbursement will be needed for adults. It will also be needed for children when new vaccines are licensed or recommendations expanded before the next assessment of insurers occurs and revenues deposited into the trust fund.)
- **Tracking.** An immunization registry will be established. Funds for this registry will come from an assessment of insurers and health plans. The legislation also provides a legal basis for participation in the registry, and for the reporting and sharing of immunization records. The registry will also have the functionality to include immunization records of adults.

## SUMMARY

The national and international economic crisis is affecting the funding for vaccines and immunization services in Massachusetts. Our ability to protect both the children and adults of Massachusetts from preventable infectious diseases will be threatened by the dismantling of universal childhood immunization and existing reimbursement issues. Moreover, we have no system to track the vaccines given or identify under- or unimmunized children and adults.

Legislation has been drafted that attempts to address these issues. The proposed statute will:

- create funding to restore a **seamless**, equitable system for providers and will ensure that all children have access to vaccines in their medical home, **regardless** of insurance status;
- ensure adequate reimbursement for vaccines and their administration for both children and adults
- save insurers and providers millions of dollars by allowing vaccines to be purchased at advantageous government prices; and
- create an immunization registry to track vaccines, identify children who are not vaccinated, and provide the infrastructure needed for tracking essential information during emergencies and disasters.

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(Additional references available upon request.)