

STATE OF NEVADA

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Memorandum

To: Maria D. Canfield, MS, Chief, Community Health

From: Doug Banghart, RN, MSPH, Health Program Manager

Subject: Transition from a Universal-select to a VFC-Underinsured (UI) vaccine distribution and use state.

On March 11, 2008 the State Immunization Program was notified by Centers for Disease Control and Prevention (CDC) of a reduction in the 317 vaccine base budget of 22%. This reduction in funds affects the amount of discretionary vaccines we may order for use among enrolled providers for all children. We have applied this reduction to Varicella vaccine which places the universal status of this vaccine in crisis. In an effort to maintain the recommended two dose Varicella series and secondary to Varicella being added to the child-care requirements, providers must begin privately purchasing the vaccine and Health Plans must begin reimbursing those costs.

If 317 funding continues to decrease and with the continuing increase in vaccine costs, the remainder of our Universal vaccines will need to be discontinued and switched to VFC and NV Checkup only.

Background: The state immunization Program receives vaccine purchase funding from the following sources:

- Federal Vaccine for Children (VFC) – vaccine purchase and use among VFC eligible children which are Medicaid eligible, American Indian/Alaska Natives, Uninsured, Underinsured (but only in an FQHC/RHC or deputized clinic setting).
- State General Fund – with the federal match from DHCFP for vaccine purchase and use among Nevada Checkup enrolled children
- Federal 317 – discretionary vaccine purchase and use as the state determines. Historically, this allows approximately half of our vaccines to be used for any child (including those fully insured). This creates Nevada's Universal-select status.

Federal vaccine funding year: October 1 – September 30

The current universal-select system has inherent problems that effect providers. Providers and their staff are constantly confused about which vaccines may be used for which children. Though a “vaccine use parameters” document has been developed and disseminated, the confusion remains, especially when new provider staff are hired.

Providers are required to send the underinsured children away from the medical home to receive approximately half of the VFC vaccines. Typically, these children will need to go to the Health Departments to receive the remainder of the vaccines. This creates a burden for parents, who have two medical stops and creates record scattering.

If they choose, providers keep a partial private inventory of vaccines for insured children. Confusion then exists in the provider clinic as to which vaccine may be used for which child. Often, a state-supplied-VFC only vaccine may inadvertently be given to an insured child and the health plan billed for the vaccine. Though unintentional in most cases, this does constitute fraud.

In speaking with a few Pediatricians about this issue, they would prefer a complete changeover of all vaccines to VFC only instead of moving one vaccine at a time to VFC only. The main reason is so there is one renegotiation of their health plan contracts for all the vaccines.

Changing the vaccine purchase, distribution and use to VFC-UI status will benefit the state. Essentially, the state immunization program will use 317 funding to purchase all vaccines for the underinsured children. Nineteen of the other projects operate under this policy. Twenty-two other states are purely VFC only.

The benefits to this change are:

- Underinsured children will remain in their medical home, receiving all the needed vaccines in one clinical environment.
 - This relieves the parental burden of taking the child to another clinical setting.
 - This relieves the health department from vaccinating additional children.
 - This reduces record scattering.
 - This will improve vaccination coverage by decreasing the likelihood of no follow-up for the additional vaccines in another setting.
- Providers will find vaccine inventory and use easier to control.
 - The state-supplied vaccine is for VFC eligible, including the underinsured and Nevada Checkup enrolled children.
 - A complete private stock is for fully insured children.
 - Confusion over which vaccine is for which child will diminish.

Drawback to this change are:

- Providers will, if they choose, purchase a complete stock of vaccine for insured children.
 - Many providers choose not to do this because the cost of retail vaccine.
 - Many providers claim that 3rd party payer reimbursement is inadequate and/or delayed.
 - Capitation rates are not high enough to financially break even or earn a profit.
- Because of the Universal vaccine supply status within Nevada, Health Plans have relied on the state to provide vaccines for their covered children. Health Plans will need to provide vaccines as a covered benefit and reimburse providers for these vaccines.

Actions that need to be taken to move out of the funding crisis and transition to VFC-UI status.

- Immediate creation of a VFC-UI transition committee to include:

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- State Health Administration
- State Immunization Program Manager
- State Immunization Program Fiscal Manager
- SNHD
- WCHD
- Carson City Health and Human Services
- Medicaid
- Nevada Health Centers, Inc.
- Health Access Washoe County (HAWC)
- Immunization Coalition Executive Director
- American Academy of Pediatrics – Nevada Chapter
- AAFP – Nevada Chapter
- Southwest Medical Associates – Dr. Ezhuthachan
- Dr. Glasser – Pediatrician
- Anthem BC/BS
- HPN/United First Health
- Nevada Managed Care Quality Improvement Council members
- Merck Vaccines
- GSK Vaccines
- Wyeth Vaccines
- Sanofi Pasteur Vaccines
- Medimmune Vaccines
- Association of Health Plans – Executive Director

The State staff will present a termination date for Universal supply and the background of the funding crisis. Action steps, activities and a timeline discussion will follow.

- A meeting with Dr. Lance Rodewald, Director, Immunization Services Division at CDC and state staff will kick off this transition. Dr. Rodewald will give an overview of 317 funding nationwide and discuss how other states utilize this funding. The meeting is scheduled for April 21, 2008 at 3 p.m. The following actions steps and activities regarding a transition to VFC-UI will follow:
 - Private provider issues
 - Ceasing use of state supplied vaccine for insured clients.
 - Informing providers of state supplied vaccine use for underinsured.
 - Working with the vaccine representatives to begin private purchase.
 - Working with the Health Plans to renegotiate contracts including capitation rates.
 - Working with AAP to institute the use of buying groups or Independent Physician Associations.
 - Working with AAP and the Immunization Coalitions to conduct billing/coding and contracting workshops.
 - Working with the state program staff and contract staff to conduct storage/handling and dual stock inventory workshops.
 - Health Plan Issues
 - Transition time needed to begin reimbursement for privately used vaccine.

- Local Health Department issues
 - Work with the Health Plans to contract with Health Departments in an effort to provide reimbursement of private vaccine stocks.
- Deputization of private providers
 - Encourage FQHCs/RHCs to deputize private providers. This will allow VFC purchased vaccines to be used for immunizing the underinsured further reducing the burden on 317 funding.
- 2009 Legislature
 - Work with the Immunization Coalitions and Vaccine Manufactures to advocate for the following bill concepts:
 - Mandatory vaccine coverage benefits and mandatory vaccine reimbursement to the provider. The bill could be similar to SB 409 of the 2007 legislature or SB 168 of the California legislature.
 - First dollar coverage which would require the Health Plans to provide immunization benefits prior to the application of a copayment or deductible.