

November 2009

## IMMUNIZATION PROGRAM STUDY - BACKGROUND MEMORANDUM

The 2009 Legislative Assembly approved Senate Bill No. 2004. Section 10 of the bill (attached as an [appendix](#)) provides for a Legislative Management study of the state immunization program. The study is to identify pharmacists' or other providers' ability and interest in immunizing children and include a review of the effect of the program on public health units, including billing, billing services, fee collections, and uncollectible accounts.

### HISTORY

#### 2007 Legislation

The 2007 Legislative Assembly, in House Bill No. 1435, provided for an immunization program and the Immunization Task Force. The bill provided that:

1. During the period beginning July 1, 2007, through December 31, 2007, the State Department of Health distribute vaccines to local public health units and other immunization providers for the purpose of continuing the immunization services previously funded through the immunization grant program authorized under Section 317 of the federal Public Health Service Act while transitioning to a provider choice immunization program.
2. During the period beginning January 1, 2008, through June 30, 2009, the State Department of Health may distribute vaccines to local public health units and other immunization providers for the purpose of continuing the transition to a provider choice immunization program. The department was to distribute the vaccines in accordance with the department's protocol established in consultation with the Immunization Task Force.
3. The State Department of Health and local public health units must attempt to access federal and third-party payer funds before using funds from the immunization program. If the funds appropriated to the State Department of Health for the 2007-09 biennium for the immunization program are insufficient, the department is to request a transfer of spending authority from the state contingencies appropriation.

The bill appropriated \$2 million from the general fund to the State Department of Health for the 2007-09 biennium for the purpose of providing vaccines to public health units and other immunization providers. Of the total amount appropriated, \$500,000 was only available if the State Department of Health determined that vaccines needed to be purchased after December 31, 2007.

In addition, House Bill No. 1435 provided the State Health Officer appoint an Immunization Task Force to meet during the 2007-08 interim to establish a protocol on how to transition from a universal-select immunization program to a provider choice immunization program and to recommend to the State Department of Health that this protocol be implemented. The protocol must seek to retain the state's high rates of vaccinations using the most cost-effective protocol. The task force must consist of at least seven members, including at least three members representing local public health districts, three members representing private health care providers, and representatives of the State Department of Health.

#### 2007-08 Interim

Subsection 3 of Section 2 of 2007 House Bill No. 1435 provided that during the 2007-08 interim the State Department of Health's Immunization Task Force report periodically to the Legislative Council regarding the impact of the immunization program transition on local public health units and that the State Health Officer provide periodic reports to the Legislative Council regarding the fiscal impact of the transition. The 2007-08 Human Services Committee was assigned responsibility to receive the reports.

The committee learned that in 2005, due to increasing costs of vaccinating children, North Dakota moved from a universal state in which all vaccines are provided to all children, even those insured, to a universal-select state in which all vaccines are provided to all children eligible for a federal program called Vaccines for Children, which generally includes children that are uninsured, underinsured, Medicaid-eligible, or American Indian, and most vaccines are provided to most insured children. The provider choice program is a program to manage and cost effectively pay for all recommended vaccines for all children. Since 2005 significant changes have occurred in childhood immunization programs, including a decline in federal funding for immunizations and the introduction of several very expensive, newly recommended vaccines. The provider choice program continues the provision of federal vaccines to providers for eligible children and gives providers the choice of purchasing all other vaccines through the State Department of Health where they can achieve lower vaccine costs through multistate, large-volume purchasing agreements. Vaccines for all children are provided either through the federal Vaccines for Children program or through an individual's health insurance. Some copayments may apply. House Bill No. 1435 delayed the implementation of the provider choice program until December 31, 2007, and provided a \$2 million general

fund appropriation to pay for the nonfederal vaccine costs until the program was implemented and paid through private insurance companies.

The committee received information regarding the uses of federal "317" vaccine allocations by the State Department of Health. The committee learned the department receives a yearly allocation of vaccine through Section 317 direct assistance grants. The grants are intended to allow grantees to provide vaccine for populations at the greatest risk for undervaccination and disease. The emphasis has historically been placed on children whose health insurance does not provide for immunizations, but the program may be used to provide vaccine for all children and adults. Children who do not have health insurance or are eligible for Medicaid receive vaccinations through the federal Vaccines for Children program rather than the "317" program.

The committee learned the immunization transition project required the development of a billing process for local public health units. Two local public health units were chosen as testing sites and completed testing of the billing system in February 2008. On March 31, 2008, all local public health units began billing insurance companies. Local public health units electronically submit information to the University of North Dakota School of Medicine and Health Sciences through the North Dakota immunization information system. The University of North Dakota provides billing services on behalf of the health units, including the collection of insurance copayments and deductibles, and withholds \$2 from each vaccination payment for administrative costs. Two local public health units have computer systems that are not interfaced with the North Dakota immunization information system which requires the entry of data in two separate computer systems.

Of the \$2 million general fund appropriation, \$500,000 was available only if the department determines it necessary to continue to purchase vaccines after December 31, 2007. The department spent approximately \$1,993,000 of the \$2 million 2007-09 general fund appropriation.

The committee received additional information regarding the impact of the immunization program transition. Concerns expressed regarding the transition included:

- The difficulty of local public health units in obtaining insurance information.
- The large amount of vaccine required to be stored by local public health units.
- Excessive administrative costs incurred by local public health units for providing immunizations.

## 2009 LEGISLATION

Senate Bill No. 2333 (2009) creates regional public health networks to share administrative functions and public health services and provides \$275,000 from the general fund to the State Department of Health for a regional public health network pilot project. The bill also provides one-time funding of \$1.2 million from federal stimulus funds made available to the state under the federal American Recovery and Reinvestment Act of 2009 to the State Department of Health to provide funds to local public health units for immunization services and includes a contingent general fund appropriation for \$1.2 million if the federal funds are not available to provide for this purpose. The State Department of Health has not yet received the final grant award. The department anticipates the assistance under the federal American Recovery and Reinvestment Act of 2009 will be in the form of either funding, vaccine, or some combination of vaccine and funding.

## STUDY PLAN

The committee may wish to proceed with this study as follows:

1. Gather and review information to identify pharmacists' or other providers' ability and interest in immunizing children, including information from the State Board of Pharmacy and the North Dakota Pharmacists Association.
2. Receive information from local public health units; the North Dakota Medical Association; the University of North Dakota School of Medicine and Health Sciences; and insurance providers in the state, including Blue Cross Blue Shield of North Dakota, regarding the effect of the program on public health units, including billing, billing services, fee collections, and uncollectible accounts.
3. Receive information from the Immunization Task Force and the State Department of Health regarding the implementation of the immunization program, including the number of children being immunized, the status of public health units' immunization programs, the status of 2009-11 funding for the immunization program, and the status of assistance anticipated under the federal American Recovery and Reinvestment Act of 2009.
4. Develop committee recommendations and prepare any legislation necessary to implement the committee recommendations.
5. Prepare a final report for submission to the Legislative Management.

ATTACH:1