

The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
250 Washington Street, Boston, MA 02108-4619

MAURA T. HEALEY
Governor

KIMBERLEY DRISCOLL
Lieutenant Governor

KATHLEEN E. WALSH
Secretary

Robert Goldstein, MD, PhD
Commissioner

Tel: 617-624-6000
www.mass.gov/dph

May 10th, 2024


Steven T. James
House Clerk
State House Room 145
Boston, MA 02133

Michael D. Hurley
Senate Clerk
State House Room 335
Boston, MA 02133

Dear Mr. James,

Pursuant to Massachusetts General Law Chapter 111 Section 24N, please find enclosed a report from the Department of Public Health entitled "Vaccine Purchase Trust Fund Fiscal Year 2023."

Sincerely,


Robert Goldstein, MD, PhD
Commissioner
Department of Public Health

(this page has intentionally been left blank)

MAURA T. HEALEY
GOVERNOR

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR



KATHLEEN E. WALSH
SECRETARY

ROBERT GOLDSTEIN, MD, PhD
COMMISSIONER

Vaccine Purchase Trust Fund

Fiscal Year 2023

January 2024

(this page has intentionally been left blank)

Legislative Mandate

Section 24N. (a) As used in this section the following words shall, unless the context clearly requires otherwise, have the following meanings:—

"Children", individuals less than 19 years of age.

"Estimated vaccine cost", the estimated cost over the course of a fiscal year for the purchase, storage and distribution of vaccines for all children in the commonwealth.

"Payments subject to surcharge", as defined in section 64 of chapter 118E.

"Routine childhood immunizations", immunizations for children until their nineteenth birthday including: (i) the immunizations recommended by the federal Vaccines for Children Program, and (ii) any immunizations recommended by the Advisory Committee on Immunization Practices of the federal Centers for Disease Control and Prevention.

"Surcharge payors", those entities defined as surcharge payors pursuant to section 64 of chapter 118E, who made payments subject to surcharge in the amount of \$1,000,000 or more during the most recent period for which data is available on July 1 of the current fiscal year.

"Total non-federal program cost", the estimated annual cost of vaccines needed for routine childhood immunizations for children covered by surcharge payors in the commonwealth less the amount of federal revenue available to the commonwealth for purchase, storage, distribution, and administration of the vaccines.

(b) There shall be established in the commonwealth a separate trust fund to be known as the Vaccine Purchase Trust Fund to support a universal purchase system for routine childhood immunizations in the commonwealth. The fund shall be expended to cover the costs to purchase, store and distribute vaccines for routine childhood immunizations and to administer the fund and the immunization registry, established pursuant to section 24M. The fund shall consist of all monies paid to the commonwealth under subsection (d), all money received as voluntary contributions to the fund, including but not limited to contributions from third party payers or third-party administrators, as defined in section 1 of chapter 12C and any interest earnings on such monies. The fund shall be maintained by the commissioner of public health or a designee. The monies shall be expended under the direction of the department of public health, without prior appropriation, solely to cover total non-federal program costs; provided, however, that the amount to be expended for storing and distributing vaccines for routine childhood immunizations, if such costs are not covered by federal contribution, and for the costs of administering the immunization registry, shall not exceed 10 per cent of the total amount of the fund expended for the purchase of vaccines needed for routine childhood immunizations for all children in the commonwealth. The department may incur expenses and the comptroller may certify for payment amounts in anticipation of the most recent estimate of expected receipts, as certified by the secretary of administration and finance; provided, however, that no expenditure shall be made from the fund which shall cause the fund to be in deficit at the close of a fiscal year. Any balance in the fund at the close of a fiscal year shall be available for expenditure in subsequent fiscal years and shall not be transferred to any other fund or revert to the General Fund. The commissioner of public health or a designee shall annually report the amount of funds collected and any expenditures made from the fund to the clerks of the house of representatives and senate to be forwarded on to the house and senate committees on ways and means, the house and senate chairs of the joint committee on public health and the house and senate chairs of the joint committee on health care financing.

(c) There shall be a vaccine program advisory council consisting of the commissioner of public health or a designee, who shall serve as chair; the medical director of the universal immunization program of the department of public health established under section 24I; the executive director for

the center for health information and analysis or a designee; the executive director of the commonwealth health insurance connector authority or a designee; 1 person to be appointed by the director of Medicaid, who shall be a representative of managed care organizations contracting with MassHealth; 3 persons to be appointed by the commissioner of insurance, each of whom shall be a representative of 1 of the 3 health insurance companies having the most insured lives in the commonwealth; and 7 persons to be appointed by the commissioner of public health, 1 of whom shall be a representative of an employer that self-insures for health coverage who shall be appointed from lists of nominees submitted by statewide associations of employers, 1 of whom shall be a member of the Massachusetts Medical Society, 1 of whom shall be a member of the Massachusetts chapter of the American Academy of Pediatrics, 1 of whom shall be a member of the Massachusetts Academy of Family Physicians, and 3 of whom shall be physicians licensed to practice in the commonwealth and who shall have expertise in the area of childhood vaccines. The council shall recommend the types of vaccines to be purchased based on a list of routine childhood immunizations and shall take into account provider preference, cost, availability and other factors as determined by the council. The council shall recommend the amount of funding needed each fiscal year by calculating the total non-federal program cost. The council shall make recommendations to the commissioner on whether the commissioner may authorize provider choice of more than 1 comparable brand or type for a routine childhood immunization vaccine. In its recommendations, the council shall examine the feasibility, costs and benefits of authorizing provider choice, provide a schedule of the cost of each comparable brand or type of a vaccine recommended for provider choice and demonstrate that the estimated vaccine cost of authorizing provider choice would not be substantially greater than the estimated vaccine cost of purchasing a single brand or type of a vaccine. The commissioner of public health shall determine the final vaccines to be purchased.

(d) Under regulations adopted by the commissioner of public health, each surcharge payor in the commonwealth shall pay to the commissioner of public health, for deposit in the Vaccine Purchase Trust Fund, a routine childhood immunizations surcharge assessed by the commissioner. By January 1 of each year, the commissioner of public health shall determine the total amount of the surcharge for the current fiscal year by determining the final amount required to be included in the Vaccine Purchase Trust Fund for the current fiscal year to cover the estimated costs to purchase, store and distribute vaccines for routine childhood immunizations and to administer the fund and the immunization registry, established pursuant to section 24M. The amount shall exclude any costs anticipated to be covered by federal contribution, shall take into consideration the limitations on expenditures described in subsection (b) and shall take into account any anticipated surplus or deficit in the trust fund. Any increase in the surcharge amount for the prior fiscal year shall not increase more than the percentage set as the health care cost growth benchmark, established under section 9 of chapter 6D, unless the commissioner of public health submits a detailed report to the clerks of the house of representatives and senate who shall forward the report to the house and senate committees on ways and means, the house and senate chairs of the joint committee on public health and the house and senate chairs of the joint committee on health care financing explaining the need for the increase. If the reason for the increase is due to the purchase of new vaccines and the authorization of provider choice for certain vaccines, as recommended by the vaccine program advisory council, the report shall include an analysis of cost savings generated by use of the state vaccine purchasing discount.

The commissioner shall annually provide surcharge payors notice of the assessment amount for the trust fund year not later than 15 days prior to the due date of the first scheduled surcharge payment or March 1, whichever is earlier. Surcharge payors shall pay the surcharge on a schedule determined by regulation; provided, however, that the schedule shall ensure sufficient funds for the trust fund to fulfill the purposes described in subsection (b). Each surcharge payor shall pay a portion of the total amount of the surcharge proportional to their payments subject to surcharge during the most recent period for which data is available, as further defined in regulation.

(e) The department of public health may adopt rules and regulations as necessary to implement the universal purchase and distribution system under this chapter and other applicable state and federal laws. The rules and regulations shall establish the system by which vaccines are distributed for children in the commonwealth.

(f) Every surcharge payor, to the extent not preempted by federal law, shall provide benefits for:

(i) routine childhood immunizations for residents of the commonwealth; and

(ii) immunizations for residents of the commonwealth who are 19 years of age and older according to the most recent schedules recommended by the Advisory Committee on Immunization Practices of the federal Centers for Disease Control and Prevention. These benefits shall be exempt from any copayment, coinsurance, deductible or dollar limit provisions in the health insurance policy or contract.

Executive Summary

Chapter 28 of the Acts of 2014 established the Vaccine Purchase Trust Fund. The Fund is financed through an assessment charged to Massachusetts health insurance carriers for the cost of state-supplied pediatric vaccines. The Department purchases vaccines at a reduced price, under federally negotiated manufacturer contracts, and oversees the ordering and inventory of vaccines, their allocation to providers, and their administration. It also maintains the Massachusetts Immunization Information System (MIIS), which is the Massachusetts vaccine registry. The financing structure provided by the Trust supports vaccine access for all children and adolescents in the Commonwealth.

In state FY23, Fund collections and revenue carried forward from prior years were less than the FY23 revenue requirement. A total of \$111M was collected into the Fund, including \$25.9M that was collected in FY22 in excess of the FY22 revenue requirement. Actual expenditures on vaccines and MIIS maintenance equaled \$104M leaving \$9.4M in the Trust to be used in future years. (see Tables 1 & 2).

The Department has increased the surcharge in FY24, and the percentage will exceed the health care cost growth benchmark (~6.71%/~+\$50M). This is due to the addition of new vaccines to the universal program including vaccination for COVID-19 (Moderna, Pfizer, NovavaxXXX) and vaccination for respiratory syncytial virus (RSV; nirsevimab) and increased uptake and catch-up vaccinations not administered during the first years of the COVID-19 pandemic.

Introduction

Chapter 28 of the Acts of 2014 the Vaccine Purchase Trust Fund is a public-private collaboration that greatly improves child health while saving money for the Commonwealth. This financing system is comprised of an assessment charged to Massachusetts insurers and health plans for the cost of state-supplied childhood vaccines which are purchased at a reduced price the state

receives under the federal contract. The Vaccine Purchase Trust Fund is a stable financing framework enabling Massachusetts to ensure that all children 0-18 years of age have available to them all routinely recommended vaccines as outlined by the Centers for Disease Control and Prevention (CDC) Advisory Committee on Immunization Practices (ACIP), which sets national standards for immunizations. The Fund helps to guarantee that Massachusetts maintains one of the highest childhood vaccination rates in the country and maintains the Commonwealth's status as a universal pediatric vaccine access status.

The Department has increased the surcharge in FY24, and the percentage will exceed the health care cost growth benchmark (~6.71%/~+\$50M). This is due to the addition of new vaccines to the universal program including vaccination for COVID-19 (Moderna, Pfizer, Novavax) and vaccination for respiratory syncytial virus (RSV; nirsevimab) and increased uptake and catch-up vaccinations not administered during the first years of the COVID-19 pandemic.

Report

For over 100 years, the Department has distributed routinely recommended childhood vaccines, free of charge to health care providers in the state. This universal distribution has allowed children to be vaccinated by their own provider in their medical home.

The Vaccine Purchase Trust Fund assessment is applied to surcharge payors under Massachusetts General Law Chapter 118E sections 66-69 as a percentage of payments made to the Health Safety Net Fund. Any collections from the previous year in excess of expenditures are credited to the subsequent year, reducing the assessment.

In state FY23, Fund collections and revenue carried forward from prior years were less than the FY23 revenue requirement. A total of \$111M was collected into the Fund, including \$25.9M that was collected in FY22 in excess of the FY22 revenue requirement. Actual expenditures on vaccines and MIIS maintenance equaled \$104M leaving \$9.4M in the Trust to be used in future years (see Tables 1 & 2).

The Department has increased the surcharge in FY24, and the percentage will exceed the health care cost growth benchmark (~6.71%/~+\$50M). The \$50 million increase in need from the prior fiscal year is due to: standard vaccine cost inflation (\$4 million), addition of COVID-19 vaccines (Moderna, Pfizer, Novavax, \$19.5 million), addition of nirsevimab for RSV (\$5.6 million) and increased vaccine uptake due to children getting caught up from vaccinations not administered during the first years of the COVID-19 pandemic (\$20.9 million).

The Trust has had a positive impact on childhood vaccination rates. For children born in 2019 and 2020, nearly 80% have completed the full seven-vaccine series (DTaP, Polio, MMR, Hib, Hepatitis B, Varicella, Pneumococcal) before their second birthday. Ninety-five percent of kindergarteners in the 2022-2023 school year had all required vaccines for school entry (DTaP, Polio, MMR, Hepatitis B, Varicella). More than 95% of adolescents aged 13-17 have received a dose of Tdap and Meningococcal vaccine by the age of 13, and over 85% of adolescents aged 13-17 have completed the HPV series by the age of 13. Massachusetts has consistently ranked in the top 10 in the country for pediatric vaccination rates.

While there are fewer vaccination recommendations for adults, uptake of routinely recommended vaccines for adults do lag behind children. Among adults 50 and over, under half (49%) have received one dose of shingles vaccine and 33% have received both recommended doses. Sixty-eight percent of adults have received a dose of Tdap/Td within the last ten years. These lower adult immunization rates compared to children highlight the impact of a Vaccine Purchase Trust.

Conclusion

The establishment of the Vaccine Purchase Trust Fund allows Massachusetts to provide all federally recommended pediatric vaccines through the DPH Immunization Program for all children 0-18 years of age and maintain a state-of-the-art vaccine registry. The Department has increased the payor surcharge for FY24 above the health care cost growth benchmark to address an increase in certain vaccines and a decrease in the population covered by the federal VFC Program.

Addendum

Table 1. Calculation of Childhood Program Assessment Percentage FY23	
FY23 Assessment Base (Q1 Health Safety Net Fund surcharge)	2,403,094,011
FY23 Pediatric Immunization Program Assessment Revenue Requirement	113,647,390
Credit for Excess FY22 Collections	(25,876,035)
Amount Required to be Collected by June 30, 2023	87,771,355
FY23 Pediatric Immunization Program Assessment Percentage	3.65%

Table 2. Childhood Immunization Program Expenditures FY23	FY23
Total Collections FY23	111,545,718
Total Revenue Requirement FY23	113,647,390
Total Prior Year Collections spent in FY23	0
Total Collections from FY23 and prior years to be credited to FY24	0
Total Revenue Requirement FY23 plus revenue collected in prior years that	113,647,390
Total Expenditures FY23	104,247,062
Total unspent to be carried forward into FY24	9,400,328