

## Introduction & Notes re: AVAP Annual Assessment Setting Workbook

September 2020 Draft for AVAP's Assessment Year with Due Dates Starting February 15, 2021

Note: Substantial Revisions May be Made to this Spreadsheet

01. This workbook follows the naming conventions of having each sheet begin with a letter (i.e., "a." through "f."), and each cell within each sheet be identified by row number (e.g., "01.") and column letter (e.g., "A"). So, to facilitate reference while collaborating via conference phone, users can refer to any single number, for example the new child vaccine calculated assessment rate, by a combination of the above. For that key number, for example, the reference is "a.42.C".
02. Since the first measurement period is for the months of Oct-Dec 2020 and assessments are due forty-five (45) days after the end of the quarter, the first assessment payment with the 2021 rate will be February 15, 2021 for the assessment months of Jan-Mar 2020.
03. The primary spreadsheet for the work is the assessment calculation worksheet, worksheet a. The other sheets are intended to be reference or to develop background data in specific areas for the work. Key data for developing the primary funding target is on spreadsheets d. & e. which contain data supplied by the DHSS for the vaccine funding needs. Key numbers from a subsidiary sheet rolled into the main assessment sheet generally are shaded in yellow.
04. Key control points expected to be subject to policy decisions by DHSS or the Council are coded in green. On the protected version of the sheets, cells not shaded green may be locked out to reduce the likelihood of user error. The password used is "AVAP" -- this is not a matter of confidentiality, but rather to reduce error. Users who want to unlock the sheets for any reason are welcome to do so.
05. Those cells in which entries normally would be made are shaded in green. They are unprotected to allow data entry. For example, a user can adjust utilization assumptions for increases over prior years by entering percents either by vaccine on sheets d. & e. or overall on sheet a. (Line 21). The vaccine funding target takes the number as adjusted by those two factors and then applies the assumed cost increase (Line 22). The cost increase is applied for 9/12 of the year for childhood vaccines since it typically becomes effective as of April 1 each year (1/2 of the year due to the July 1 effective date for adult vaccine contract changes).
06. DHSS in 2020 implemented a substantial expansion of the adult program to cover all recommended adult vaccines for nearly all Alaskans (i.e., all except Medicare & Medicaid beneficiaries -- these two programs presently are not paying AVAP assessments). Because of the DHSS's favorable purchase rates using the wholesale federal contract, this expansion helped payers as they sought to mitigate the impact of inflationary pressures on healthcare costs for Alaskans. AVAP has benefitted from its strong past financial performance which enables it now to (a) absorb the substantial increase in vaccine costs this year, (b) expand the adult program as indicated, and (c) still reduce the absolute monthly assessment rate by a symbolic penny in each of the child & adult programs. The COVID-19 pandemic had a major impact on vaccine administration. Hence, actual expenditures for SFY ending 6/30/2020 provide a less than certain base from which to predict utilization going forward. Among important factors, as yet unquantified, are the impacts of delayed immunizations due to missed healthcare appointments in 2020 and the potential increases in immunizations, especially as a result of increase attention on the benefits of vaccines in addressing vaccine preventable illnesses. No funds are allocated for the purchase of potential COVID-19 vaccines in 2021 due to the CDC advisories indicating that such vaccines are expected to be supplied to DHSS without charge (i.e. federally paid for all) throughout 2021.
07. It is anticipated that the Council will, as part of its deliberations and upon considering the input of any public members or others at its meeting(s), adjust the assumptions which guide the assessment level. The Council's recommendations will be considered by the Commissioner who has final decision-making authority regarding assessment rates.
08. Note, COVID-19 has strained resources of the DHSS immunization group and also reduced budgeting support normally available from the CDC. As a workaround, in order to keep AVAP's work on scheduled, estimates for this year have taken the higher of (a) last year's budget number (when the full CDC toolkit was available to DHSS), (b) last SFY actuals, and (c) this year's SFY actuals. Then, (d) an override column reflects a limited number of cases for which DHSS believed it appropriate to budget for potential vaccine increases.
09. In light of the uncertainty concerning vaccine costs in these turbulent times, KidsVax®, based upon its experience both in Alaska and elsewhere with payer industry policymakers, started with the assumption that AVAP's Advisory Council may deem it prudent to slow the burn-down of excess cash reserves which had led to reduction in assessments over the prior two years. Accordingly, it started with the assumption that 25% of projected excess cash would be burned down in 2021. That would result in assessment rates very similar to the \$7.74 (child) and \$1.31 (monthly) estimated for 2021 in last year's September 2019 assessment rate notice sent to payers. As has been the case from AVAP's inception, any unexpended reserves at the end of 2021, would be available for assessment rate reductions in future years.

The table below provides sensitivity analysis around the impact of varying % of excess reserves released to reduce the assessment rates in 2021. KidsVax® anticipates the Advisory Council will make its own policy decision about the final % in the course of its 2021 assessment rate determination work in September, 2020.

Cash Released & resulting rates		
	Child	Adult
0%	\$ 8.73	\$ 1.60
25%	\$ 8.35	\$ 1.30
50%	\$ 7.98	\$ 0.99
75%	\$ 7.60	\$ 0.68
100%	\$ 7.24	\$ 0.36

## Alaska Vaccine Assessment Program Assessment Calculation Worksheet

Column →	CHILDREN		ADULTS		
Line ↓	2020	2021	2020	2021	Comments
<b>A. Preliminary Vaccine Cost Estimates</b>					
01.	7,389,851	7,968,747	3,953,667	4,718,612	Est. Costs of Vaccines (sheets d. & e. with utilize. & price adj.)
02.	369,493	398,437	197,683	235,931	DHSS Administrative Fee
03.	332,543	358,594 <sup>1</sup>	177,915	212,338 <sup>1</sup>	Vaccine Waste Allowance
04.	-522,434	-399,144 <sup>2</sup>	-2,651,327	-1,005,082 <sup>2</sup>	Liquidity Reserve Buildup (Return)
09.	7,569,453	8,326,634	1,677,938	4,161,799	Net AVAP Funds Requested by DHSS
<b>B. Assessable Covered Lives Estimates</b>					
11.	88,965	86,549	283,417	279,902	Assessable Covered Lives (sheet c.)
12.	1.50%	1.50%	1.50%	1.50%	Leakage (unknown insurer, out of reach entity, etc.)
19.	87,631	85,250	279,166	275,704	Assessable lives actually paying
<b>C. Planning / budgeting parameters</b>					
21.	0.00%	0.00%	0.00%	0.00%	Provision for vaccine utilization increase
22.	3.75%	3.75% <sup>3</sup>	3.75%	3.75% <sup>3</sup>	Provision for vaccine cost increase
23.	0.25%	0.25% <sup>4</sup>	0.25%	0.25%	Bad debt allowance (as a % of funds to be remitted)
24.	5.00%	5.00%	5.00%	5.00%	DHSS administrative fee
25.	4.50%	4.50%	4.50%	4.50%	DHSS waste cost cap
26.	3.0	3.0 <sup>4</sup>	3.0	3.0	Working Capital Reserve as months of ave. Line 09 amount
27.	0.00%	0.00%	0.00%	0.00%	% of reserve to build in future years
28.	0.00%	0.00%	0.00%	0.00%	Other reserves as allowed by law & deemed prudent
29.	54.88%	25.00%	88.81%	25.00%	% of excess reserve, if any, to release next year
<b>D. Assessment Calculation</b>					
31.	\$ 7,569,453	\$ 8,326,634	\$ 1,677,938	\$ 4,161,799	(a) Estimated total non-federal cost (adjusted)
32.	230,728	194,086	51,147	97,007	Total Administrative Budget (from sheet b.)
33.	18,924	20,817	4,195	10,404	Bad Debt Allowance
34.	7,819,105	8,541,537	1,733,280	4,269,210	Vaccine + Cash Reserve + Operating Cost components
36.	0	0	0	0	(c) part 3 - Other Reserves
39.	\$ 7,819,105	\$ 8,541,537	\$ 1,733,280	\$ 4,269,210	Total Assessment Billed
<b>E. Per Assessable Covered Life Assessment</b>					
41.	\$89.23	\$ 100.19	\$6.21	\$ 15.48	Annual Assessment per covered life
42.	\$7.44	<b>\$ 8.35</b>	<b>\$ 0.52</b>	<b>\$ 1.30</b>	<b>Monthly Assessment per covered life calculated</b>
43.	\$7.43	<b>\$ 8.35</b>	<b>\$ 0.52</b>	<b>\$ 1.30</b>	<b>Monthly Assessment per covered life set</b>
<b>F. Financial Carry Forwards</b>					
51.	18,924	20,817	4,195	10,404	Unexpended assessments anticipated to roll forward
<b>G. Various Performance Metrics</b>					
61.	3.12%	2.44%	1.29%	2.06%	Net admin costs as % of vaccine costs
62.	110.81%	112.19%	48.84%	95.48%	Total costs as a % of vaccine costs
63.	0%	12%	-2%	150%	% year to year change in assessment rate
64.	\$ 7.93	\$ 8.74 <sup>5</sup>	\$ 1.31	\$ 1.59 <sup>5</sup>	"Normalized" assessment rate this year.

- Notes:**
- Alaska's distribution conditions present serious challenges to waste costs. DHSS has agreed to cap the loss at 4.5% for calendar year 2020.
  - Carryforward cash amounts, if any, will be applied to reduce subsequent years' assessments (see line 04).
  - The provision for cost increases is applied for 9 months for childhood vaccines and 6 months for adult vaccines in developing the line 01. cost estimates. (This is due to the fact that the CDC contracts for children reprice in April and for adults in July.)
  - Only one control point given since assumes that factors are same for both Child & Adult.
  - This calculation gives an indication of what the assessment rates would have been for a mature program this year (i.e., without reserve changes).

**Alaska Vaccine Assessment Program  
Budget Estimates and Allocations**

Column →	A	B	C	D	E	F	G	H
Line ↓	CHILDREN					ADULT		
	Prior Year	Unallocated <sup>1</sup>	Specific	Allocated <sup>1</sup>	Total	Specific	Allocated <sup>1</sup>	Total
01. <b>Administrative Fees (program administrator selected by DHSS)</b>								
02. Annual Base Fee	263,375	272,593 <sup>2</sup>		181,751	181,751		90,842	90,842
03. Expense Allowance (travel)	-	- <sup>3</sup>		-	-		-	-
04. Other	-	-		-	-		-	-
05. Subtotal	263,375	272,593	-	181,751	181,751	-	90,842	90,842
<b>General Expenses</b>								
06. Bank Fees & Service Charges	7,500	7,500 <sup>4</sup>		5,001	5,001		2,499	2,499
07. Auditing Fees	11,000	11,000 <sup>5</sup>		7,334	7,334		3,666	3,666
08. Legal Fees				-	-		-	-
09. AVAP Miscellaneous Expenses				-	-		-	-
10. Office Expense				-	-		-	-
11. Telephone Expense				-	-		-	-
12. Postage and Shipping Expense				-	-		-	-
13. Significant Customized Website Enhancement				-	-		-	-
14. Public Information Expense (other than web site)				-	-		-	-
15. Printing Expense				-	-		-	-
16. Publications				-	-		-	-
17. Travel Expense				-	-		-	-
18. Meeting Expense	-	- <sup>6</sup>		-	-		-	-
29. Subtotal	18,500	18,500	-	12,335	12,335	-	6,165	6,165
<b>Special Projects</b>								
31. TRICARE special assessment supplement				-	-		-	-
32.				-	-		-	-
33.				-	-		-	-
34.				-	-		-	-
35.				-	-		-	-
36.				-	-		-	-
37.				-	-		-	-
38.	-	-		-	-		-	-
39. Subtotal	-	-	-	-	-	-	-	-
49. <b>Total Expenses</b>	<b>281,875</b>	<b>291,093</b>	<b>-</b>	<b>194,086</b>	<b>194,086</b>	<b>-</b>	<b>97,007</b>	<b>97,007</b>
59. Budgeted for Bad Debt								

**NOTES:**

- <sup>1</sup> "Unallocated" in this spreadsheet means that the specific item is not specific to either child or adult vaccines. If no other rule is given, allocation will be based upon the ratio of the child & adult vaccine funds needed, respectively, to the total. That computation is as follows:  

total child:	8,326,634	total adult:	4,161,799	<b>66.67%</b> is the child % of total
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- <sup>2</sup> Assumes KidsVax<sup>®</sup> contract is renewed at current contracting standards. An evergreen contract approach would reduce this somewhat in 2020 and also limit future increases.
- <sup>3</sup> KidsVax<sup>®</sup> has bundled travel costs into the 2017 contract.
- <sup>4</sup> Set at last year's expense (which should be adequate) plus \$1,000 to allow for any necessary cost increases.
- <sup>5</sup> A good faith estimate which should be more than adequate.
- <sup>6</sup> Bundled in KidsVax<sup>®</sup> contract.
- <sup>7</sup> Not likely to be needed. KV makes significant annual investment in web & other IT technology and deploys to all states under technology licenses.
- <sup>8</sup> To be set as part of the assessment work.

## AVAP Covered Lives Estimates

Column → Line ↓	A	B	C	D
	Source / Entity	Date	Children	Adults
<b>A. Current Estimate of Covered Lives</b>				
01.	AVAP Self-Reporting assessment system #s	15-Aug-20	86,549	239,557
02.	Provider Opt-In uninsureds (unique to AK)			40,345
03.				
04.				
05.				
09.	total		86,549	279,902
<b>B. Possible Deductions</b>				
11.				
12.				
13.				
14.				
15.				
16.				
19.	total		0	0
<b>C. Possible Additions</b>				
21.				
22.				
23.				
24.				
29.	total		0	0
<b>D. Totals</b>				
99.	Best Current Estimate		86,549	279,902
xx.	Note prior quarter numbers for reference	15-May-20	88,577	244,166
<b>E. Known outliers</b>				
101.	None			
102.				
103.				
104.				
109.	total		0	0

Note: Commencing August 15, 2018 includes TRICARE reported lives.  
 (Note KidsVax® still is pressing for methodological improvements which would be expected to raise these #s)

**DHSS Pediatric Vaccine Purchase Estimates  
AVAP Calendar Year**

Column → A B C D F G H I J K  
Line ↓

Vaccine	Brand Name	NDC	Cost Per Dose*	PY Estimated Doses	SFY through 6/30/2019	SFY through 6/30/2020	Override	Total Estimated Doses	Total Estimated Cost	Vaccine Level AVAP Adjustments	AVAP Budget
01. DT	DT		\$60.05	20				20	\$1,201	0.00%	\$1,201
02. DTaP*	Infanrix		\$19.16	4,290	4,090	3,897		4,290	\$82,209	0.00%	\$82,209
03. DTaP/Hep B/IPV	Pediarix		\$60.71	10,720	10,207	10,582		10,720	\$650,800	0.00%	\$650,800
04. DTaP/IPV	Kinrix		\$42.46	3,830	3,689	3,424		3,830	\$162,618	0.00%	\$162,618
05. Hep A	Havrix		\$12.11	8,210	7,818	7,495		8,210	\$99,448	0.00%	\$99,448
06. Hep B	Recombivax		\$12.53	2,380	2,269	2,768	2,850	2,850	\$35,711	0.00%	\$35,711
07. Hib - PRP-OMP	PedvaxHIB		\$13.51	10,930	10,409	10,766		10,930	\$147,708	0.00%	\$147,708
09. 9vHPV*	Gardasil9		\$187.09	7,200	6,859	6,475		7,200	\$1,347,048	0.00%	\$1,347,048
10. e-IPV	IPOL		\$13.85	1,030	984	950		1,030	\$14,266	0.00%	\$14,266
11. Meningococcal	Menactra		\$96.23	6,160	5,862	5,450		6,160	\$592,789	0.00%	\$592,789
12. MENB	Bexsero		\$120.24	560	529	553	700	700	\$84,168	0.00%	\$84,168
13. MVC40	Menveo		\$95.78	50				50	\$4,789	0.00%	\$4,789
14. MMR	M-M-R II		\$21.71	9,440	8,994	7,963		9,440	\$204,924	0.00%	\$204,924
15. PCV13	Prevnar 13		\$143.82	12,640	12,034	13,757	14,500	14,500	\$2,085,390	0.00%	\$2,085,390
16. PPSV23	Pneumovax23		\$59.12	40				40	\$2,365	0.00%	\$2,365
17. Rotavirus	RotaTeq		\$71.88	9,240	8,787	9,257	9,500	9,500	\$682,860	0.00%	\$682,860
18. Td	TDVAX		\$16.34	130				130	\$2,125	0.00%	\$2,125
21. Tdap	Boostrix		\$33.14	4,620	4,397	4,138		4,620	\$153,107	0.00%	\$153,107
22. Varicella	Varivax		\$109.26	8,170	7,780	7,515		8,170	\$892,654	0.00%	\$892,654
23.								-	\$0	0.00%	\$0
24.								-	\$0	0.00%	\$0
25. all flu (weighted average cost per dose)			\$16.35	28,650	27,288	30,862		30,862	\$504,578	0.00%	\$504,578
18. TOTAL									<b>\$7,750,757</b>		\$7,750,757
19.										Adjusted for overall utilization increase	\$7,750,757
20.										Adjusted for price increase	\$7,968,747
30. Total Doses				<b>128,310</b>					<b>133,252</b>		

**Notes:**

\*Cost per dose is based on the CDC Vaccine Price List, which can be found here: <http://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/> provided, however, that the price used for DT is 110% of last year's price.  
 †Influenza brand names vary each influenza season. Cost based upon weighted average.

**DHSS Adult Vaccine Purchase Estimates**  
**AVAP Calendar Year**

Column →  
Line ↓

	A	B	C	D				E	F	G	H	
Vaccine	Brand Name	NDC	Cost Per Dose*	PY Estimated Doses	SFY through 6/30/2019	SFY through 6/30/2020	Override	Total Estimated Doses	Total Estimated Cost	Vaccine Level AVAP Adjustments	AVAP Budget	
01.	9vHPV (19-26 yrs)	Gardasil9	\$140.59	1,890	1,717	1,620		1,890	\$265,709	0.00%	\$265,709	
02.	Meningococcal Conjugate (19-20 yrs)	Menactra	\$75.28	120	118	220	230	230	\$17,315	0.00%	\$17,315	
03.	MENB	Bexsero	\$106.89	60	60	121	140	140	\$14,964	0.00%	\$14,964	
04.	PPSV23	Pneumovax23	\$62.69	1,620	1,545	1,549		1,620	\$101,556	0.00%	\$101,556	
05.	Td	Tenivac	\$16.27	2,050	1,954	1,966		2,050	\$33,351	0.00%	\$33,351	
06.	Tdap	Boostrix	\$25.43	11,570	11,200	10,088		11,570	\$294,202	0.00%	\$294,202	
07.	Zoster Recombinant	Shingrix	\$103.35	5,150	4,903	6,976	10,000	10,000	\$1,033,500	0.00%	\$1,033,500	
08.	Hep A	Havrix®	\$32.86	2,550	237	293		2,550	\$83,793	0.00%	\$83,793	
11.	Hep B	Heplisav-B™	\$73.05	6,370	403	700		6,370	\$465,329	0.00%	\$465,329	
12.	MMR (Measles/Mumps/Rubella)	M-M-R®II	\$48.86	5,290	730	698		5,290	\$258,475	0.00%	\$258,475	
13.	PCV13 (Pneumococcal conjugate)	Prevnar 13™	\$131.61	9,660	815	768		9,660	\$1,271,314	0.00%	\$1,271,314	
14.								0	\$0	0.00%	\$0	
15.								0	\$0	0.00%	\$0	
16.	All Influenza		\$15.85	32,620			50,000	50,000	\$792,258	0.00%	\$792,258	
21.			<b>PY Cost Estimated: \$ 1,670,866</b>							\$4,631,767		\$4,631,767
22.									<b>Adjusted for overall utilization increase</b>		\$4,631,767	
29.									<b>Adjusted for price increase</b>		\$4,718,612	
39.	<b>Total Doses</b>			<b>78,950</b>				<b>101,370</b>				

Notes:

\*Cost per dose is based on the CDC Vaccine Price List, which can be found here:  
<http://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/>  
 †Influenza brand names vary each influenza season. Cost based on weighted average.

Prior Year's Financial Recap

Column →	A	B	C	D
Line ↓			Child	Adult
01.	Starting Cash balance (see calculation below)	30-Jun-2020	7,985,370	2,453,375
02. <sup>1</sup>	Balance of TRICARE settlement (in at zero for now)		-	-
03. <sup>2</sup>	Increment from 2020 remaining		(518,175)	(159,201)
04.				
05.				
09.	Total		7,467,195	2,294,174
<b>Estimated Revenues</b>				
11.	Rebalance reserves to adult fund			3,500,000
12.				
13.				
14.				
19.	Total		-	3,500,000
<b>Expenditures / Allowances</b>				
21.	Rebalance reserves to adult fund		3,500,000	
22.				
23.				
24.				
25.				
26.				
27.				
29.	Total		3,500,000	-
31.	Estimated Starting Balance January 1		3,967,195	5,794,174
33.	Target months cash (non-flu)	3	1,866,042	981,589
34.	Target cash for flu		504,578	792,258
35.	Target cash reserve (Line 33 + Line 34)		2,370,620	1,773,847
36.	Deferral amount	0.00%	-	-
37.	Target Cash Reserve net of deferral		2,370,620	1,773,847
99.	Excess Cash balance above Cash target		1,596,574	4,020,328
<b>Notes:</b>				
<sup>1</sup> KV believes that the TRICARE arrearage owed is higher than the \$2,526,652 it offered in full settlement on June 27, 2018. So far TRICARE has prepaid \$1,500,000 leaving \$1,026,652 due AVAP by its calculations. Because DHSS funded the TRICARE vaccines in the past from state dollars, any remaining recovery does not affect these calculations.				
<sup>2</sup> From DHSS report to KV of cash as of 6/30/2020. Assume 1/2 of 6 months gain through balance of year.				
<sup>3</sup> At present point just assuming the bad debt reserve is unexpended in 2020. As experience is gained and program matures, may be able to make better estimates in future years.				
<sup>4</sup> KidsVax® does not presently have mid-year expenditure verifications from DHSS. Accordingly, the cash allocation in the quarterly financials, while correct in aggregate, may ultimately be allocated differently between vaccine expenses and fund balances.				
<b>Development of carryforward cash by fund:</b>				
			<u>Child</u>	<u>Adult</u>
	2015 target assessment billed		6,722,322	3,567,765
	2016 target assessment billed		6,522,946	2,146,641
	2017 target assessment billed		8,219,588	2,003,055
	2018 target assessment billed		9,015,792	2,961,887
	2019 target assessment billed		7,815,974	1,744,000
	2020 target assessment billed		7,815,974	1,744,000
	totals		<u>46,112,596</u>	<u>14,167,348</u>
	percents		76%	24%
	12/31/2019 total per audit:	11,163,127		
	Assessment carryforward from			
	2018-06-30 Financials <sup>4</sup> :	10,438,745	7,985,370	2,453,375