

Notice of Reduced Assessment Rate for 2018

On April 10, 2018, the Commissioner of Health reduced the 2018 Assessment Rate for the Vermont Vaccine Purchasing Program based on the recommendations of the Immunization Funding Advisory Committee.

The new monthly rate for child covered lives will be \$0.01. The new monthly rate for adult covered lives will be \$0.01. These rates will take effect for amounts due on August 15, 2018, November 15, 2018 and February 15, 2019 for the measuring months of April through June, July through September, and October through December 2018, respectively.

The assessment due on May 15, 2018 for the measuring months of January through April will be at the original Assessment Rate of \$8.15 per child per month and \$.72 per adult per month as set on October 31, 2017.

The rate reduction recommendations are the result of a full review of the Vermont Vaccine Purchasing Program's (VVPP) revenue and expenses recently completed by the Vermont Department of Health Business Office. The Business Office determined in its review that VVPP has accumulated a surplus over the past 4 years. The surplus has two components: \$8,698,018 held at CDC for the benefit of the Vermont Department of Health and \$4,866,018 held in a Vermont state special fund. An analysis of expenses and revenues as well as various policies governing VVPP operations indicated that two main factors have contributed to this surplus accumulation.

In October 2013, the federal CDC changed its policy and required state vaccine programs to maintain a credit balance greater than or equal to the amount of the program's quarterly vaccine purchase. This was the first contributing factor to the surplus. VVPP's 2014 assessment rate had been increased to meet this new CDC prepayment requirement. The second contributing factor to the surplus involved establishing operating cash reserves. These reserves were intended to finance the advance purchase payments and mitigate the risk of calling upon payers for supplemental assessments. The Business Office's analysis recently completed confirms that a change in the payment terms did not increase recurring annual program costs, but rather increased cash flow requirements just for the year in which the CDC policy change occurred. Also, the quarterly prepayments required by CDC beginning in October 2013 were greater than the actual costs of vaccines. Over four year this excess generated a surplus at CDC. Additionally, with the change to the CDC's ordering system, the payments to CDC should have been recorded as prepaid expenses rather than program expenses as in the past. As prepaid expenses, a periodic reconciliation to actual costs is appropriate and has now been completed.

For the above reasons, this sharp reduction in the 2018 assessment will work down the present VVPP surplus and support the goals of stability and transparency of the program. We thank the payer community for their continued support and participation in the Vermont Vaccine Purchasing Program. We also want to express our appreciation to the Vermont Department of Health for their continued efforts to strengthen the overall accuracy of information supporting the annual VVPP assessment setting process. For planning purposes, we would like payers to be aware that the 2019 assessment rate is expected to remain somewhat below normal. The 2019 assessment rate will be set in the fall of 2018. The VVPP expects that its assessment rate will return to more normal levels commencing in 2020.

The Commissioner's letter approving this change can be found on the VVPP website under the "News & Notices" section at www.VTvaccine.org. As always, please do not hesitate to contact us at any time if we can offer further assistance.