

October 10, 2014

Vermont Vaccine Purchase Program
P.O. Box 1885
Concord, NH 03302-1885

VVPP Program Savings Estimate for CY 2013

Dear Ladies and Gentlemen,

Below is an estimate of savings as result of the Vermont universal purchase of vaccines for children and adults program in 2013. Data from the state estimating vaccine purchases was used along with financial information from 2013 published reports to calculate the below estimate of savings.

Comparison Period: 1/1/2013 to 12/31/2013

A. CDC Private Sector Survey comparison costs: (Actual doses per brand x CDC Private Sector price)	\$ 10,503,780
B. VVPP Program costs:	
Cost of vaccine replenishments	\$ 7,048,696
+ Operating Expenses	98,535
+ VDH Administrative Fee	193,848
= Total 2013 Program Cost	<u>\$ 7,341,079</u>
C. VVPP Program Savings (A - B = C)	\$ 3,162,701
D. Program Savings Percentage (C / A = D)	30.11%

Notes:

1. The private sector market comparison used for each dose is an average of prices given in response to the survey conducted and published annually by the CDC. Information is not provided on volume or location purchased. This CDC survey just addresses vaccine costs. It does not include certain other costs such as management fees, financing costs or other overhead, which some providers properly include in billings. Neither does it include normal payer administration costs for individual claims administration. Hence, use of this benchmark is expected to underestimate the actual savings to Vermont payers.
2. The Program Savings Percentage is calculated on a market-wide basis. The actual savings, per insurer, could be less for those who could have purchased vaccines at a discount from the Private Sector price.
3. In any program like this it is not possible to calculate savings with 100% accuracy. There are a number of reasons for this including the fact that some providers may continue to bill for some private supply.
4. Nonetheless, we believe this is a fair representation of the cost savings to payers for the vaccines themselves. Payments to providers for administration of vaccines, of course, are completely outside of this system. KidsVax.org intends to periodically track this metric in future periods to aid VVPP work in monitoring its program effectiveness.

Sincerely,



Peter M. Smith
Financial & Internal Control Analyst



Cc: Fred L. Potter