

**Institute of Medicine, The National  
Academies, *Financing Vaccines in the  
21st Century: Assuring Access and  
Availability***

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# Charge to the Committee

- (1) Examine current arrangements for purchasing and distributing vaccines in the public and private health sectors;
- (2) Identify strategies that will ensure access to vaccines and offer incentives for the development of new vaccines;
- (3) Develop recommendations to guide federal, state, and congressional decision-making.

# Study Process

- 18+ month study
- 11 committee members
- 4 meetings
- 8 commissioned papers
- National survey of state health officials
- Expert panels: vaccine and insurance industries, public health
- Expert and stakeholder interviews

# Problems with the Current System

## DEMAND SIDE

- Fragmented financing and delivery
- Eroding private insurance coverage
- Provider burden
- Provider compensation
- Referrals from the private to the public sector
- Increasing costs
- Immunization levels – childhood and adult

# Problems with the Current System

## SUPPLY SIDE

- Few suppliers
- Regulatory costs - licensure and regulatory compliance
- R&D is healthy, but not leading to new vaccines
- Rate of return - competition for resources within pharmaceutical companies
- Federal purchase of 55% of vaccines – w/o price information
- Recent shortages

# IOM Assumptions

- Shortages are not one-time event
- Public good and spillover effects – not insurance model
- All vaccines don't have same spillover effects
- Absence of cost data
- Government purchase discourages investment

# IOM Alternative Strategies

- The current system
- Expand VFC
- Universal coverage through federal purchase
- Federal block grant to the states
- Vouchers for disadvantaged populations
- Insurance mandate
- Funded insurance mandate & vouchers
- [Regulated utility model]

# Recommendation 1

## Three key components

- a government mandate
- a government subsidy, and
- a government voucher for vaccines

# The Mandate

- All private health insurance plans.
- All public programs (Medicaid, Medicare, SCHIP, FEHBP, state medical assistance; civilian/military employees health insurance).
- All vaccine with strong spillover effects.

# The Subsidy

- The government will reimburse all private and public insurers for vaccinations.
- Reimbursement will be based on a calculation of the societal benefit of the vaccine.
- Reimbursement will include provider fees for administering vaccines.

# The Voucher

- Uninsured people will receive a voucher equivalent to the subsidy to cover the costs of each vaccine.
- Providers will submit vouchers for payment by the government.

# Recommendation 2

- Change ACIP membership and procedures to associate vaccine coverage decisions with social benefits and costs

# ACIP Changes

- Broaden mission
- Expand membership
- Calculate vaccine societal benefits and vaccine subsidies
- Enable cost-based recommendations

# Recommendation 3

- Stakeholder deliberations
- Evaluation plan
- Research agenda

# Next Steps

- Report offers a strategic framework and blueprint for change
- Not an immediate roadmap
- Implementation requires public deliberation guided by evidence

# Public Response

- Press coverage
- Editorial response
- Stakeholder groups
- Congress
- CDC and HHS