

## MEDICARE COVERAGE FOR VACCINES

### EXECUTIVE SUMMARY

The Medicare Payment Advisory Commission (MedPAC) [convened](#) a session to examine potential policy options for Medicare coverage of vaccines. In the staff presentation, the existing Medicare policy for vaccine coverage was outlined, as well as Medicare spending on vaccines in Part B and Part D. The staff highlighted the government's role in vaccination and specifically its support of COVID-19 vaccine development. The presentation also emphasized the disparities in vaccine use among Medicare beneficiaries and the need to potentially revisit the policy options for coverage for better vaccine adherence. The Commissioners universally supported the policy option that moves all vaccine coverage to Part B with no cost sharing in order to increase access, but the Commissioners suggested that a new pricing mechanism be explored to better control costs.

### STAFF PRESENTATION

**Principal Policy Analyst Rachel Schmidt** began the presentation by explaining the importance of the government in vaccinating the public, which is achieved through vaccination mandates and the support of research and development (R&D). She specifically detailed the Administration's Operation Warp Speed (OWS) and the goal of delivering a safe and effective COVID-19 vaccine by early 2021 through financing several vaccine candidates. Dr. Schmidt then detailed that the Coronavirus Aid, Relief, and Economic Security (CARES) Act requires Medicare coverage of a COVID-19 vaccine under Part B without cost sharing. This aligns with current Medicare policy in which Part B covers influenza, pneumococcal, and hepatitis B vaccines with no cost sharing and reimburses at 95 percent average wholesale price (AWP), while Part D covers all other commercially available vaccines, with some cost sharing, and reimburses at negotiated prices.

**Principal Policy Analyst Kim Neuman** then shifted the presentation to vaccine adherence among the Medicare population. She detailed that many vaccination rate goals are not being met, with only 68 percent of beneficiaries receiving the influenza vaccine. She also noted that racial and ethnic disparities exist in vaccine use among Medicare beneficiaries, with only 34 percent of Black beneficiaries and 35 percent of Hispanic beneficiaries receiving the influenza vaccine, compared to 53 percent of white beneficiaries, despite limited or \$0 cost sharing.

Next, **Principal Policy Analyst Shinobu Suzuki** revisited a 2007 MedPAC recommendation in which the Commission recommended that all vaccines be covered under Part B instead of Part D. She then detailed that given the low vaccine adherence and the importance of the COVID-19 vaccine, the Commission may want to revisit this recommendation. She presented the following three policy options for Medicare vaccine coverage:

- Option 1: Cover all vaccines in Part B only, no cost sharing;
- Option 2: Cover new vaccines for highly contagious diseases in part B with no cost sharing, and all other vaccines would be covered in Part D; and
- Option 3: Keep the current approach to vaccine coverage, but eliminate cost sharing in Part D.

#### CLARIFYING QUESTIONS

**Commissioner Bruce Pyenson** asked if the staff examined reimbursing vaccines based on Average Sales Price (ASP), instead of AWP, which is how other Part B drugs are reimbursed. Dr. Schmidt replied that vaccine manufacturers are not required to report ASP, but this change in reimbursement would require a statutory change.

#### COMMISSIONER DISCUSSION

**Commissioner Marjorie Ginsburg** expressed concern about the rate of vaccination being so low despite no cost sharing for the Part B vaccines. She stated that the Commission needs to focus more on why beneficiaries do not get immunized and why immunization rates have not improved overtime. Commissioner Ginsburg was supportive of Option 1 because of its simplicity.

**Commissioner Jonathan Jaffery** emphasized the importance of this issue and the need to advance towards greater vaccination rates. He noted that the disparities in vaccine rates among communities of color have persisted over time and there needs to be a way to report on these inequities moving forward. Commissioner Jaffery was also supportive of Option 1, but he was supportive of transitioning to better payment mechanism, such as ASP. Commissioner Pyenson also supported reimbursing vaccines based on ASP and suggested that an inflation penalty should be included.

**Commissioner Brian DeBusk** supported Option 1 and suggested that payments for vaccines be performance based, which would allow for the stratification of payments. He felt that Part D does not have the adequate tools to control costs.

**Vice Chair Paul Ginsburg** stated that it is important for vaccine coverage to be included in Part B because Part B covers more Medicare lives than Part D, and this would facilitate the greatest access to all vaccines. He also supported a better approach to purchasing vaccines in Part B.

**Commissioner Karen DeSalvo** also expressed support for Option 1, but also wanted to stress the importance of concurrently receiving future COVID-19 vaccines and influenza vaccines. She also wanted to ensure that current Medicare policy allows for coverage of vaccines that are authorized through Emergency Use Authorization (EUA).