

## Chapter 1

## Section 38

# Reimbursement of State Vaccine Programs (SVPs)

Issue Date: November 29, 2017

Authority: [32 CFR 199.6\(d\)\(5\)](#); [32 CFR 199.14\(j\)\(4\)](#); National Defense Authorization Act for Fiscal Year 2017 (NDAA FY 2017, Public Law (PL) 114-328)

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### 1.0 DESCRIPTION

**1.1** Dosage Based SVPs were established as TRICARE-authorized providers effective May 20, 2014. Section 719 of the NDAA FY 2017 (PL 114-328), signed into effect on December 23, 2016, authorized the Secretary of Defense to reimburse Per Capita Based SVPs for the purchase of vaccines for TRICARE-covered beneficiaries. Per the NDAA, the reimbursement amount with respect to each state's SVP shall be the amount assessed by the entity carrying out such program to purchase vaccines provided to TRICARE beneficiaries. The reimbursed amount is limited and may not exceed the amount the Department would reimburse an authorized provider for covered vaccines provided to TRICARE beneficiaries.

**1.2** In general, funding of Per Capita Based SVPs deviates from the standard fee-for-service reimbursement methodology in place under the TRICARE program (i.e., reimbursement based on an allowable charge methodology, submitted on an authorized claim form, for services rendered by a TRICARE authorized provider, for a TRICARE beneficiary). A capitated per-covered life assessment methodology is being adopted by TRICARE for the reimbursement of these SVPs. This will allow payment of an assessed fee for the purchase of vaccines based on the proportional allocation of state vaccine-eligible children and adults covered under TRICARE; i.e., based on the number of state vaccine eligible children and adults reported by TRICARE to the state for an assessment period. In some SVPs, the assessments will be based on the projected number of TRICARE users of the SVP, while in others it will be based on a concurrent or retrospective number. The approaches vary by state. A dosage-based vaccine assessment methodology is being used for those SVPs which require individual providers who receive SVP-supplied vaccines to file per-dose claims on their behalf (e.g., the Washington State Vaccine Association (SVA) uses a dosage-based approach for reimbursement).

**1.3** The Per Capita based SVP portions of this Section do not apply to the TRICARE Dual Eligible Fiscal Intermediary Contract (TDEFIC) or TRICARE Overseas Program (TOP).

### 2.0 POLICY

#### 2.1 Dosage-Based Child Vaccine Assessment Methodology For Child Vaccines

**2.1.1** For information on Dosage Based SVPs as authorized providers, see TPM, [Chapter 11, Section 9.2](#). Under the dosage-based assessment methodology, each state vaccine entity (e.g., a designated state department, vaccine association or vaccine board) releases a vaccine price list for each

vaccine that is covered through its program. This price list, known as the dosage-based assessment fee, is based on bulk-vaccine rates the state is able to receive from either the Centers for Disease Control and Prevention (CDC), or negotiations with distributors. The vaccine price list is updated by the state and lists the Current Procedural Terminology (CPT) code for the vaccine, name of the vaccine, and corresponding price for each vaccine. The Defense Health Agency (DHA) will use a website for correspondence of the dosage based assessment fee (price list) with the contractors. The website is found here: <https://health.mil/SVP>. The dosage-based assessment pricing grid for the state of Washington may include an adjustment to the grid price to reflect a percentage increase assessed by the Washington state vaccine association for payers who do not complete settlement reports, as long as this assessed percentage is consistent with the NDAA FY 2017 Section 719 limitations

**2.1.2** Providers, clinics and hospitals send vaccine orders to the state, and the state then purchases the vaccines at the bulk discounted rate and delivers them to the providers.

**2.1.3** Providers administering state-supplied vaccines submit two claims to insurers: one using the provider's tax identification number for administration of the vaccine, and one with the state vaccine entity's provider number for the vaccine itself with the dosage-based assessment charge from the state supplied vaccine price list and vaccine CPT code. The SVP shall only be reimbursed for supplied vaccines that are used to immunize TRICARE beneficiaries, and only for those vaccines covered under TRICARE. Any other SVP charges (e.g., professional or administrative fees) shall be denied. The vaccine administration fee is charged separately from the vaccine amount by the provider, and not the SVP, and this amount may be reimbursed by TRICARE when the appropriate claim form is submitted.

**2.1.4** A request for reimbursement of dosage-based vaccines must be on an appropriate claim form as prescribed in [32 CFR 199.7](#). Submitted claims must be for a specific vaccine used to immunize a specific TRICARE beneficiary. In addition, all other TRICARE claims filing requirements must be met, with the exception of TRICARE's requirement for a National Drug Code (NDC) to be on the claim. In other words, the SVP is exempt from the TRICARE reporting requirement to include the NDC for vaccines that do not appear on the Medicare pricing file [i.e., the additional coding requirement for pricing of vaccines at the Average Wholesale Price (AWP)]. This SVP is exempt from the NDC coding requirement because the SVP uses dosage-based price list by CPT code, versus NDCs. The claim must include the National Provider Identifier (NPI) for the SVP and the SVP dosage-based price must be included as the billed charge on that claim. In dosage-based states, claims for vaccines furnished by the SVP shall not be reimbursed to providers other than the SVP, although other providers shall be reimbursed for vaccine administration associated with administering vaccines furnished by the SVP.

**2.1.5** Dosage based providers may be certified as authorized TRICARE providers under [32 CFR 199.6\(d\)\(5\)](#). See TPM, [Chapter 11, Section 9.2](#).

## **2.2 Per Capita Based SVP Assessment Methodology**

**2.2.1** Under the per-covered life assessment methodology for child vaccinations, each state calculates a quarterly or annual assessment amount that would cover the average patient in the state for state-supplied vaccination costs. The assessment amount is calculated based on the number of covered lives reported by insurers, vaccine prices that the state is able to get via bulk orders through the CDC or distributors, and any operating and registry expenses or statutory add-on amounts to cover vaccine stock and availability of any state and federal funds. The state vaccine supply costs are calculated by either a department within the state, a non-profit state vaccine association, a state

assessment board, or outside organization, and invoiced to TRICARE for payment on either a quarterly or annual basis in the form of an assessment or vaccine purchasing pool fee.

**2.2.2** The state (or designated authority) will typically request the number of covered lives from each payor in the state at a designated time(s) in the year, and then use that data to calculate either an annual or quarterly assessment amount. These assessment amounts will be provided to TRICARE on an annual or quarterly basis.

**2.2.3** Each individual SVP calculates assessment amounts differently, and may also report their assessment amounts in different ways. Consequently, the contractors shall establish a process with each individual state assessment entity in their respective regions to ensure accurate reimbursement. Such process shall establish procedural protocols for the reporting and payment of TRICARE beneficiaries covered under the SVP. Such a process shall include, at a minimum, the designation of a liaison or contact person within each of the state assessment entities who can provide a comprehensive overview of their assessment process, addressing such questions as:

- What forms (online, survey or physical forms) or online websites are to be used for reporting TRICARE per-covered lives;
- How assessments are calculated;
- How assessment fees are billed/invoiced;
- When assessments are due and who is responsible for their calculation (the state assessment entity or the payer);
- Where payments are to be submitted (Vaccine Trust, Department of Insurance, Department of Health, etc.);
- Whether there are online assessment calculation worksheets available for review and analysis); and
- When upcoming annual assessment rates are posted for payers.

The contractor shall utilize [Addendum C](#) which describes the process for reimbursement of the SVPs, including SVPs that supply adult vaccines, with the explicit understanding that there are specific time intervals for reporting covered lives and payment of SVP assessment amounts by state and these time frames may be subject to change. This further supports the need for ongoing interactions between the contractors and individual state assessment entities in establishing up-to-date procedural protocols for the reporting and payment of TRICARE beneficiaries covered under SVPs.

**2.2.4** As additional SVPs are added or as individual SVPs modify their procedures, the contractor shall create processes in accordance with this paragraph, [Addendum C](#), and any new state procedures as appropriate, to ensure reimbursement is made to the SVP in accordance with this policy, to include applying the respective assessment and capped reimbursement. The contractor shall establish protocols for reporting and assessment payment with each individual state SVP in its region.

**2.2.5** DHA will provide appropriate population estimates that would be eligible for the vaccine supply in the state. To accommodate this ongoing reporting requirement, DHA will provide the

contractors with the number of TRICARE-reliants in each state subject to each capitated per-covered life SVP on either a quarterly or annual basis in accordance with the time frame used by each SVP. The term “reliants” refers to a subset of TRICARE eligible beneficiaries who are dependent on TRICARE for the coverage/reimbursement of vaccines under the well-child and preventive benefits. All TRICARE Active Duty Family Members (ADFM)s are considered to be reliant on TRICARE as their primary form of insurance. DHA will estimate the percentage of TRICARE non-Active Duty Dependent (ADD) reliants annually, and exclude any non-ADDs who are not reliant on TRICARE as their primary form of insurance in their covered lives population estimate. Since the vast majority of Military Treatment Facility (MTF)/Enhanced Multi-Service Market (eMSM)-Prime enrollees obtain their vaccines in the MTF/eMSM setting versus a purchased care setting, the number of covered lives reported to the SVPs will be limited to those child (age 0-18) reliants that are not enrolled as MTF/eMSM-Prime. Active Duty Service Members (ADSM)s under the age of 19 are also excluded from the reliant population calculation. DHA will use a website for future correspondence of the number covered lives with the contractors. The website is found here: <https://health.mil/SVP>.

**2.2.6** The contractors will correspond with each state SVP to report the number of TRICARE vaccine-eligible covered lives on either an annual or quarterly basis through whichever means the state decides (i.e., web portal, hard copy, online survey, etc.).

**2.2.7** The SVP assessment calculation process varies by state and the contractor shall use the calculation method required by each state and each respective SVP. For example, in some states the TRICARE contractors may have to self-report their assessment calculations reported during the assessment period, while in another state, TRICARE may be asked to submit the number of covered lives for the year or quarter, and the contractors will be automatically invoiced for the total assessment amount in order to eliminate any administrative burden on the Program.

**2.2.8** There may also be differences in when state assessment amounts are due for payment; i.e., some states invoice payers quarterly, while other states invoice payers annually. Again, the contractor shall comply with the reporting period used by each state and each respective SVP.

**2.2.9** Per the statutory limitation, state SVP per-covered life assessment amounts shall not exceed what would have otherwise been reimbursed under the TRICARE benefit (i.e., the allowable charge reimbursement that would otherwise be allowed for vaccines under the TRICARE well-child and preventive benefits). As a result, TRICARE SVP reimbursements are capped at the amount equal to the average amount for vaccinations paid for each TRICARE reliant by TRICARE in states that do not offer SVPs. The DHA will be responsible for calculating the average non-SVP state per-reliant capped payment amount for vaccines for each quarter using TRICARE allowed amounts and covered lives. The per capita capped amount shall be determined by dividing the number of TRICARE non-MTF/eMSM-Prime enrolled reliants age 0-18 in states that do not offer SVPs by the total allowed amounts for vaccinations provided to non-MTF/eMSM Prime enrolled TRICARE beneficiaries in states that do not offer SVPs. The TRICARE per capita capped payment amounts will be provided by DHA to the contractors on a quarterly or annual basis depending on each respective SVPs reporting period. The contractors shall compare the per capita SVP invoiced assessment amount to the TRICARE per capita capped amount.

**2.2.10** If the state’s SVP per capita assessment amount is less than the TRICARE per capita capped amount, the contractor shall reimburse the SVP its invoiced amount. If, however, the SVP per capita assessment amount is greater than the TRICARE per capita capped payment amount, the contractors shall calculate the total TRICARE assessment amount to be paid to the SVP for the time period using the

TRICARE per capita capped payment amount. The contractors shall communicate with those states for which their assessment amount is higher than the TRICARE per capita capped payment amount to ensure that they understand the statutory restrictions on payment of SVPs under the TRICARE Program. The ongoing verification process will ensure that TRICARE is not paying more than it would under its standard allowable charge methodology, as well as compliance with the statutory limitation.

### **2.3 Alternative SVP Assessment Methodology Used By Massachusetts For Child Vaccines**

**2.3.1** Massachusetts uses an alternative approach to fund its Pediatric Vaccine Trust program. The trust is funded by all payers in the state who pay for acute care and/or ambulatory surgical center services. The state's Pediatric Vaccine Trust assessment amount is known as the Pediatric Immunization Program Assessment (PIPA). Each payer's PIPA is calculated as a percentage of their total paid amounts made to acute care hospitals, hospital outpatient department facility charges, and freestanding Ambulatory Surgery Center (ASC) facility charges during a three-month period designated annually by the state. The PIPA percentage is determined each year by the state by dividing the total amount collected for the Massachusetts vaccine program by the total projected payments from payers in the year. The PIPA payment amount is submitted to the state by each payer, and then enters the Pediatric Vaccine Trust fund.

**2.3.2** In order to accommodate Massachusetts' unique assessment methodology, DHA will calculate the total TRICARE paid amounts made to Massachusetts acute care hospitals, hospital outpatient department facility charges, and freestanding ASC facility charges for the three-month period designated by the Massachusetts Vaccine Association to determine the annual PIPA amount. The total amounts include all paid claim amounts for ADSMs, ADDs and non-ADDs less than 65 years of age. This total amount includes government paid amounts for patients with other health insurance, except payment for Medicare eligible beneficiaries [e.g., dual eligibles under TRICARE For Life (TFL)] and includes an estimate of Diagnosis Related Group (DRG) capital and direct medical education payments made by TRICARE to Massachusetts hospitals.

**2.3.3** DHA will identify the appropriate PIPA surcharge percentage for the time period (as designated by the state), and multiply this percentage by the total TRICARE paid amounts in the three month period. This amount will then be provided to the contractor in order to be paid to the state.

### **2.4 Per Capita Based SVP Adult Assessment Methodology**

**2.4.1** For states with current adult state vaccine programs, the adult SVP assessment methodology is similar to the child per-covered life assessment methodology noted in [paragraph 2.2](#). The contractor shall reimburse states with adult SVPs for all TRICARE non-MTF/eMSM Prime ADFM and non-ADD beneficiaries, and all retired beneficiaries over the age of 65 that have TRICARE as their primary payer, and that are the appropriate age that is covered by the SVP, on either an annual or quarterly basis. DHA will calculate the number of covered lives in the state using the same methodology as in [paragraph 2.2](#) for children. A state-specific adult TRICARE per capita amount will be calculated because one state may provide different adult vaccines than another state (for example, some adult SVPs supply the Shingles vaccines while other adult SVPs do not). DHA will exclude any vaccines that are reimbursed by Medicare for Medicare-eligible beneficiaries in their calculation, if the state supplies vaccines to Medicare-eligible beneficiaries. DHA will provide both the adult reliant population and adult per capita capped payment amount information by state to the contractors in order for them to report to each SVP at the dates requested by the SVP.

**2.4.2** The contractors shall identify whether the SVP adult state-specific per capita assessment amount that has been invoiced is greater than the calculated TRICARE adult per capita capped payment amount. If the SVP per capita quarterly assessment amount is less than the TRICARE per capita quarterly capped payment amount, the contractors will pay the SVP invoiced amount. If, however, the SVP per capita amount is greater than the TRICARE per capita capped payment amount, the contractor will calculate the total TRICARE assessment amount to be paid to the SVP for the quarter by multiplying the number of TRICARE adult reliant in the state by the TRICARE per capita adult state-specific capped payment amount. The contractors will then be responsible for submitting the appropriate payment to the SVP.

**2.4.3** Each TRICARE contractor shall establish processes with individual state assessment entities in its region to ensure the accurate reporting and reimbursement of TRICARE beneficiaries covered under adult SVPs.

## **2.5 Remittance Of Per Capita Based (For Alternative) SVP Assessment Amounts**

**2.5.1** Remittance of assessment fees will not require submission of an appropriate claim form as prescribed in [32 CFR 199.7](#), since payment is based on the anticipated proportional allocation of state vaccine-eligible beneficiaries during a prescribed assessment period; i.e., based on a projected number of state vaccine-eligible beneficiaries reported by TRICARE contractors during an assessment period. The assessment amount may either be self-initiated, where the contractor simply multiplies a posted state assessment rate by the number of state vaccine-eligible beneficiaries (TRICARE reliant) under its coverage during a prescribed assessment period (e.g., on a quarterly or annual basis), or it may be calculated automatically by the state assessment entity and invoiced to TRICARE for payment. The contractors will have to set up internal payment procedures to accommodate each of the SVPs under its jurisdiction; e.g., payment of invoiced assessments via check or electronic transfer in accordance with established payment protocols between each of the SVPs and TRICARE contractors.

**2.5.2** The contractors shall submit the SVP assessment amounts to DHA for payment on a voucher in accordance with requirements of the Contract Data Requirements List (CDRL) located in Section G of the contract. The voucher shall be sent electronically to the DHA Contract Resource Management (CRM) Office before payments are released. The vouchers should contain the following information: SVP assessment entity name, address, provider number, and the assessment amount to be paid.

## **2.6 Authorization Of State Assessment Entities**

State assessment entities under the dosage-based model above or the Per Capita Based (or Alternative) model, shall be recognized as TRICARE-authorized suppliers under [32 CFR 199.6\(d\)\(5\)](#), which allows provider status for any firm, supplier, or provider that is an authorized provider under Medicare or is otherwise designated as authorized by the Director, DHA. The statutory authority to reimburse state assessment entities under the capitated per-covered life assessment model is provided by NDAA FY 2017.

## **3.0 EFFECTIVE DATE**

April 1, 2018.

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