Removing Out-of-Pocket Costs for Adult Vaccines in Arkansas

AVAC
ADULT VACCINE ACCESS COALITION

The benefits of vaccines are well-known and documented, including disease prevention and economic benefits. Historically, many states did not provide comprehensive coverage of adult vaccines, hindering vaccination uptake and resulting in higher rates of vaccine-preventable morbidity and mortality. Beginning October 1, 2023, state Medicaid programs are required to provide all Advisory Committee on Immunization Practices (ACIP)-recommended vaccines at no cost to adults enrolled in the program.[1] States that implement these requirements, promote the removal of out-of-pocket (OOP) cost-sharing for adult vaccines and encourage vaccination among Medicaid-eligible adults could realize millions of dollars in annual cost savings.

Arkansas serves as an example of the potential cost savings states could realize through effective implementation and promotion of the new requirements. Arkansas has provided adults with comprehensive vaccine coverage since it authorized Medicaid expansion in 2014. As a result, the state eliminated coverage and cost barriers to adult vaccination, including the Shingles, Tdap, Hep B, and Pneumococcal vaccines.

This action has significantly reduced the incidence of the associated vaccine-preventable diseases, generating as much as

$2.01 MILLION

IN DIRECT MEDICAL COST SAVINGS

annually in Arkansas' state Medicaid program.[2]

ARKANSAS FINDINGS

Arkansas adopted Medicaid expansion in 2014, allowing the state to provide low-income adults and parents with access to comprehensive and affordable health insurance coverage through Medicaid. As a result, Arkansas currently provides health insurance coverage through Medicaid to adults in a three-person household, earning up to 138% of the federal poverty level (FPL), which is equivalent to $34,307 per year before state or federal taxes.[3,4] Over 367,000 adults were enrolled in the Arkansas Medicaid program in 2022.[5]

Following Medicaid expansion, Arkansas Medicaid has provided adults with access to comprehensive vaccine coverage – Medicaid covers the Shingles, Tdap, Hepatitis B, and Pneumococcal vaccines at no cost to eligible adults. The expansion allows Arkansas to generate as much as $2.01 million in savings in direct medical costs each year, the majority of which can be attributed to savings in treating Pneumococcal

Figure 1: Estimated Annual Direct Medical Cost Savings from Covering Select Vaccines for Adults in Arkansas Medicaid[2]

Vaccine	Cost Savings
Shingles	$0.5 million
Tdap	$0.01 million
Hep B	$0.4 million
Pneumococcal	$1.1 million
Total	**$2.01 million**

disease ($1.1 million) and Shingles ($0.5 million) (Figure 1). While the state has made considerable strides in improving vaccine access among Medicaid-eligible adults, Shingles and Pneumococcal vaccination uptake rates within the Arkansas Medicaid population are the lowest among the four vaccines. As other states begin to offer these vaccines at no cost to Medicaid-eligible adults, Arkansas should continue to encourage and promote vaccination among eligible adults to further increase vaccination rates and reduce spending on vaccine-preventable diseases like Pneumococcal disease.

CONCLUSION

Through Medicaid expansion, Arkansas has eliminated cost sharing for recommended adult vaccines, ensuring that recommended vaccines are affordable and accessible for countless adults in the state. As a result, Arkansas has made progress toward increasing vaccination uptake, reducing the incidence of vaccine-preventable diseases and decreasing associated treatment costs. The state has realized tens of millions of dollars in direct medical cost savings, as well as indirect medical cost savings.[6] Arkansas demonstrates the fiscal and health-related benefits of expanding Medicaid coverage and ensuring equal vaccine access for low-income adults and serves as an example for the remaining 10 states that have not yet adopted Medicaid expansion.

ABOUT THIS ANALYSIS

The Adult Vaccine Access Coalition (AVAC) partnered with FTI Consulting to examine the potential impact of removing out-of-pocket cost sharing for four ACIP-recommended vaccines for adults eligible for Medicare Part D and Medicaid coverage. FTI modeled potential cost savings by estimating the number of disease incidences prevented and treatment costs avoided due to increased vaccine uptake.[2] The state-level analysis examined factors such as vaccine coverage and disease incidence related to Shingles, Tdap, Hepatitis B, and Pneumococcal vaccination.

[1] Centers for Medicare & Medicaid Services State Health Official Letter, June 27, 2023. https://www.medicaid.gov/sites/default/files/2023-06/sho23003.pdf

[2] Cost savings were realized as a result of increased vaccination and subsequently reduced incidence of related diseases and avoided treatment costs; cost savings estimates are based on annual direct medical costs after disease diagnosis. Vaccine costs were not considered. Cost savings prior to October 2023 were not considered.

[3] Author's calculations using https://www.kff.org/health-reform/state-indicator/medicaid-income-eligibility-limits-for-adults-as-a-percent-of-the-federal-poverty-level/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

[4] Arkansas Medicaid income eligibility limit for parents in a family of three.

[5] "Medicaid Coverage Rates for the Nonelderly by Age," KFF, 2022. https://www.kff.org/medicaid/state-indicator/nonelderly-medicaid-rate-by-age/?dataView=1&currentTimeframe=0&selectedDistributions=adults-19-64&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

[6] Bryce Ward, "The Impact of Medicaid Expansion on States' Budgets," Commonwealth Fund, May 2020. https://doi.org/10.26099/5q66-1k77