



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



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.

Removing coverage and cost barriers to four vaccines (Shingles, Tdap, Hep B, and Pneumococcal) for adults eligible for Medicaid was found to decrease the incidence of the associated vaccine-preventable diseases significantly and could generate up to

\$5.6 MILLION IN SAVINGS

annually in Texas' state Medicaid program.

Figure 1: Out-of-Pocket (OOP) Costs of Vaccines as a Percentage of Texas Medicaid Enrollees' Annual Income (16% of FPL) Compared to Annual Direct Medical Costs of Disease After Diagnosis

Vaccine	Medicaid OOP Cost for Vaccine Series Completion	OOP Cost as a Percent of Annual Income (\$3,978) ²	Annual Direct Medical Costs After Diagnosis ³
Shingles (2 doses)	\$8	0.2%	\$2,319
Tdap (1 dose)	\$3	0.07%	\$2,340 ⁴
Hep B (3 doses)	\$21	0.5%	\$760 for acute Hep B; \$71,310 for chronic Hep B
Pneumococcal (1 dose)	\$6	0.1%	Up to \$920 for all-cause Pneumonia; up to \$17,123 for invasive Pneumococcal disease

TEXAS FINDINGS

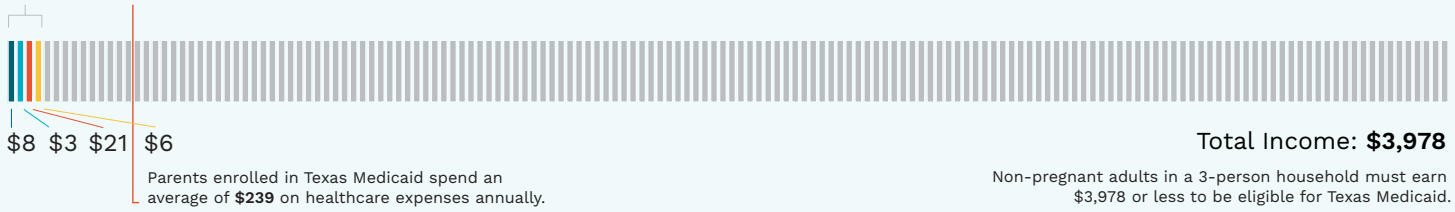
Currently, Texas provides health insurance coverage through Medicaid to adults in a three-person household earning up to 16% of the federal poverty level (FPL), which is equivalent to \$3,978 per year before state or federal taxes.⁵ Over 1.4 million adults were enrolled in the Texas Medicaid program in 2022.⁶

Previously, Texas Medicaid did not cover the Pneumococcal, Shingles, Tdap, or Hepatitis B vaccines without cost sharing for eligible adults. The out-of-pocket cost associated with these adult vaccines are a financial barrier to vaccination for Medicaid-eligible adults. Enrollees' limited income would make it difficult to afford these vaccines in addition to many basic necessities such as food, housing, and transportation (Figure 1). For example, parents enrolled in Texas Medicaid spend an average of \$239 on healthcare expenses annually,⁷ nearly 16% of which would go toward paying for all four vaccines.

Total Medicaid Out-of-Pocket Costs for Vaccines

Total Cost of Four Vaccines: **\$38**
16% of Annual Health Expenses /
1% of Annual Household Income

■ Shingles (2 doses) ■ Tdap (1 dose)
■ Hepatitis B (3 doses) ■ Pneumococcal (1 dose)



Shingles and Pneumococcal vaccination uptake rates among the Medicaid population are the lowest among the four observed vaccines. As a result, incidence rates of Shingles and Pneumonia are higher than other related diseases at over 4,000 and over 64,000 cases, respectively. If low vaccination uptake rates continue, **Texas could incur over \$17,000 in annual direct medical treatment costs per patient diagnosed with invasive Pneumococcal disease** (Figure 1).

CONCLUSION

By improving vaccination coverage, the state of Texas has the opportunity to realize millions of dollars in cost savings resulting from increased vaccination uptake and reduced incidence of vaccine-preventable diseases and associated treatment costs.

First-dollar coverage of recommended vaccines for adults enrolled in Medicaid will make them affordable and accessible for countless individuals while generating millions of dollars in cost savings for the state. However, to fully reap these benefits, states will not only need to swiftly and adequately implement the new vaccine policy provisions but must also work to actively encourage vaccination and increase vaccination rates among eligible adults.

As Texas works to fully implement the new Medicaid adult vaccine policy provisions, there are a few key factors policymakers should consider.

- The state’s Medicaid agency should be aware of the estimated number of Medicaid enrollees that will gain access to vaccination coverage and prepare outreach and communication to inform enrollees that all ACIP-recommended vaccines will be covered without cost-sharing and encourage them to get vaccinated.
- States should ensure that payers, primary care practices, pharmacies, and other vaccine administrators have the information, tools, and resources needed to cover, administer, document/report, and remind adults enrolled in Medicaid about the vaccine coverage expansion.
- States should consider that any delay in implementing the new vaccine policy provisions and ensuring the vaccination of eligible adults will prevent the state from realizing millions of dollars in cost savings. State officials should act with urgency to deploy a coordinated approach to implementation.

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.⁶ 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 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%22colld%22:%22Location%22,%22sort%22:%22asc%22%7D>

³ Costs incurred to both insurance plans and patients.

⁴ The Tdap vaccine is recommended for women during pregnancy to reduce transmission of Pertussis to the infant and to provide the infant with protective antibodies at birth. The incidence of Pertussis is higher in infants than in pregnant women and other groups, and infants are also at higher risk of severe illness due to Pertussis compared to other patients. Therefore, although the table displays the cost of adult vaccination, the annual direct medical costs displayed in this table solely reflect those incurred to treat Pertussis in infants.

⁵ Texas Medicaid income eligibility limit for parents in a family of three.

⁶ “Medicaid Coverage Rates for the Nonelderly by Age,” KFF, 2022. <https://www.kff.org/medicaid/state-indicator/nonelderly-medicaid-rate-by-age/?dataView=1¤tTimeframe=0&selectedDistributions=adults-19-64&sortModel=%7B%22colld%22:%22Location%22,%22sort%22:%22asc%22%7D>

⁷ Household Health Spending Calculator, Peterson-KFF Health System Tracker, 2019. https://www.healthsystemtracker.org/household-health-spending-calculator/?_sft_hhsc_insurance=medicaid&_sft_hhsc_size=single&_sft_hhsc_income=15000&_sft_hhsc_health=worse-health

⁸ 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.

Figure 2: Estimated Annual Direct Medical Cost Savings from Covering Select Vaccines for Adults in Texas Medicaid⁸

Vaccine	Cost Savings
Shingles	\$1.3 million
Tdap	\$0.1 million
Hep B	\$1 million
Pneumococcal	\$3.2 million
Total	\$5.6 million