



# The Business of Providing Vaccines

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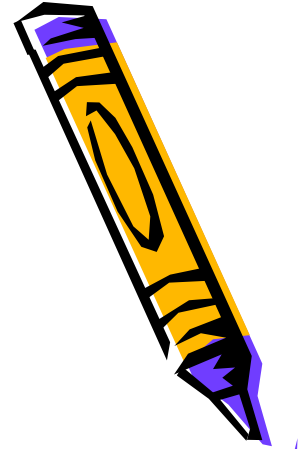


President, Alabama Chapter  
of the American Academy of Pediatrics

# Vaccines are BIG!

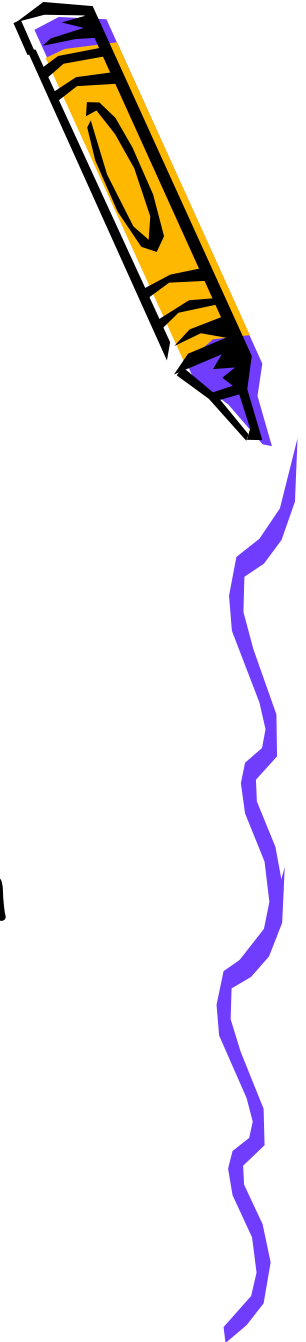
Consume a lot of money  
Consume a lot of time  
Consume a lot of energy

Disproportionate share of public health  
burden is carried by pediatricians and  
family physicians



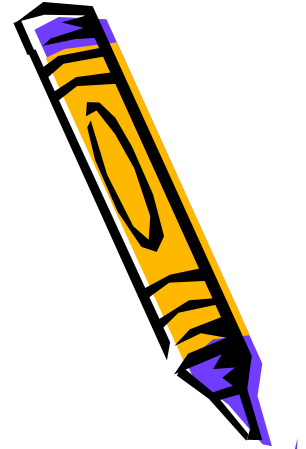
# Public Health and Private Offices

- 85% of all pediatric vaccines are given in private offices or private/public clinics
- Only 15% are given in public health clinics.



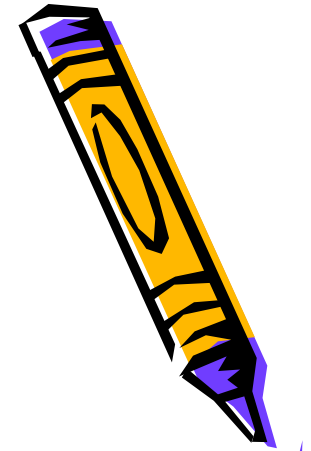
# Vaccines: Explosion in Number and Cost

- 1985: 10 vaccines with cost of \$45 to \$115.
- 2008: 32-35 vaccines with cost of \$900 to \$1700 (excluding flu)



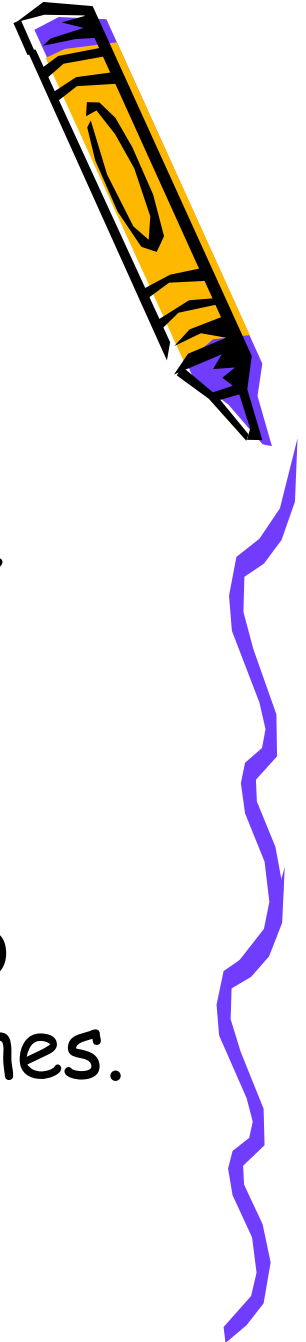
# Vaccines are Cost-Effective and Life-Saving

- Yearly save \$10 billion in direct costs and \$43 billion in societal costs
- For each birth cohort, prevent 14 million cases of vaccine preventable diseases and 33,000 vaccine-preventable disease-related deaths



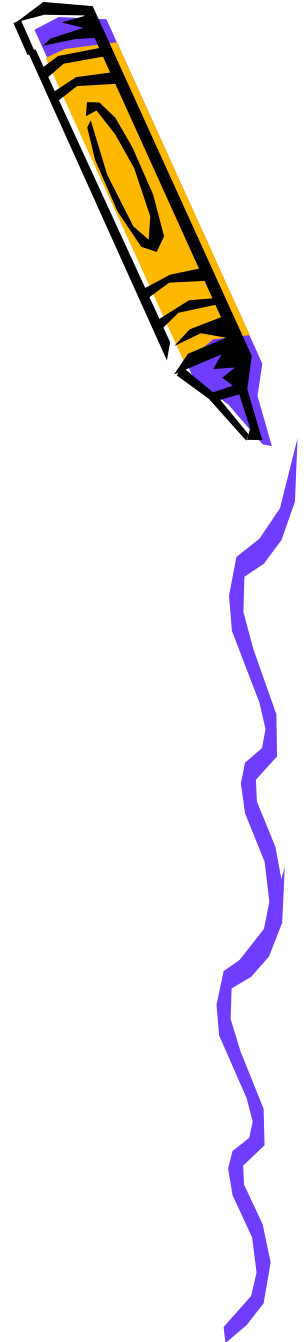
# Vaccines and Business

- Explosion of vaccines has put increased burdens on primary care physicians, primarily pediatricians.
- Payments for vaccines and their administration are not adequate to cover the costs of providing vaccines.



# Business and Vaccines

- A product's selling price is the purchase price plus overhead plus profit.
- Payments for vaccines and vaccine administration need to cover the costs.
- No Margin, No Mission



# Total Vaccine Product Cost

- Cost of vaccine product purchase
- Ordering and inventory management
- Refrigeration/temperature monitoring
- Insurance
- Lost/wasted/unpaid
- Capital costs (lost opportunity)

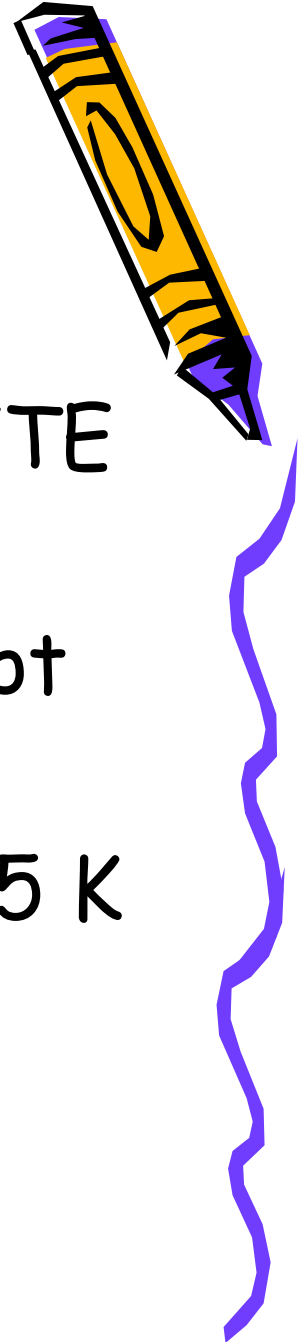
• Profit??





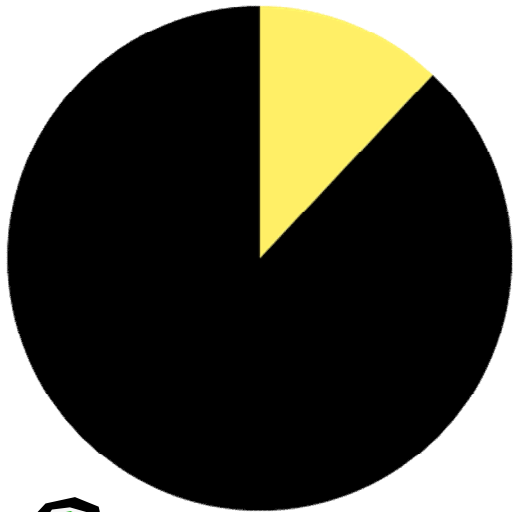
# Lost Opportunity Costs

- Large inventory: \$10 - \$15 K per FTE provider (\$100 - \$150 K/year)
- Delay between purchase and receipt of payment
- Lost use of capital: Approx \$3 - \$5 K per FTE provider



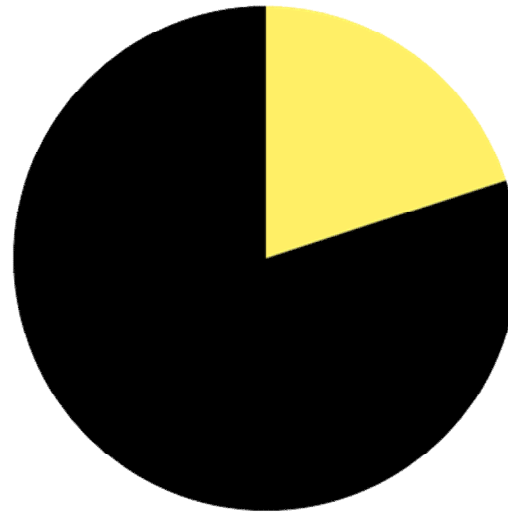
# Vaccine Revenue and Expense

Practice Revenue  
Vaccines 12%

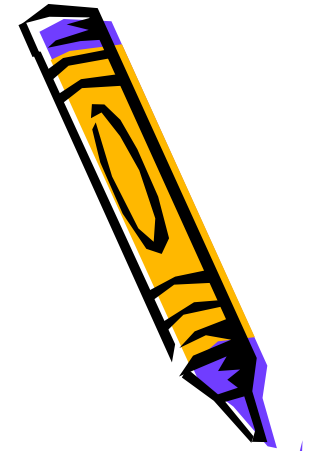


■ Vaccines  
■ Other

Practice Expenses  
Vaccines 20%

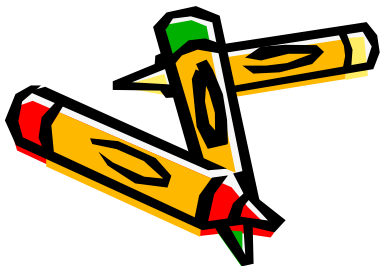


■ Vaccines  
■ Other



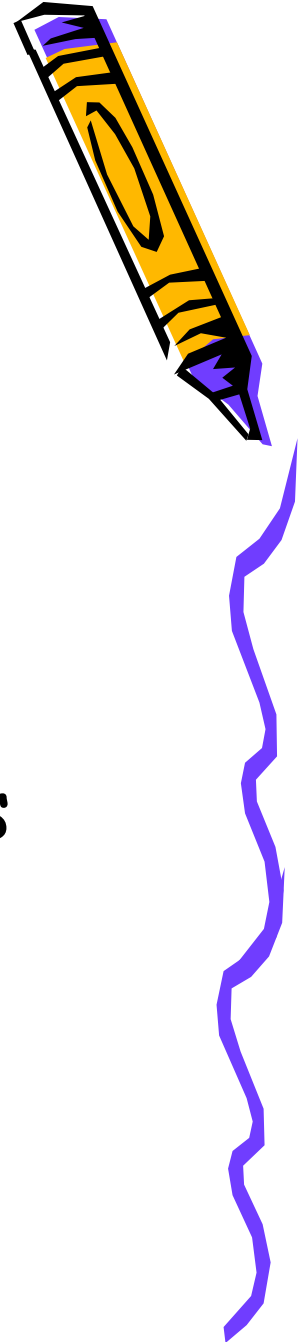
# Bottom Line: Vaccine Product

- Expenses to provide vaccines are 15 - 25% over the purchase price of vaccines.
- Expenses to provide public vaccines less but include ordering, inventory, storage requirements.
- Insurers do NOT recognize these expenses currently.



# Vaccine Administration Code Includes:

- Informed consent (provider time)
- Nursing time (prep, administration, recording, recall)
- Table paper/exam table/alcohol pads
- OSHA needle/syringe
- CDC information sheet



"Any service provided  
at a loss  
multiplied by volume  
is bankruptcy."

Joseph Atkins "Joe" Leming, MD, FAAFP  
Prime Care Family Practice  
Colonial Heights, Virginia

