



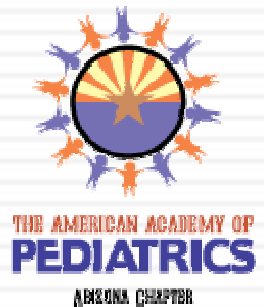
THE AMERICAN ACADEMY OF
PEDIATRICS

ARIZONA CHAPTER

ALOHA!

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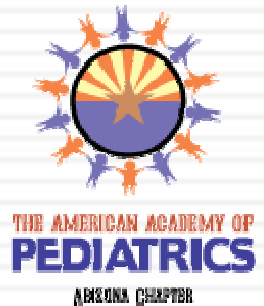
Disclosures

- Dr. Gonzalez has no disclosures
- Ms. Braga has no disclosures



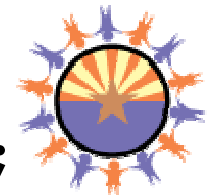
Vaccine Financing and Immunization Advocacy

Vaccines are the most cost-effective
and successful preventative care
modality we have in modern medicine!



Money saved on Direct Medical and Societal Costs

- Every vaccine saves money!
- \$1 spent on MMR saves \$21¹
- \$1 spent on DTaP saves \$24²
- 2008 Measles outbreak in AZ's Pima county cost ³ :
 - ▣ 12,000 employee hours
 - ▣ 2,000 volunteer hours
 - ▣ Total cost of \$836,556 for the outbreak!!
- 2005 survey-saved \$10 billion in direct costs; \$42 billion in societal costs ⁴



Concerning Surveys

- 2008 AAP survey: 11% of pediatric healthcare providers seriously considered ceasing to give vaccines.
- 2007 AzAAP Pediatric Council survey:
 - 8/10 practices lost money giving vaccines
 - 4/7 practices lost money administering vaccines
 - 5/7 practices lost money when vaccine and administration were added together
 - 6 practices lost money providing and administering vaccines from ALL payors surveyed



Concerning Surveys

- 2010 AzAAP/ AZ Partnership for Immunizations Survey:
 - 50% of AZ vaccine providers referred privately-insured patients to a location outside their practice for vaccinations
 - 46% referred so because they were not reimbursed adequately for the vaccine



Insurances' Pediatric Costs in Arizona

- National AAP study 2008
 - Insurance cost \$49.07/ pediatric member
 - Of the \$49.07, vaccines represented \$4.68 (9.5%)

- A small amount compared to :
 - the money saved
 - the premiums paid



Health Care Payments

- Patients < 21 years of age account for 30% of the population⁷
- They account for only 12% of the health care payments⁸



Advocacy in Arizona – Education of Insurers

- Since 2008, the AzAAP Pediatric Council has met face-to-face with medical directors of major health insurers 6 times
- All meetings provided update on vaccines
- After each meeting, medical directors met individually with 2 Pediatric Council representatives to review plan-specific information



Advocacy in Arizona – Letters & Emails

- Since 2008 AzAAP Pediatric Council has notified major AZ insurers about:
 - ▣ All Vaccine Price Increases
 - ▣ Introduction of all new vaccines
 - ▣ Introduction of new vaccine administration codes
- Also provide membership with template letters so they can notify insurers they contract with



Payer Name
Payer Medical Director
Payer Address Line 1
Payer Address Line 2
City, State, Zip

Dear _____:

We are writing this letter to notify you that Merck has increased the price of the MMR, Varicella, Rotateq, and ProQuad (MMR-V) vaccines as of 10/20/2011. Additionally, Pfizer has increased the price of Prevnar13 as of 11/1/2011. See the table below for details on the price changes.

Vaccine	CPT Code	Previous Price	New Price	\$ Change	% Change
MMR	90707	\$50.16	\$52.07	\$1.91	3.8%
MMR-V	90710	\$133.93	\$139.17	\$5.24	3.9%
Varicella	90716	\$83.77	\$87.10	\$3.33	4.0%
<u>Rotateq</u>	90680	\$69.59	\$72.34	\$2.75	4.0%
Pevnar13	90670	\$114.15	\$120.95	\$6.80	6.0%

Vaccines are an important preventative medical service that benefits all members of your company and pediatricians cannot afford to lose money in their businesses when providing this service. We are aware that our professional association, The Arizona Chapter of the American Academy of Pediatrics (AzAAP), also recently notified you of this price increase. We stand with our association and remind you that studies by the national AAP as well as one by the AzAAP indicate that a payment of approximately 21% above CDC Private Sector List Price is necessary to cover pediatricians' inherent costs in buying and providing vaccines.

We hope that you will change your payment for these vaccines by at least the percentage listed above in a timely manner in accordance with the price increase that pediatricians will incur. Please keep us informed as to your company's response to this price change.

Sincerely,

Advocacy in Arizona – Education of Members

- 2 CME Conferences entitled, *Practice Efficiency and the Business of Vaccines* (2010, 2011)
- Immunization Congresses (2008, 2010)
- Member Communications
 - Weekly electronic updates (include practice managers)
 - Newsmagazine
 - Members-only practice management ListServ
- Tell members to calculate their own costs, compare to payments, and take appropriate steps (provide tools to help on our website)



Vaccine Product-Related Cost Calculator 2011.xls

File Home Insert Page Layout Formulas Data Review View Acrobat

C49 $=C18/(1-C48-C23)-C18$

	A	B	C	D	E
11		Name of Vaccine Chosen:			
12					
13		DIRECT COST			
14		Purchase price of vaccine per dose			
15		Sales tax, if any (enter as a percentage)			
16		Number of antigens (diseases) included in vaccine			
17		Excise tax	\$ -		
18		TOTAL DIRECT COST	\$ -		
19					
20		COSTS RELATED TO ALL COLLECTIONS			
21		Physician's tax, if any (state or local municipality) %			
22		Percent of revenues used by the billing/collections staff, department, or service			
23		Percentage of all claims denied/never paid			
24					
25		PRODUCT-RELATED COSTS			
26		Number of months to analyze (will be referred to below as "the period")			
27		Total number of all vaccines administered during the period (CPT 90460)			
28		Number of additional antigens administered during the period (CPT 90461)			
29		Number of doses of vaccine in question administered during the period			
30					
31		Hours spent ordering vaccines and monitoring vaccine storage and inventory during the period			
32		Hourly wage of staff ordering and monitoring storage and inventory			
33		PERSONNEL COSTS TO ORDER AND INVENTORY VACCINES*	#DIV/0!		
34					
35		Hours spent negotiating/monitoring vaccine purchase contracts during the period			
36		Hourly wage of staff			
37		PERSONNEL COSTS FOR NEGOTIATING/MONITORING PRICES*	#DIV/0!		
38					
39		Purchase price of refrigerator/freezer, alarm/temperature monitoring device, generators in case of power outages			
40		Cost of electricity attributable to vaccine storage refrigerator during the period			
41		STORAGE COSTS**	#DIV/0!		
42					
43		Annual cost of insurance on vaccine inventory			
44		Total value of current vaccine inventory			
45		Total value of inventory of vaccine in question			
46		INSURANCE COSTS AGAINST VACCINES ORDERED	#DIV/0!		
47					

Annotations:

- This is used if you have a local tax (state, county, etc.) levied on the vaccine.
- The federal excise tax is \$0.75 for each antigen included in the vaccine.
- Some states levy a physician revenue tax. If your locality does not levy this tax, leave this item blank.
- Arizona vaccine survey found an average of 7%.
- You can use the cost advertised for a refrigerator, but vaccine refrigerators are opened much more frequently than a typical home refrigerator, therefore will use more energy.
- This may be a separate insurance policy or a rider on your business insurance.
- You can use the Inventory Value to calculate this.
- AAP estimate is 1.5%

Sheet1 Sheet2

Vaccine Finance Education-

Costs to Providers

- In 1985 children received 7 vaccines costing the practice \$45.⁵
- In 2008 children received 16 vaccines costing the practice \$1,758.⁶
- Vaccines represent 25%- 40% of the overhead costs in a Pediatric office.
- Vaccines are the leading overhead expense to a practice.
- Overhead = direct cost, product cost and administration costs



Vaccine Finance Education- Costs to ACQUIRE Vaccines

- Direct
 - ▣ Purchase price, excise tax
- Personnel
 - ▣ Ordering, inventory, billing, stocking, price negotiation and monitoring (group purchase vs. rebates)
- Product related
 - ▣ Electricity, storage costs, insurance, wasted doses, denied claims etc.



Vaccine Finance Education-

Costs to ADMINISTER Vaccines

- Personnel
 - ▣ Employees (scheduling, education, entering data, mixing the vaccines, drawing them up)
- Medical supplies
 - ▣ Gloves, band aids, alcohol swabs, needles, syringes
- Overhead
 - ▣ Rent, computers, liability insurance, medical waste.
- Physician
 - ▣ Educating the parents



Results of our Education



- Members reported being more knowledgeable about vaccine finance
- Pediatric Council grew in membership
- Discussion about vaccines on members-only Practice Management increased
- Members increasingly reported utilizing our vaccine finance tools to improve their practice and advocate for appropriate payment
- Little improvement made in policies of health plans not locally-managed

Why a Bill?

- Vaccines: saves lives, decrease morbidity, decrease costs now and in the future
- Providers are not paid adequately
- Vaccines provided in the PCP office will decrease
- Preventable disease will rise
- Patients are deferred to the Public Health Clinics
 - ▣ Loss of visit with the PCP
 - ▣ Missed opportunities to educate and prevention
 - ▣ Ultimate increase costs to the public
- Because Educating insurers did not work



HB2686

1. Recognition of the most current and recently recorded vaccines recommended by ACIP
2. Use of the CDC private sector rates for payment
3. Payment for the vaccine is at a minimum of CDC Private Sector Price PLUS 21%
4. Update enrollee benefits to reflect changes in vaccine recommendations



HB2686

5. Update payment amounts to the providers within 45 days of changes in vaccine pricing
6. First dollar coverage for vaccines
7. No dollar limit for vaccines
8. Timely payment of 45 days from receiving the claim
9. Payment for vaccine administration is the current year's medicare rates (CMS)



Vaccines

- Costs a fraction of Total Healthcare costs
- Save millions of dollars to the Public AND Insurance companies
- Leading overhead cost to a practice
- We cannot continue to provide and administer vaccines at a loss!



Appropriate Vaccine Payment

How are vaccine payments and contracts going to change to encourage providers to continue to provide vaccines?



References

- 1, 2 Centers for Disease Control and Prevention (CDC)
National Center for Immunization and Respiratory
Diseases
- 3 Pima County Health Department
- 4-6 CDC National Center for Immunization and Respiratory
Diseases
- 7,8 American Academy of Pediatrics Analysis of 2004-
2007 Medical Expenditure Panel Survey and the 2004-
2007 National Ambulatory Care Survey



Resources

- Practice Management Online: www.practice.aap.org
 - ▣ Resources on almost any question you could have!
- PediaLink: www.pedialink.org
 - ▣ Contract Negotiations with Payors
 - ▣ Vaccine Best Practices
- CDC Private Sector Price List:
www.cdc.gov/vaccines/programs/vfc/cdc-vac-price-list.htm
 - ▣ More transparent than ASP and AWP



Resources

- AzAAP website has a variety of resources you can find at:
www.azaap.net/PedCouncilResources
- USERNAME: AAPChapter
PASSWORD: AzAAP
- You can find:
 - Template letters for vaccine price increases, new vaccines
 - Vaccine Product-Related Cost Calculator
 - Vaccine Administration Cost Calculator
 - Vaccine Cost and Payment Comparison
 - Vaccine Inventory Value Calculator
 - Vaccine Acronym Cheat Sheet

