TESTIMONY OF DAVID T. TAYLOE, Jr., MD, FAAP ON BEHALF OF THE AMERICAN ACADEMY OF PEDIATRICS

U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON SMALL BUSINESS

"Challenges of the 2009-H1N1 Influenza and Its Potential Impact on Small Businesses and Small Healthcare Practices"

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Good morning. I appreciate this opportunity to testify today before the Committee on Small Business regarding the impact of the novel influenza A (H1N1) virus, also known as swine flu, on American small businesses. My name is David T. Tayloe, Jr., MD, FAAP, and I am President of the American Academy of Pediatrics (AAP), a non-profit professional organization of 60,000 primary care pediatricians, pediatric medical sub-specialists, and pediatric surgical specialists dedicated to the health, safety, and well-being of infants, children, adolescents, and young adults. I have been a pediatrician in private practice in Goldsboro, North Carolina for over 32 years.

On August 24, the President's Council of Advisors on Science and Technology estimated that half of the U.S. population could contract the H1N1 influenza virus between fall 2009 and spring 2010. The panel further stated that this flu strain could result in the hospitalization of up to 1.8 million people and cause as many as 90,000 deaths, a number that is roughly double the death toll from a normal flu season.[1] If these projections prove accurate, this flu epidemic will tax every aspect of our nation's health care system, from emergency departments and hospital wards to private practices and public health departments.

Of special concern to the American Academy of Pediatrics is that fact that this flu strain is impacting children disproportionately. Based on infection rates to date, the Centers for Disease Control and Prevention (CDC) calculates that infection risk in the 0 to 24 age group is 4 to 5 times greater than for those in the 25 to 49 age group, and 20 times greater than for those over age 65. If the virus sickens half of U.S. children this season, the

number of ill children would exceed 37 million. Infection rates could ultimately be even higher. The President's Council of Advisors on Science and Technology warned that, of the 30,000 to 90,000 deaths anticipated, most would be "concentrated among children and young adults."[2]

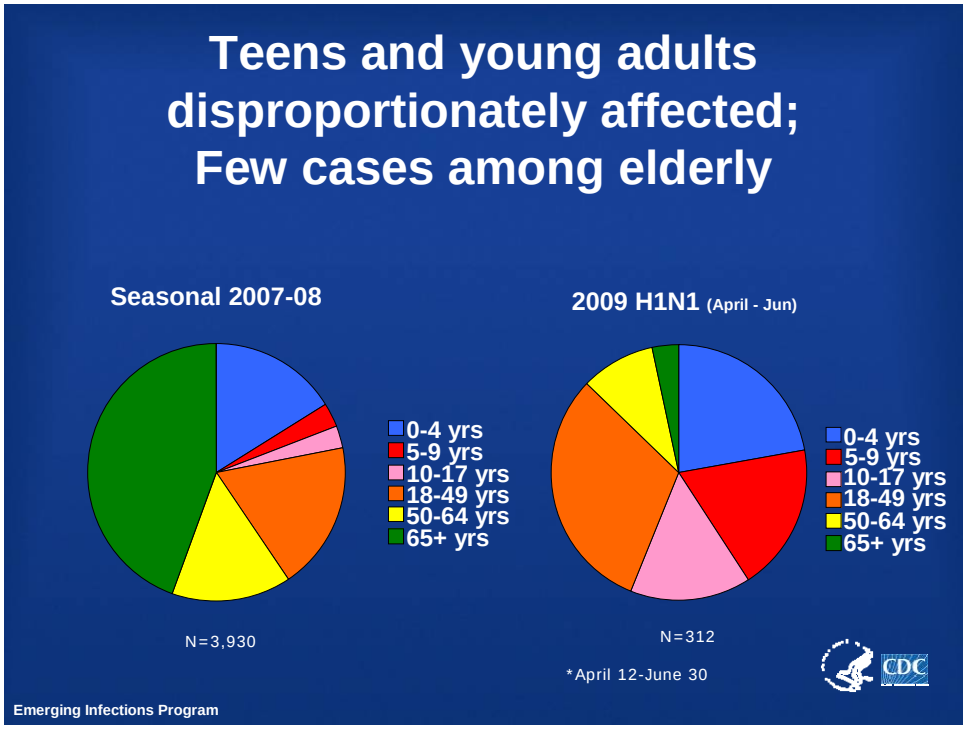

Figure 1. Teens and young adults disproportionately affected; few cases among the elderly. Centers for Disease Control and Prevention, July 2009.

We are encouraged that the federal government is working assiduously to prepare for this flu season. Vaccines are being tested, and communications campaigns are ready to roll out. The public is showing a high degree of engagement and concern, and the AAP is hopeful that large numbers of people will seek to be vaccinated. There are still, however, a number of issues that must be addressed proactively if our nation is to minimize the public health and economic impacts of this epidemic.

Impact of Novel H1N1 Influenza on Medical Practices Serving Children

Pediatric medical practices and other medical providers who serve children face a special challenge from the H1N1 virus. The AAP anticipates that our membership will face a "double whammy" of business interruption due to staff absence and illness combined with much higher workloads from sick children and families seeking vaccination.

Business Interruption and Staff Illness

Over 95% of office-based pediatricians practice in settings defined as 'small businesses' by the U.S. Small Business Administration (i.e., practices with under $10M annual revenue.)[3] Fifty percent of private office-based pediatricians work in practices of 3 or fewer physicians with 8 or fewer non-physician staff; 70 percent work in practices of no more than 5 physicians and no more than 15 non-physician staff.[4] Many practices operate with very small staffs, meaning that one absent nurse or receptionist can all but cripple the office's ability to function. In a 2008 report on pandemic flu to the National Business Group on Health, it was estimated that "15-35 percent of the workforce may be ill and /or absent at any one time. Since employees are the revenue and profit drivers in most corporations, prolonged absenteeism would have a significant adverse impact on corporate revenues and profits."[5]

Most pediatric practices are already facing serious challenges in remaining financially viable. Pediatricians face a combination of economic factors, including:

- Due to the economic downturn and employers' quest to decrease health insurance expenses, the AAP is hearing from our membership that pediatric practices are

seeing increases in families with Medicaid, high deductible plans, or no insurance. These models of payment increase the financial risk for the practice significantly.

- The payment differential between private pay and Medicaid is so severe that there are significant downstream impacts on pediatric practices' ability to keep their doors open. For example, Medicare and most private insurers pay approximately $20 for vaccination administration for adults. State Medicaid program payment to pediatricians ranges from $2 to $17.85 for the same service; thirty-eight states pay $10 or less.[6] Nationwide, Medicaid pays an average of 72 percent of what Medicare pays for the same services, and only 64 percent of average commercial payment.[7] As a result, the more Medicaid patients are seen by a pediatrician, the greater the financial challenge to the practice.
- Medicaid is also under severe financial stress as a result of decreased state tax revenue. We have seen cuts to Medicaid physician payment rates in many states as a result of state budget crises.[8,9,10] The $82 billion in federal Medicaid support included in the stimulus package was critically important and helped mitigate the worst proposed cuts; however, this funding will run out in the near future, and expected Medicaid cuts will compound the difficulty of serving the neediest children.

Increased Caseload Due to Vaccination and Patient Illness

From a clinical perspective, pediatric practices must also plan for greater workloads. Eighty-five percent of all childhood immunizations are delivered through the private sector, the vast majority of those being provided in pediatricians' offices.[11] This year, the

Academy recommends that all children ages 6 months to 18 years receive the seasonal influenza vaccine. The CDC estimates that this adds 30 million children who need to be vaccinated for seasonal flu only.[12] Because the H1N1 flu strain is unlike others (i.e., novel), children appear to have virtually no immunity to it. For that reason, we anticipate that the CDC will recommend that children receive two doses of the H1N1 flu vaccine in order to obtain the maximum protective benefit. Parents may therefore need to make three separate trips to the pediatrician's office – once for the seasonal flu vaccine, and twice more for the H1N1 vaccine. Should this be a child's first season to be vaccinated, parents may need to make four trips- twice for seasonal flu vaccine and twice for H1N1 vaccine. In certain cases it will be permissible to administer the seasonal and H1N1 vaccines simultaneously, but in others it will not.

The AAP encourages the vaccination of children in the medical home whenever and wherever possible. This approach has been shown to increase the numbers of children fully immunized according to current recommendations compliance and decrease the number of missed opportunities. In particular, the medical home will provide better recordkeeping and tracking to follow up with a 2-dose series, and will help to prevent confusion between doses of seasonal flu vaccine and novel H1N2 influenza vaccine that children will receive. While the AAP recognizes that schools and other non-traditional locations may be utilized as vaccination sites in some states, children, and particularly those who are 6 months to 5 years, still need access to the H1N1 influenza vaccine through their medical home. AAP chapters are ready to assist state health departments in identifying distribution methods that will reach as large an audience as possible, while

ensuring that state and local health officials will promote the recordkeeping and notification needed to prevent the over- or under-vaccination of children against both seasonal influenza and the novel H1N1 virus.

Finally, pediatricians expect to see many, many sick children this flu season. Parents may be willing to stay home and nurse their own symptoms through a bout of the flu, but they are far less willing to "wait and see" when their children become sick, especially during a pandemic. For most children, H1N1 will mean a few days of misery. For some, however, this virus could be dangerous or even life-threatening. Pediatricians across the nation will face enormous pressures in meeting the diverse needs of their patients throughout this flu season. Practices may close, temporarily or permanently. This could result in delays in a child seeing a physician, which could in turn lead to an increase in the number of children who are taken to hospital emergency departments. Earlier this year, some hospitals emergency departments experienced double or triple their usual volume of pediatric patients due to parents' concerns about H1N1.[13] As fall begins, the AAP is hearing anecdotal reports of similar increases in some parts of the nation.

Vaccine Administration

Translated to the pediatric practice setting, practices will likely experience staff shortages due to H1N1 illness at the same time they are expected to see higher numbers of children requiring vaccination or ill with the virus. This will likely lead to a decrease in practices' capacity to see patients and cause further financial instability for the practice.

The federal government must do its part in addressing the financial pressure that the H1N1 virus places upon physician practices and hospitals. The AAP understands that the government plans to provide H1N1 vaccine to health care providers free of charge, and for that we are extremely grateful. It must also be recognized, however, that vaccine administration consumes time and resources. Because the H1N1 vaccine is new, parents will have more questions about it that doctors will spend time answering. A reasonable vaccine administration fee of $25 should be provided by all payors, both public and private. The vaccine administration fee should be at least comparable to Medicare rates ($20.92 for one injectable vaccine, and $13.71 for one nasal vaccine), given that the service is comparable; time is needed to address parental questions and concerns; and additional staff may need to be retained to meet high demand.

Impact of Novel H1N1 Influenza on All Small Businesses

Our nation's small businesses should anticipate being impacted directly and indirectly by the H1N1 flu strain. Workers will be ill, productivity may fluctuate due to absenteeism, and important supply chains may be disrupted. Working men and women may see an impact on their wages not only if they must stay home due to their own illness or to care for a family member or even a healthy child whose school has closed, but if hours are reduced based on changes in the business climate.

Employers must take into account and plan for not only workers' illnesses, but those of their family members. Contingency plans will be needed for times when a child's primary caregiver is ill or if their child care program or school is closed. The highly contagious

nature of this influenza strain means that once one member of a family falls ill, it is highly likely that others will do so as well. Parents may be forced to take time off to care for sick children until their symptoms abate to a point where it is safe for them and their peers to return to school. As a pediatrician in community practice, I cannot emphasize strongly enough that we need to help parents to be able to keep their children home when they are sick to avoid infecting other children and their families. Schools may be closed or individual classes cancelled for periods of time. Businesses and employers must recognize the significant public health implications of their policies and help working parents take care of their children without fear of losing their jobs.

It is difficult to overestimate the financial impact of absenteeism. Studies show that even under non-pandemic scenarios, employees having very young children were late to work more often, and those with disabled children reported a greater number of days missed and early departures.[14] The direct costs of absenteeism due to high work-life conflict have been estimated to be in the $3 to $5 billion range per year.[15]

The AAP urges employers to take proactive steps immediately to give workers the flexibility to preserve both their own and the public's health. Employers should actively discourage sick employees from coming in to work; a contagious worker can sicken numerous others, who then spread the virus further into families and communities. Companies should explore opportunities for creative solutions that will preserve both their economic health and the health of their workforce. The CDC has issued extensive guidance for businesses and employers to assist in this process.[16] Even when the steps that

need to be taken are clear, questions remain as to whether small businesses will be able to afford to implement these plans.

It is vital to our nation's public health and economic stability that small businesses serve as partners in limiting the spread of both seasonal and novel H1N1 influenza. There is a significant population of Americans who cannot be vaccinated, including infants under the age of 6 months and children with certain health conditions for whom vaccination is not medically indicated. Employers can help us keep these children healthy by promoting policies that limit exposure to the flu virus.

Recommendations

The American Academy of Pediatrics recommends that the federal government take the following steps to help mitigate the H1N1 epidemic and to assist families, employers, and health care providers in weathering its impact:

- The federal government should provide strong, unambiguous guidance to businesses and employers about the importance of protecting public health by giving workers the flexibility to care for themselves and their families during the H1N1 flu season.
- Health care for children should be provided in the child's medical home. However, medical homes may have limited capacity to accommodate all patients seeking influenza immunization. Because of the increased demand for immunization during each influenza season, the AAP and the CDC have suggested providing the vaccine at any visit to the medical home during influenza season when it is not

contraindicated or at specially arranged "shot-only" sessions and in collaboration with community clinics, schools, and child care centers to provide influenza vaccine. If alternate venues are indeed used, a system of patient record transfer is optimal to ensure maintenance of accurate immunization records. Immunization information systems should be used whenever and wherever available.

- Congress and the Administration should further support the Medicaid system and ensure that pediatric practices can keep their doors open as they address novel H1N1.
- The federal government should recognize the time and resources consumed by vaccine administration and set a payment level of $25 for all public insurance programs, and encourage private payors to follow suit.

The American Academy of Pediatrics commends you, Madam Chairwoman, for holding this hearing today to call attention to the likely impact of the novel H1N1 influenza strain on our nation's small businesses. We look forward to working with Congress to promote policies that will protect child health and public health, as well as our nation's economic health. I appreciate this opportunity to testify, and I will be pleased to answer any questions you may have.

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