



Talking points on vaccines

- **Failure to improve vaccine reimbursement procedures will price pediatricians out of the providing vaccines and lead to under-immunization of our nation’s children, unnecessary and avoidable morbidity and mortality, and poor quality of care.** Immunizations represent a social investment in both our children’s health and that of our country.
- Immunizations have become a sizable investment. In the past (with less expensive vaccines) pediatricians were able to absorb the residual costs when payers paid for vaccines after the fact. With expensive vaccines and substantial delays in payment, pediatricians can no longer afford to absorb these costs. **Physicians will outlay tens of thousands of dollars, frequently waiting months before payment by payers. Often, payments are below the cost of the vaccine.** Payers are not recognizing acquisition costs including ordering, storing, inventory control, insurance, and spoilage expenses.

- Costs include the vaccine and administration:

Vaccine Costs	Administration Costs
Vaccine purchase price	Physician time
Personnel to order and inventory vaccine	Technical skill/effort
Insurance in the event of vaccine loss	Mental effort/judgment
Vaccine storage and handling requirements (including equipment depreciation)	Practice Expenses direct costs of clinical labor, medical supplies, and medical equipment
Record keeping (including reminder/recall systems)	Practice expenses indirect costs of: administration, labor, office expense, and other costs
Spoilage	
Lost opportunity from having capital tied up in vaccine purchase	

- **Families and Pediatricians face several other problems with private payers:**
  - \* The out of pocket costs for newer vaccines create a financial burden for most families
  - \* Families are unsure of coverage benefits for new vaccines and carriers are not transparent in making known their payment amounts for vaccines
  - \* Families face access problems when physicians cannot stock vaccines because of inadequate payment by carriers
  - \* Even if a family chooses to pay for the vaccine, the health plan may not reimburse them
  - \* Pediatricians are often not fully paid for vaccines due to carrier lag time in updating fee schedules to reflect price increases or newer vaccines.
  - \* Pediatricians are often not being paid adequately for immunization administration expense (e.g. 2007 Medicare payment for pediatric immunization administration (CPT 90465) is \$20.09 yet most private payers pay about half of that amount.
- Payers should pay providers for the actual vaccine costs plus related acquisition costs (storage, inventory, wastage, insurance, etc). Depending on the practice service area, this may be cost plus 17-28% on above the vaccine price. Payers should follow AMA’s CPT-4 codes and CMS recommendations regarding payment of vaccine administration costs.
- AAP is meeting with carriers to educate them on the costs associated with vaccines so payers may factor in the total costs into their payments. Neither the AAP nor its chapters can negotiate fees but it does hope to inform payers and government on the inadequacies of the current vaccine financing system through meetings and/or letters. These efforts will ensure a solid infrastructure for pediatricians to continue vaccinating children against dangerous diseases.