



Issue Brief: Immunizations

Advocacy

May 2009

Purpose

The purpose of this AAFP Advocacy Issue Brief on Immunizations is to provide background information and calls to action to public and private payers in order to ensure appropriate access to, coverage of and adequate, rational payment levels for CDC and AAFP-approved immunizations.

Background¹

Vaccines can save money and lives:

- Childhood immunizations save 33,000 children’s lives annually.
- Each year, routine childhood immunizations save \$10 billion in direct medical costs and over \$40 billion in indirect societal costs (missed work, death, and disability).
- Every day 11,000 babies are born, each needing up to 27 doses of vaccine by age two to protect against 14 vaccine preventable diseases.

The number of and cost of CDC-recommended vaccines has increased:

- 1985: 10 vaccines with cost of \$45 to \$115
- 2006: 33 vaccines with cost of \$1200 to \$1700 (excluding influenza)

Payers’ physician payments for vaccines and their administration are typically below physicians’ practice costs. Immunization costs include two elements: the vaccine acquisition and vaccine administration. Note, currently, there is not a billing mechanism to account for the costs associated with vaccine acquisition other than billing for the vaccine product itself.

Vaccine Acquisition Costs	Vaccine Administration Costs
<i>Vaccine purchase price</i>	<i>Practice Expenses</i>
<i>Vaccine inventory management, including storage handling, and record keeping</i>	<i>Physician work</i>
<i>Lost opportunity costs</i>	<i>Professional liability insurance associated with immunizing</i>
<i>Spoilage/wastage/non-payment: vaccine prepared and patient/family reconsider; loss due to leakage, dropped vial, temperature variation expiration; non-payment</i>	

Key Issues

- Immunizations are important, effective, and safe. The health of millions of children, adolescents, and adults nationwide will improve when immunization rates are improved.
- Family Physicians want to provide preventive services to their patients, including immunizations.

¹ Centers for Disease Control and Prevention, March 2007, <http://www.astho.org/pubs/FactSheetNatImmunApprop03-19-07.pdf>.

- Offering the recommended immunizations has become a sizable investment, especially with the newer, more expensive vaccines.
- Families may face access problems when physicians cannot stock vaccines in part due to inadequate payment levels.
- The out-of-pocket costs for newer vaccines can create a financial burden for many families and may lead to delays in seeking preventive care.
- Vaccine payment levels are often inadequate to cover the actual vaccine costs plus related acquisition costs (storage, inventory, wastage, insurance, etc).
- Payment rates to cover vaccine administration costs vary greatly and are frequently inadequate.
- Family Physicians are often not fully paid for vaccines due to the lag time in carriers updating their claims systems to appropriately reflect price increases or newer vaccines.
- Appropriately addressing the vaccine financing issues will ensure a solid infrastructure for Family Physicians to continue immunize children, adolescents, and adults against diseases.

Requested Actions for Payers

- Provide first dollar coverage for AAFP-recommended vaccines.
- Ensure adequate and rational payment levels for vaccine acquisition/carrying costs. Depending on the practice service area, this may be equal to the vaccine cost plus 17-28% acquisition cost.²
- Ensure adequate payment for vaccine administration in the all public and private plans.
- Support the creation of a public-private network of interoperable, compatible immunization information systems/registries to serve as a clearinghouse for patients' immunizations records.

Relevant AAFP Policy on Immunizations³:

The American Academy of Family Physicians (AAFP) endorses the concept that all children and adults, regardless of economic and insurance status, should have access to all immunizations recommended by the AAFP, and believes that all public and private insurers should include as a covered benefit immunizations recommended by the AAFP without co-payments or deductibles.

Where medical practices incur a cost for vaccines, the AAFP calls for adequate payment for the vaccine itself and all associated overhead costs (i.e., acquisition, storage, inventory, insurance, spoilage/wastage, etc.) of all immunizations recommended by the AAFP and their administration with no patient cost-sharing, as well as covering an evaluation and management (E/M) service during the same visit, when a significant and separately identifiable E/M service is provided and documented. Lastly, AAFP strongly recommends that patients receive all immunizations recommended by the AAFP in their medical home. When recommended vaccines are provided outside of the medical home all pertinent vaccine related information should be provided to the patient's medical home.

² American Academy of Pediatrics' "The Business Case for Pricing New Vaccines", 2007.

³ AAFP Immunizations policy, <http://www.aafp.org/online/en/home/policy/policies/i/immunizations.html>.