

NVAC Vaccine Finance Working Group Update

NVAC Meeting

June 8, 2007

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**New York State Department of Health
Chair, NVAC Vaccine Working Group**

2006-7 NVAC Working Group Charge

- Obtain input from stakeholders ...on the challenges in creating optimal approaches to vaccine financing in both the public and private sectors, and their impact on access.
- Establish a process for selecting and addressing 2 – 3 key topics per year with input from the subcommittee chairs
- By the end of each year, have developed specific and targeted policy options for the first 2 – 3 topics, and be prepared to address another 2 – 3 topics in the next year.
- Present findings and policy options to the full NVAC for discussion and recommendations.

Working Group Membership

- **NVAC**
 - Gus Birkhead, chair
 - Jon Abramson
 - Jon Almquist
 - Mark Feinberg
 - Gary Freed
 - Lance Gordon
 - Alan Hinman
 - Calvin Johnson
 - Jerome Klein
 - AHIP – Alan Rosenberg
 - Nat’l Business Group on Health - Liz Greenbaum/Ron Finch
 - Health Economist - Mark Pauley
 - Academia - Walt Orenstein
 - Agency liaisons
 - CDC – Lance Rodewald
 - CMS – Jeff Kelman
- **NVPO**
 - Bruce Gellin, Angela Shen, Ray Strikas, Emma English, Jenny Salesa (U Michigan)

What is the Problem?

- New vaccines added to the schedule and new vaccine recommendations have created a crisis in the delivery system
- This threatens to greatly reduce or eliminate the private provider role in delivery
- Threatens to fragment the medical home
- Increased stress on the public sector, including 317 prg.

What is the Problem?

- The problem is not readily visible
 - There is no resurgence of vaccine-preventable diseases due to failure to vaccinate (yet).
 - Morbidity not yet prevented by new vaccines may not be recognized as a big problem
 - Goal is to prevent crises, not to deal with them
 - Warnings are being sounded

Finance Working Group Focus

- Primary focus on childhood immunization
- Public Sector:
 - Administration fees:
 - Medicaid admin fee not adequate in many states
 - No admin fee in VFC for uninsured and underinsured (providers may charge parents but cannot turn anyone away for inability to pay).
 - 317 Program not keeping pace
- Private Sector:
 - Pharmaceutical issues – inventory costs
 - Insurance issues – adequacy of coverage (vaccine and admin fee)

NVAC Working Group

Data Gathering

- Input from NVAC Subcommittees and stakeholders;
- Commissioned surveys of office practice managers on current costs, charges, and reimbursement experience, and of physicians on attitudes on finance issues;
- Other studies of cost of vaccination in progress
- AMA/AAP Vaccine Finance Congress (Feb/March 07);
- Meetings with CMS;
- Interviews with individual vaccine manufacturers;

Studies Commissioned Through CDC

1. Assessment of the charges and reimbursements for vaccines and administration fees in private practices

- **Purpose:** Determine the range of prices paid for childhood/adolescent vaccines and administration fees charged, and reimbursement paid for each by their 3 largest insurers.
- **Methods:**
 - Telephone survey of practice managers
 - 30 practices each from 5 non-universal purchase states (5 small, 5 medium, and 5 large from metropolitan and non-metropolitan areas of each state)
 - 20 practices from 2 universal purchase states (10 practices will be selected from 3 areas of each state)
- **Results: Fall 07**

Studies Commissioned Through CDC

2. Assessment of private provider attitudes regarding vaccine financing

- **Purpose:** To determine the attitudes of private immunization providers regarding the purchase of newly recommended vaccines and reimbursement for vaccine purchase and administration.
- **Methods:**
 - *Design:* Cross-sectional mailed survey
 - *Sample:* National random sample of pediatricians and family physicians, drawn from the AMA Masterfile
- **Results:** Fall 2007

Other Studies of Costs of Vaccination

- Cost-related barriers to vaccine delivery in pediatric practices – M. Coleman, CDC. Georgia.
- Primary care practices and universal childhood influenza vaccination – University of Rochester
- Analysis of provider costs and reimbursement – Denver, CO.

Ideas from AMA/AAP Congress

- Work thru ASTHO to have states work with FQHCs to designate public health clinics to be VFC providers for underinsured children if the FQHCs do not have the capability to reach these children.
- Vaccine Economics Evaluation Projects Steering (VEEPS) Committee— recommend methodology for cost studies

Ideas from AMA/AAP Congress

- Work with manufacturers and distributors to obtain more favorable terms for payment for vaccine inventories.
- Better define components of CPT codes for vaccine administration
- Examine potential role of tax credits for employers or insurers to support immunization

Ideas from AMA/AAP Congress

- Discuss workgroup to explore possibility of some form of universal federal vaccine purchase or other funding mechanism
- Work with CMS on updating the Medicaid vaccine administration fees and advocate with states to fully contribute
- Collect data on insurance coverage and understanding employers choice of vacc benefit.

NVAC White Paper

- Goal: The goal is to ensure universal access to all vaccines recommended by the Advisory Committee on Immunization Practices (ACIP) for children and adolescents without financial barriers.

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White Paper: Potential Conclusions

- Vaccines recommended for widespread use in children and adolescents have demonstrated high levels of efficacy and safety and provide substantial societal benefits.
- The current private and public sector mixed financing system for purchase of pediatric and adolescent vaccines does not assure access for all children and adolescents without financial barriers.
- Finance issues for adult immunization also need to be examined.

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White Paper: Potential Conclusions

- The current private and public sector mixed system for delivering pediatric vaccines has the capacity to deliver all currently recommended vaccines to children. The system also has the potential, not yet realized, to deliver vaccines to adolescents. The system should be reinforced and strengthened. Financial incentives can play a major role in strengthening the system to deliver current as well as future recommended vaccines.

DRAFT

White Paper: Potential Conclusions

- Providers have to invest significant amounts of money to develop inventories of new vaccines and often to do not recoup these costs for several months, thus placing a financial strain on their practices. A system should be in place to reduce outlays of practice capital by providers in establishing inventories of new vaccines.

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White Paper: Potential Conclusions

- At present there appears to be wide variation in vaccine costs and reimbursement for providers.
- Vaccine reimbursement may not cover either the costs of vaccines or vaccine administration and non-vaccine costs. This may inhibit adoption of newer vaccines.
- Practices incur non-vaccine costs that should be covered by the administration fee, including vaccine storage, insurance against vaccine loss, maintaining reminder systems, entering data into vaccine registries, parental counseling and discussions, and vaccine administration.

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White Paper: Potential Conclusions

- Public funding for immunizations under Section 317 has not kept pace with the rising costs of immunizing children and adolescents. Public funding should be increased to cover the costs of vaccines for persons traditionally served by the public sector, when there are increases in the costs of the immunization schedule due to addition of new vaccines or increased costs of existing vaccines.

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White Paper: Potential Recommendations

- Some recommendations can be implemented under existing legislation.
- Others would require new legislation.

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White Paper: Potential Recommendations

- HRSA and CDC should encourage FQHCs and rural health clinics, to get public health department clinics designated by FQHCs to serve underinsured children under the VFC program.
- The maximum allowable reimbursement rates for administration costs for Medicaid children receiving vaccines through VFC should be revised.
- CDC should collect data on the actual non-vaccine costs of vaccinating in private practices using methods acceptable to major stakeholders.

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White Paper: Potential Recommendations

- Medical and other relevant societies (e.g. AAP, AAFP, ACOG, ACP) should work with the American Medical Association's RUC to better define all of the components that go into CPT codes for vaccine and vaccine administration.
- Medical societies should collect data on best business practices that minimize vaccine and vaccination costs to assure efficient and appropriate use of ACIP recommended vaccines.

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White Paper: Potential Recommendations

- Provider-Insurer contracts should allow for increases in vaccine prices and incorporation of new vaccines mid-contract.
- Vaccine manufacturers and third party distributors should work with providers to reduce financial liability for initial inventories of new vaccines.

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White Paper: Potential Recommendations

- Section 317 funding should be increased in accordance with new vaccine recommendations.
- Mechanisms to utilize Section 317 funding to support administration fees for uninsured children served by the VFC program should be explored by HHS.

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White Paper: Potential Recommendations

- NVPO should convene a meeting of key stakeholders, including manufacturers and insurers, to evaluate
 - 1) tax credits as incentives for insurers and employers to eliminate underinsurance
 - 2) insurance mandates for first dollar coverage of recommended vaccines and their administration, and
 - 3) whether some form of universal federal vaccine purchase or universal federal reimbursement for vaccines and vaccine administration should be pursued.

NVAC Vaccine Finance Working Group Ongoing Activities

- Presentation at ACIP on June 27.
- Practice and cost surveys – Fall/Winter 07
- White Paper submitted to NVAC to consider - Fall 07
- Continue discussions with CMS on administration fees
- Encourage the Vaccine Economics Evaluation Projects Steering (VEEPS) Committee of economists to design the methodology for the definitive study of actual costs of vaccinating;
- Planned interview survey of insurers and possibly self insured employers;
- Stakeholder meeting planned for Fall 07.