

Transcript Details

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Vaccine Financing and Delivery: Room for Improvement

IS THE NATION'S VACCINE FINANCING AND DELIVERY SYSTEM IS FAILING

Our Presidential Election is only days away. Forty-eight million people in America are uninsured and healthcare costs are rising 2 to 3 times faster than our nation's GDP. Where will America's healthcare system be in five years? Welcome to ReachMD's monthly series Focus on Public Health Policy. This month we explore the many questions facing healthcare today.

Vaccines are one of our greatest public health successes, is the nation's vaccine financing and delivery system is failing. For instant, the number of vaccines advised for young patients have nearly doubled than the last five years. Just as the costs to fully immunized the child has increased substantially. Is our system broken beyond repair or is relieving sign? You are listening to Reach MD XM 157, The Channel for Medical Professionals. Welcome to a special segment Focus on Healthcare Policy. I am your host Dr. Jennifer Shu, practicing general pediatrician and author. Our guest is Dr. Jay Berkelhamer, Senior Vice President and Chief Academic Officer at Children's Healthcare, Atlanta, Clinical Professor of Pediatrics at Emory University School of Medicine and past president of the American Academy of Pediatrics.

DR. SHU:

Welcome Dr. Berkelhamer.

DR. BERKELHAMER:

Thank you. It's pleasure.

DR. SHU:

Vaccine prevent contagious disease is not only in the individual, but in community as a whole. In this way, they differ from other medical treatment, but the financing and delivery system is also very unique. Can you give us a broad overview of the current systems for financing vaccines and lets start with public sector first?

DR. BERKELHAMER:

Well, it really is a patchwork, Jennifer and the federal government funds vaccines in two ways there is the vaccines for children program, which covers about 40% of all the immunizations that are given in our country and those dollars are given to the states to use through

the vaccine for children's program. It's an entitlement program links closely to the Medicaid Program and other children living in disadvantage circumstances. The states have some flexibility on defining those eligible patients'. Also, there is what is called the 317 Program, which is Block Grant Program to states and that covers about 8% of the vaccines and the states have quite a bit at discretion as to how to use those dollars to promote immunization, but then the remaining dollars come from the private sector and generally through a third party reimbursements from insurance. Many insurance plans now cover all the routine children vaccines. However, there are still some payments out of pocket and not all vaccines are covered in all states by all plans. So I would expect somewhere in the 5-10% range of the dollars are actually coming out of patients' pockets and realtime payments.

DR. SHU:

And you mentioned that the federal government does provide funding to the vaccines. Are the states expected to also provide some financing, and if so, what's the percentage or proportion?

DR. BERKELHAMER:

The states kick in roughly may be between 5% and 10%, vary some from state to state, some states are able to mobilize more funds than others. So, if you really try to make it into a complete 100% PIE chart, I would say its about 45% private, may be 8% 317 funds, 40% vaccines for children, 7% from the states and then a few percentage points from the patient's out of pockets.

DR. SHU:

Let's talk a little bit more about the underinsured patients. What about the children who do have health insurance, but may be it doesn't cover preventive services such as vaccines or if the patient has a high deductible and chooses not to use that deductible to get vaccines?

DR. BERKELHAMER:

Ya, often times those patients will qualify for the vaccine for children's program. The problem there is, there is a lot of variability from state to state as to how this gets organized, and if the physician does not have the vaccine in their office through the vaccine for children's program and has to be designate that way, the families may have to go to a public health department clinic in order to get the vaccines without out of pocket cost. Otherwise, they would have to pay the physician. In all about 80% of all the administration of vaccines in the country is done in doctors' offices and only about 20% are done in public clinics, but it is a problem that can be much worse in some states than others. There are few states that have really put the vaccine for children's program into kind of a 100% mode, where all the vaccines were given to the doctors in their office. There are only a few states who would do that, but there are other states, where patients' are put at extreme disadvantage and convenience to make sure their children get their vaccines.

DR. SHU:

Now, when you say that 80% of kids get their vaccines in the medical home does that mean also that 80% of children have a medical home?

DR. BERKELHAMER:

No, I said 80% of the administrations and there are unimmunized children, you know, and immunization rates vary widely across the county and some states it's in the high 70s or early 80% of children who are immunized, another states its approaching 90%. Overall, we are doing much better with the percentage of children who are immunized, but there are still a significant number of children who are unimmunized and today with all the concerns, the parents have about the safety of the vaccines, we are seeing increasing numbers of parents who choose to delay or to not immunize their children.

DR. SHU:

Now let's talk about the parents' concerns. Many parents as you mentioned are either refusing vaccine completely or are they are delaying some or splitting the vaccines. Does that have any effect on the vaccine financing process and what physicians can expect in their own offices?

DR. BERKELHAMER:

Well, physicians get both compensation for the purchase of the vaccine and for the administration of the vaccine. The administration fees are very low and in some states they may be as low as 5 dollars, 8 dollars, but it may take 15 minutes of the physicians' time to sit and explain the value of the immunization and what we are finding is that the amount of time and effort it takes to work with families have increased dramatically and particularly in the last year or two. Physicians more and more around the country are finding that it is a very difficult thing to be able to make economic sense out of very few physicians are able to administer vaccines in their office and be able to manage the finances to something that make sense.

DR. SHU:

Now, even if the administration fees wherein at an adequate level could a physician then use a CPT code for the additional counseling that would be provided to a family?

DR. BERKELHAMER:

There are codes and there are potential reimbursements, but I can tell you that these things are spotty in terms of whether they are accepted and many physicians are not aware of all the codes it can be used. There is a real sort of administrative aspect to all this, which is complicated and cumbersome, which makes it very difficulty for many physicians in their office.

DR. SHU:

Now, you had also mentioned the administration fee. Does the vaccine for children's program cover the administration fee as well as the vaccine cost?

DR. BERKELHAMER:

The state set the amount to be paid, however, and the amount that state sets often is much below what the true costs are of the administration and this varies again widely from state to state.

DR. SHU:

Getting back to the private sector, administration fees have been coded as being anywhere from 17-28% on top of the cost of the vaccine itself. Are there certain standards for a minimum or maximum payment that is considered acceptable from a managed care company?

DR. BERKELHAMER:

Well, you know the administration of a less expensive vaccines certainly is not more expensive than a more expensive vaccine, so you know the administration fees percentage as you pointed out can vary quite a bit as the percentage of the costs of the vaccine, but a rough rule of thumb is that overall the immunizations about 20% of the actual expense in administering vaccines is related to the actual process in the office of working with the families and providing the vaccine and administering the vaccine. The cost of the vaccine would be about 80%.

DR. SHU:

Now, one thing that is unique thing to me about the entire vaccine financing and delivery system is that physicians need to float the money several months in advance of when they might expect to get reimbursed for it. So, they are often paying several 100 of thousands of dollars to the vaccine manufacturer before the insurance pay them 3 to 4 months later. Can you think of any other industry or profession where an individual is expected to provide so much money upfront?

DR. BERKELHAMER:

Well, it is true they are expensive and many physicians do have problems with managing their inventory. The vaccines sometimes are not readily available. There are some times production problems and vaccines need to be kept in storage in the office and so it becomes a big issue now. Sure, there are all kinds of arrangements that could be made short of the physician actually purchasing the vaccine. One might be that the company themselves produce the vaccine, would put the vaccine in the physician's office for the physician to administer and then they would be reimbursed as the vaccines are used rather than having the physician buy all this upfront. It's become extraordinarily expensive with the HPV vaccine and there are many physicians who have as you pointed out 100 of thousands of dollars of stock in their office.

DR. SHU:

Now, let's talk about some specific situations such as the recent expansion of influenza vaccine to include all children over 6 months of age. How is that affect the way physicians' finance and get their vaccine?

DR. BERKELHAMER:

Well, physicians are concerned that there will be adequate supply and one of the things that we have seen happen is that the expectation is universally recommended that physicians will provide this to all their patients and try as they may. They may not have an adequate supply coming through their office in order to be able to do this. Also, it does again create the inventory issue of how you maintain a biological that is perishable in your office safely and be able to have adequate numbers for your patients.

DR. SHU:

Now, with the availability of newer combination vaccine such as Pentacel or Kinrix. How has that affected vaccine financing for physician?

DR. BERKELHAMER:

Well, you know the combination vaccines are wonderful advances that allow children to have fewer injections and certainly although the vaccines themselves become more expensive each individually as a dose, but in terms of the efficiency of the program that vastly improves the efficiency of the program. Unfortunately, what we are seeing is that many parents are concerned about the safety of the vaccine and many people are concerned about the combination of several different immunizations together and whether the additive is more likely to cause some sort of reaction in their child. Of course, there is no evidence for any of the stuff, but it has certainly increased the amount of time and concern that the physician has to spend working with the family.

DR. SHU:

I would like to thank our guest, Dr. Berkelhamer. We have been discussing vaccine financing and delivery. I am Dr. Jennifer Shu.

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