

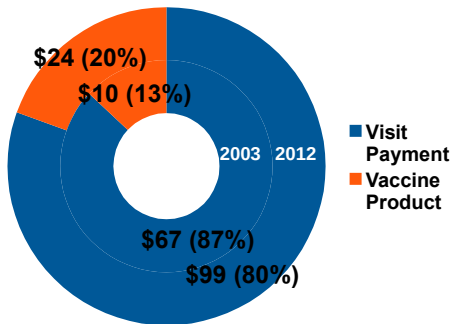
How To Inoculate Yourself Against The Cost of Vaccines

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Physician's Computer Company
PCC UC 2013



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How Much Of Your Revenue is From Vaccine Product?



PCC Clients, 2003 - 2012



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The AAP's Business Case

AAP's Revised Business Case For Pricing Vaccines:

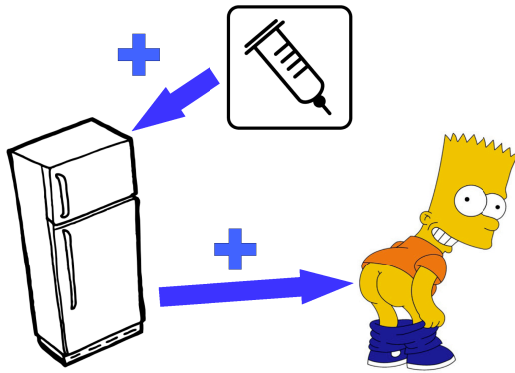
"...When the direct and indirect expenses are totaled for the vaccine product, estimates range from 17% to 28% depending on the practice. Therefore, payments for the vaccine should be at the level that covers the total vaccine expenses...."



<http://www.aap.org/immunization/pediatricians/pdf/TheBusinessCase.pdf>



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Important Payment Note

**You
Are
Not
Paid
For
“Carrying
Costs”**



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Real Cost of Vaccine



**What you actually paid,
plus
“carrying costs:”**

- Fridge Costs+
- Exam Table
- Sharps and Waste management
- Waste Insurance
- Wastage
- Denials+
- Opportunity



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Real Cost of Vaccine

...and more!

Personnel Costs

- Negotiation and Research
- Ordering, Delivery, and Payment
- Inventory and Storage Management
- Registry Input
- Temperature Monitoring
- Malpractice
- etc.



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Real Cost of Administration

CMS/CPT Derived:

- Gloves, Paper, VIS
- Syringe, Needle, Swab, Bandaid
- Nurse Time
 - Drawing, Preparation, Administration, Counseling, Documentation
- Physician Time
 - Drawing, Preparation, Administration, Counseling, Documentation



* Distinguish between first and subsequent immunizations



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Real Life Example

- Many of the costs must be averaged over all vaccines
- Approximations required in some instances
- A handful of CMS-derived guidelines

Typical Calculations

Hazardous Waste Costs	\$1,000/year
% of Hazardous Waste due to vaccines	50%
\$500/year divided by 8000 vaccines	\$.0625 / vaccine



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Real Life Example

Denial/Unpaid Rate	.5%
Annual Vaccine Charges	\$1,500,000
\$7,500/year divided by 8000 vaccines	\$.9375 / vaccine

AAP: "...there is an estimated wastage/nonpayment of at least 5%..."

<http://www.aap.org/securemcc/reimburse/BusCasePricingVacJuly10.pdf>



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Real Life Example

What are the providers' hourly wages? What are the nurses' hourly wages?

How much time is spent administering the shot? Preparation, administration, counseling, billing, recording, registry, etc.

"The total documented variable cost per injection (excluding vaccine cost) averaged \$11.51..." -

Cost of Vaccine Administration Among Pediatric Practices, Judith E. Glazner, Brenda Beaty and Stephen Berman, Pediatrics 2009;124:S492-S498 (http://pediatrics.aappublications.org/cgi/content/full/124/Supplement_5/S492)



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Real Life Example

Nurse 1 Annual Cost	\$45,000
% of job spent on vaccine management (research, delivery, inventory, logging, etc.)	10% (\$4,500)
\$4,500/year divided by 8000 vaccines	\$.5625 / vaccine
Nurse 2 Annual Cost	\$35,000
% of job spent on vaccine management (research, delivery, inventory, logging, etc.)	20% (\$7,000)
\$7,000/year divided by 8000 vaccines	\$.875 / vaccine

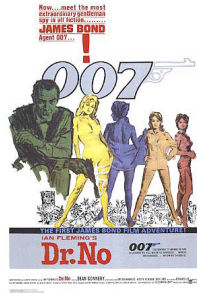


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Real Life Example

“Reconciliation Costs”:

- “12 Hours, annually” (\$588)
- “8 Hours, annually” (\$114)
- “325 hours, annually” (\$5950)
- “104 hours, annually” (\$20,300)



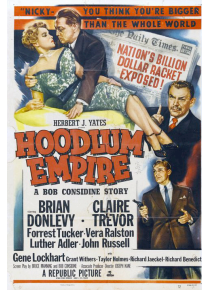
Based on Sample Responses from survey data, 2009, supplied by the Verden Group



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How Do I Fix This?

- Vaccine Payments?
 - *Negotiate*
- Administration Payments?
 - *Code properly*
 - *Negotiate*
- Vaccine Costs?
 - *GPO*
- Administration Costs?
 - *Improve Efficiency*



<http://www.aap.org/immunization/pediatricians/practicemanagement.html>



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