

The Business of Immunization: Protecting Kids Without Destroying Your Practice

PCC UC 2019
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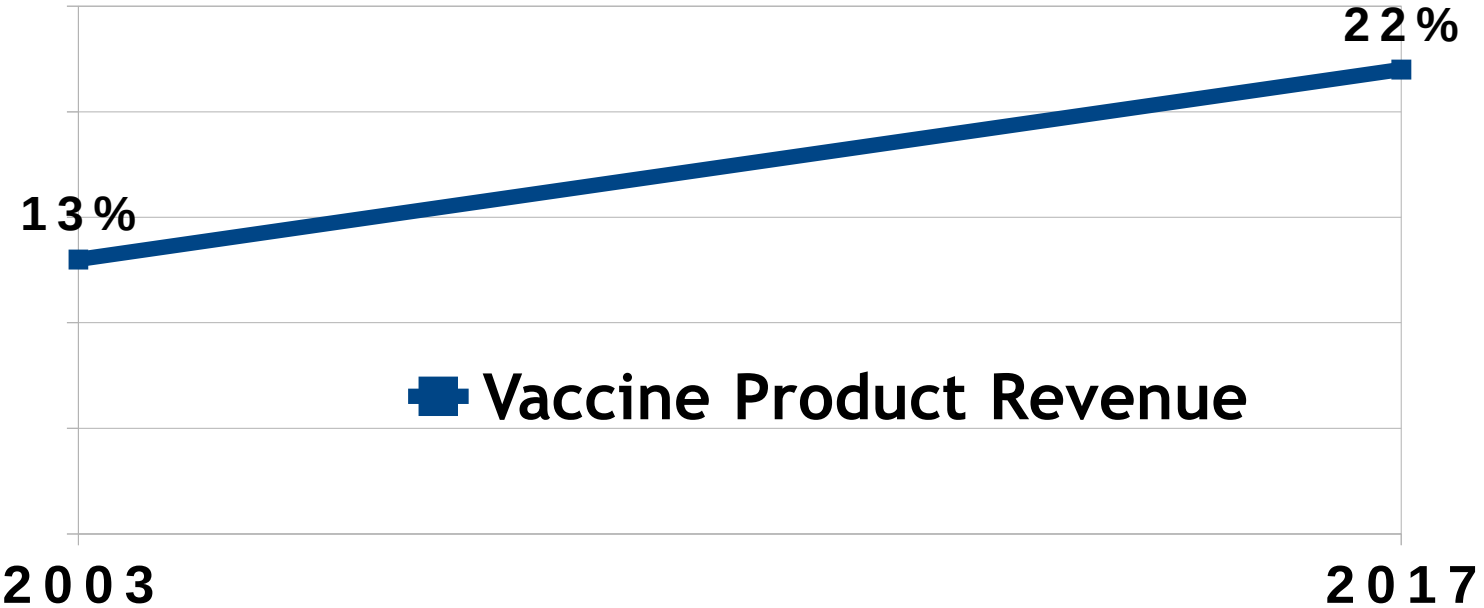


Pediatric practices are the public health infrastructure for the nation's childhood immunization program. It is imperative there be appropriate payment for the vaccine and immunization administration for pediatricians to participate in immunization efforts. *Pediatric practices will fail if immunizations are not adequately paid.* Complete coverage by payers for the cost and administration of childhood immunizations with a margin for practice overhead is necessary to support immunizations.

https://www.aap.org/en-us/Documents/immunization_bus_case_vacc_in_state_supplied_environment_apr_2014.pdf



How much of your revenue is vaccine product?



PCC Clients, 2003 - 2017



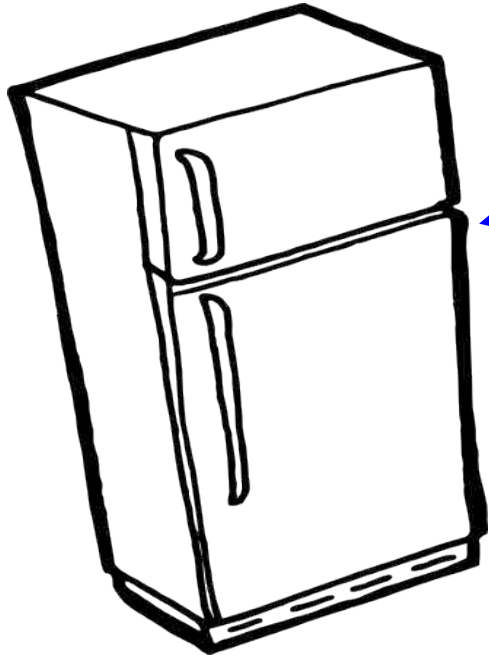
The AAP's Business Case

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....”

https://www.aap.org/en-us/Documents/immunizations_thebusinesscase.pdf

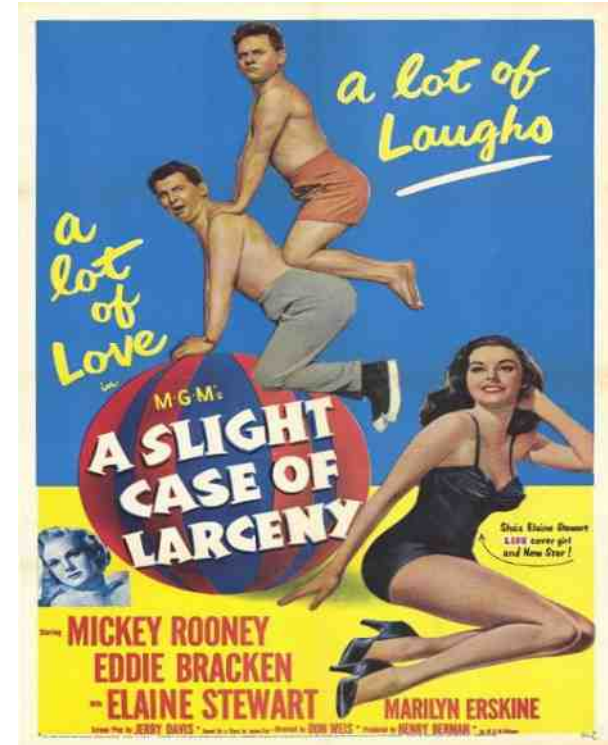




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Unfortunate Reality

You Are
Not Paid
For
“Carrying Costs”



The Real Cost of Vaccines



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

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

The Real Cost of Vaccines

...and more!

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



The Real Cost of Vaccines

CMS/CPT Derived:

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

* first and subsequent immunizations distinguished

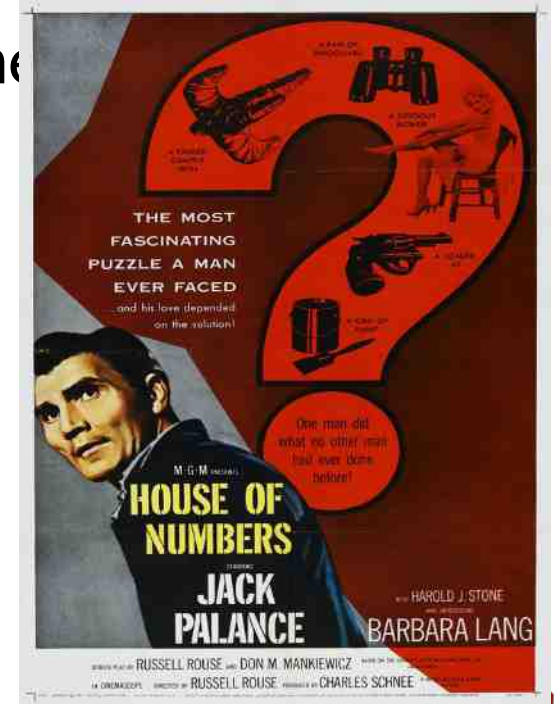


Real Life Calculations

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

Example Calculation Assumptions:

- 6-8 clinician practice
- ~\$45/vaccine
- 13,000 vaccines/year



| | |
|--------------------------------------|------------------------|
| Hazardous Waste Costs | \$3,500/year |
| % of Hazardous Waste due to vaccines | 50.00% |
| \$1,750 divided by 13,000 vaccines | \$.13 / vaccine |
| Denial/Unpaid Rate | 1.00% |
| Annual Vaccine Product Volume | \$585,000.00 |
| \$5,850 divided by 13,000 Vaccines | \$.45 / vaccine |

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

https://www.aap.org/en-us/Documents/immunizations_thebusinesscase.pdf

Real Life Calculations - Admin

What are the clinicians' 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)

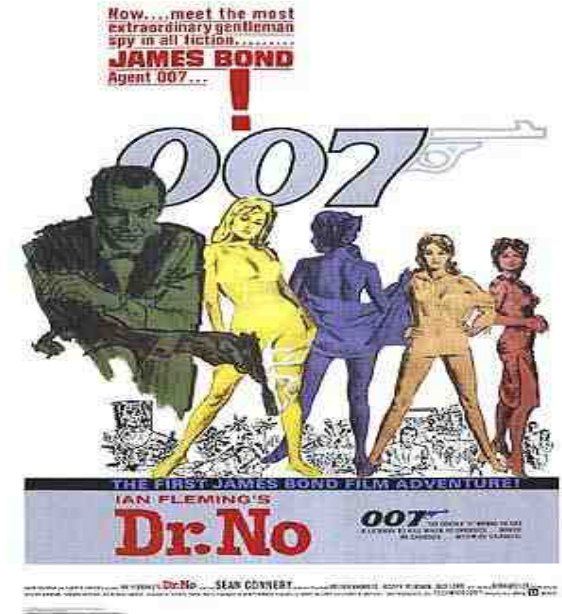


| | |
|---|------------------------|
| Nurse 1 Annual Cost | \$45,000.00 |
| % of job spent on vaccine management (research, delivery, inventory, logging, etc.) | 10.00% |
| \$4,500/year divided by 13,000 vaccines | \$.35 / vaccine |
| Nurse 2 Annual Cost | \$35,000.00 |
| % of job spent on vaccine management (research, delivery, inventory, logging, etc.) | 20.00% |
| \$7,000/year divided by 13,000 vaccines | \$.54 / vaccine |

Real Life Examples

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

| Staffing | Salary and Benefits | % of work for Carrying costs | Staff Carrying Costs | |
|---|---------------------------------|-------------------------------------|------------------------------|----------------------------|
| Nurse 1 | \$50,000.00 | 30.00% | \$15,000.00 | |
| Nurse 2 | \$45,000.00 | 25.00% | \$11,250.00 | |
| Nurse 3 | \$38,000.00 | 10.00% | \$3,800.00 | |
| Doc 1 | \$250,000.00 | 1.00% | \$2,500.00 | |
| Doc 2 | \$300,000.00 | 1.00% | \$3,000.00 | |
| | | | \$35,550.00 | \$10.16 Per Vaccine |
| Waste Management | Attributable to Vaccines | Total | Waste Management | |
| \$3,000.00 | 70.00% | | \$2,100.00 | \$.60 Per Vaccine |
| Average Value Of Vaccines Onsite | Interest Rate | | Total Cost of Capital | |
| \$75,000.00 | 5.00% | | \$3,750.00 | \$1.07 Per Vaccine |
| Physical Overhead (Fridge, etc.) | | | | |
| \$3,000.00 | | | | \$.86 Per Vaccine |
| TOTAL | | | | \$12.69 Per Vaccine |



| Vaccine | Invoice | Units | Wasted/ Missing | Wasted/ Missing Value | Unpaid Value* | Distributed Carrying Costs | Estimated Cost | 125% Of Direct Cost |
|---------|----------|-------------|--------------------|-----------------------------|------------------|----------------------------------|-------------------|------------------------------|
| TdaP | \$100.00 | 1000 | 10 | \$1,000 | \$3,000 | \$12.69 | \$116.69 | \$125.00 |
| HPV | \$180.00 | 500 | 5 | \$900 | \$2,700 | \$12.69 | \$199.89 | \$225.00 |
| IPV | \$8.95 | 2000 | 30 | \$269 | \$537 | \$12.69 | \$22.04 | \$11.19 |
| | | 3500 | | \$2,169 | \$6,237 | | | |

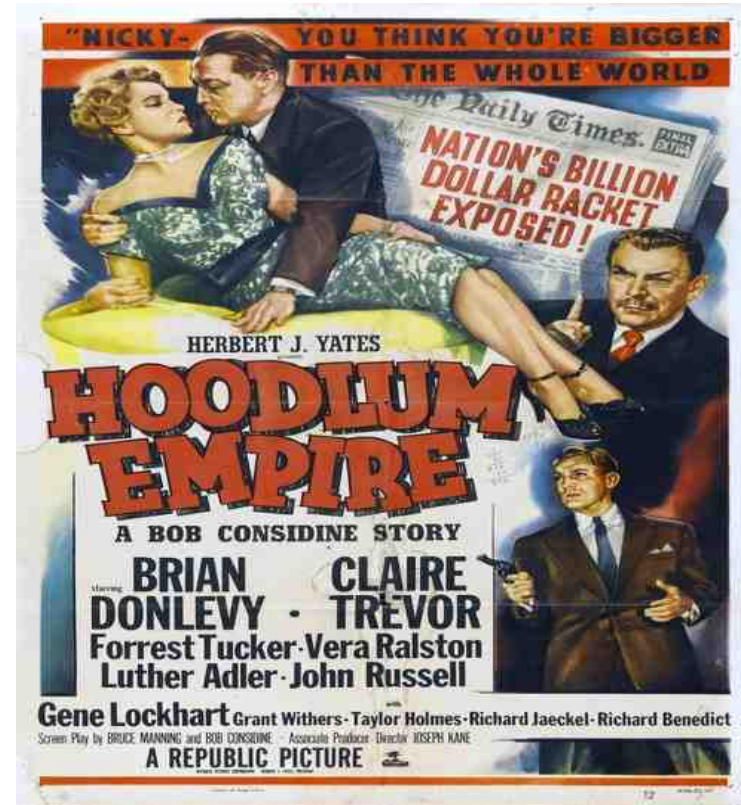


| Vaccine | Invoice | Estimated Cost | UHC* | 90460-1 Admins | 90471 Admins* | Total Cost | Total Payment |
|----------------|----------------|-----------------------|-------------|-----------------------|----------------------|-------------------|----------------------|
| Tdap | \$100.00 | \$116.69 | \$98.00 | \$27.30 | \$10.00 | \$127.69 | \$125.30 |
| HPV | \$180.00 | \$199.89 | \$175.00 | \$15.10 | \$10.00 | \$210.89 | \$190.10 |
| IPV | \$8.95 | \$22.04 | \$10.00 | \$15.10 | \$10.00 | \$33.04 | \$25.10 |
| MMR | \$100.00 | \$119.97 | \$110.00 | \$27.30 | \$10.00 | \$130.97 | \$137.30 |
| Prevnar | \$180.00 | \$203.17 | \$165.00 | \$15.10 | \$10.00 | \$214.17 | \$180.10 |
| Pentacel | \$118.54 | \$138.15 | \$110.15 | \$9.30 | \$10.00 | \$149.15 | \$119.45 |
| 90460 | | \$11.00 | \$15.10 | | | | |
| 90461 | | | \$6.10 | | | | |
| 90471 | | \$11.00 | \$16.09 | | | | |



How Do I Fix This?

- Vaccine Payments?
 - *Negotiate*
 - Determine methodology
 - Use CDC public pricing, not your invoice!
 - Manage price increases
 - Multiple CPT options



How Do I Fix This?

- Administration Payments?
 - Code properly
 - Negotiate
- Vaccine Costs?
 - GPO
 - Fridge-based purchasing
 - Maximize purchasing/inventory
 - Credit Cards, payment terms



<https://chipsblog.pcc.com/a-little-imms-admin-analysis-tool>

How Do I Fix This?

- Administration Costs?
 - Improve Efficiency
 - 2D Barcoding
 - Inventory Management



Changes You May Wish To Make In Practice

- Calculate your “carrying costs” and apply them to the cost of your vaccines.
- Determine what your true overhead for vaccines is - does it match the AAP expected value of 17-25% above invoice costs?
- Review your vaccine delivery workflow to look for \$\$ leaks.
- Confirm that you are on an actively managed and effective GPO.
- Use the AAP literature to support your negotiations with payors



References

For more information on this subject, see the following publications:

https://www.aap.org/en-us/Documents/payeradvocacy_business_case_pricing_imm_admin.pdf

<https://www.aap.org/en-us/advocacy-and-policy/aap-health-initiatives/immunization/Pages/payment-coding-billing.aspx>

<https://www.aap.org/en-us/my-aap/Documents/VaccineAddendumtoPayerContracts.pdf>

https://www.aap.org/en-us/Documents/gettingpaid_paymentprinciples.pdf

https://www.aap.org/en-us/Documents/immunization_bus_case_vacc_in_state_supplied_environment_apr_2014.pdf

<http://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/>

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

<https://www.aap.org/en-us/advocacy-and-policy/aap-health-initiatives/immunization/Pages/managing-costs.aspx>

<https://practicewell.org/immunization-vaccine-survival-guide.pdf>

<https://www.cdc.gov/vaccines/programs/iis/2d-vaccine-barcode/downloads/2D-Findings-Report-508.pdf>

Great Old Movie Poster

