How are Adult Immunizations paid for in the United States?

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Cost Burden of 4 Adult Vaccine-Preventable Diseases in Persons Age 65 Years and Older, United States, 2013

Vaccine-Preventable Disease	Estimated # of CASES	Estimated COSTS (Medical & Indirect) *(in millions)*
Influenza	4,019,759	8,312.8
Pneumococcal	440,187	3,787.1
Zoster	555,989	3,017.4
Pertussis	207,241	212.5
		$15,329.8

Additional $11.2 billion in costs if ages 50 – 64 years included

McLaughlin, JM, Tan L., et al. *J Primary Prevent* (2015) 36:259 - 273

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Who pays for vaccines?

- Vaccines For Children (VFC, covers ~45% of children)
  - Entitlement for children up to age 19 served by:
    - Medicaid
    - Without health insurance
    - American Indians and Alaska Natives
  - Underinsured children can receive VFC vaccines at Federally Qualified Health Centers (FQHCs) or Rural Health Clinics (RHCs)
- Section 317
  - No longer be used to cover routine vaccination of children, adolescents, and adults who have public or private insurance that covers vaccination
  - Also has objective to improve adult IZ
  - Stagnant funding

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Who pays for vaccines?

- Medicare
  - Covers vaccines for those 65 years and older
  - Influenza, Pneumococcal and Hepatitis B – Part B (by legislation)
  - All other vaccines – Part D (eg, shingles)
- Medicaid
  - Only public sector payer that provides for administration fee
  - Admin fee set by states with huge state-to-state variance; states have to contribute enough funds to draw the maximum federal matching contribution allowable
  - ACA updated the caps are set by CMS for admin fees but states do not have a floor.
- Private Sector
  - Price of vaccine negotiated with distributors/manufacturers
  - Payment negotiated with payers
  - Providers responsible for administering vaccine then seeking payment (compare with pharmaceuticals where patient fills prescription)

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Current coverage of vaccines

Private Payers

- ACA mandates provision of ACIP-recommended vaccines at no cost-sharing
  - Must cover adult children up to age 26 years
  - No pre-existing conditions for children <18 years
- No payer is required to cover vaccinations delivered by an out-of-network provider.
  - Plans that do cover out-of-network provider can do so at out-of-network cost-sharing standards

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Current coverage of vaccines

The ACA extended many of its standards to the self-insured ERISA group health plans

- In particular, all ERISA plans are subject to the ACA's standards on preventive services coverage
- Thus, must cover all ACIP-recommended vaccines at no cost-sharing

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Coverage Challenges

For private insurance

- Concern remains about coverage for differences between an FDA indication and an ACIP recommendation
- Example – Shingles Vaccine
  - Shingles has FDA indication for ages 50 and above, no exclusion of immunocompromised. ACIP recommendation has not addressed that population.
  - Provider provides vaccination to 55 year old with immune compromise.
  - Will it be covered? Not likely
- Travel vaccines are not covered unless indicated in the footnotes of the ACIP schedules…

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Coverage Challenges

For private insurance

- Network Adequacy/Out of Network Providers
  - If patient cost is less of an issue, access to vaccinations becomes primary barrier to coverage.
  - Increase access points for getting vaccinated
    - All providers of care for adults have a responsibility to assess, counsel, recommend, and if feasible, deliver the vaccine
    - Need to improve the number of in-network providers
  - Complementary immunizers such as pharmacists, school-based clinics or public health clinics are considered out-of-network providers and thus ACA provisions do not apply
  - CDC "billables" project – contracting to make public health departments in-network providers.

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National Standards for Adult Immunization Practice*

ALL providers of health care to adults are to:

1. ASSESS patient's status for all recommended vaccines at each clinical encounter;
2. Educate and counsel the patient on the recommended vaccines and strongly RECOMMEND needed vaccines; and,
3. VACCINATE at the same visit, OR for providers that do not stock the recommended vaccine, REFER the patient to a vaccinating provider.
4. DOCUMENT the receipt of vaccine by the patient

*NVAC. 2014. Public Health Rep; 129(2): 115–123.

Even if you don't vaccinate, you still need to recommend vaccines to your patients

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Coverage Challenges

Medicaid Expansion

- Expansion and implementation of the Exchanges will be extremely varied given the variability in states' participation.
  - Differences will exist even in "expanded" states between newly enrolled and those enrolled before 2014
- "Traditional" Medicaid adult enrollees (in states that opt out of expansion) will not be protected by the ACA provisions
  - About 20 million non-elderly persons comprising pregnant women, parents/caretakers of dependent children, low income parents, working age adults with disabilities.
  - Immunization is optional preventive service for adults

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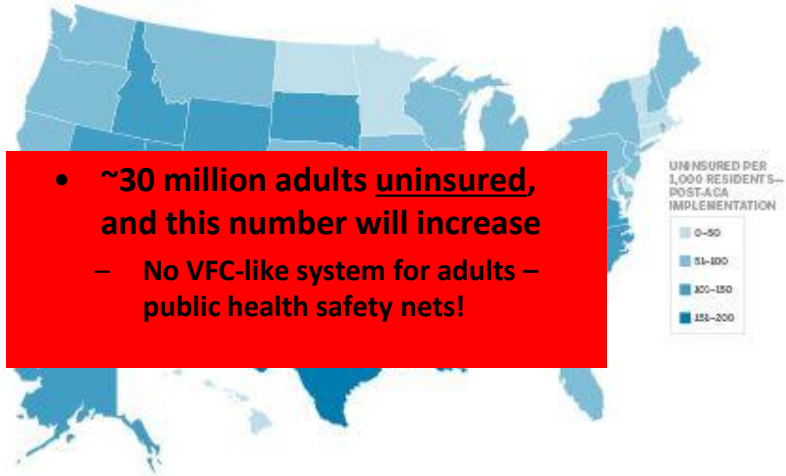
The Uninsured Population!



- **~30 million adults uninsured, and this number will increase**
  - **No VFC-like system for adults – public health safety nets!**

Notes: Based on literature review as of 6/14/13. All results possible to change without notice.
Results are estimates based on literature review, census data, and Advisory Board research.

Source: Nardin, et al, *The Uninsured After Implementation Of The Affordable Care Act: A Demographic And Geographic Analysis*, http://healthaffairs.org/blog/2013/06/06/the-uninsured-after-implementation-of-the-affordable-care-act-a-demographic-and-geographic-analysis, accessed: June 11, 2013; United States Census Bureau; Advisory Board research and analysis.

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Coverage Challenges

- The Continuing Medicare B/D challenge
  - GAO study on impact of Medicare Part D payment on access to immunizations
    - Highlighted access problems with adult vaccine covered under Part D
    - Vaccines provided under Part D still have cost sharing
    - Urges appropriate steps to address administrative challenges (eg, verifying beneficiaries' coverage)
- While payment to provider may not be an issue, adequacy of provider payment for vaccines and administration remains!

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Adequacy of Provider Payment - Purchase of Adult Vaccines

- Newer vaccines are more expensive
- There is no federal vaccine purchase program for adults
- Vaccine prices can vary as much as 3-fold from provider to provider depending on negotiated prices, which are confidential
- Adult vaccine providers do not have the benefits of economies of scale that pediatric practices have

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Adequacy of Provider Payment – Cost to provide Vaccines

- Equipment: refrigerator/freezer, temperature monitoring devices
- Up front purchase costs
- Labor costs to order, track, maintain supply
- Backup power
- Insurance for inventory
- Opportunity cost of hundreds of thousands of dollars tied up in inventory

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Adequacy of Provider Payment – Cost to provide Vaccines

- Staff time:
  - Discussions with parents
  - Vaccine administration
  - Documentation
  - Training
- Supplies
- Billing

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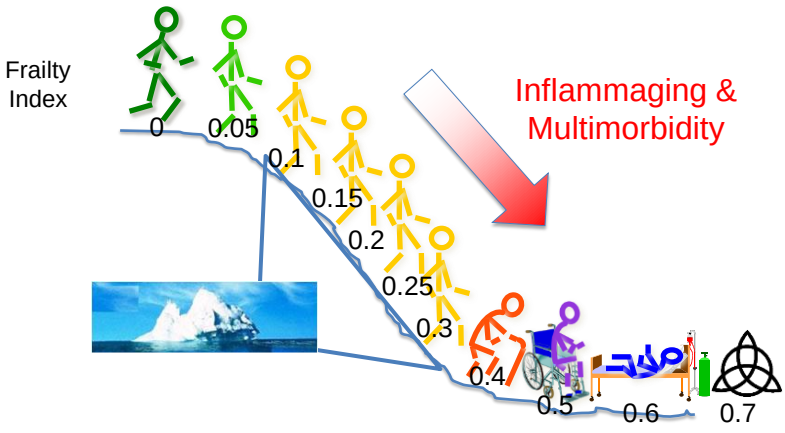
Resilience to Influenza with Aging



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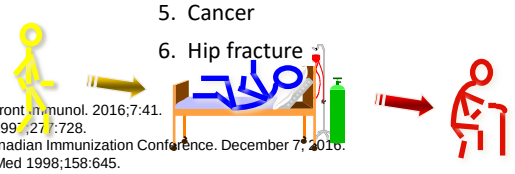
Vaccine Preventable Disability[1]

Catastrophic disability

- Defined as a loss of independence in **≥ 3 basic** Activities of Daily Living[2]
- **14.6%** of older adults hospitalized with influenza **experience catastrophic disability**[3]
- Disability due to influenza hospitalization[4,5] is also linked to **leading causes of catastrophic disability**[2]

1. Strokes
2. CHF
3. Pneumonia and influenza
4. Ischemic heart disease
5. Cancer
6. Hip fracture



[1] McElhaney JE et al. Front Immunol. 2016;7:41.
[2] Ferrucci et al. JAMA 1999;281:728.
[3] Andrews MK et al. Canadian Immunization Conference. December 7, 2016.
[4] Barker et al. Arch Int Med 1998;158:645.
[5] Falsey et al. *N Engl J Med*. 2005;352:1749.

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