

# Pediatric Vaccines Put Squeeze on Many Practices

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Financial strain associated with vaccine costs and reimbursement levels is increasingly reported by physicians in private practice who provide vaccinations to children and adolescents, a study shows.

However, in a related study, cost and reimbursement levels were found to vary widely across the United States, suggesting that individual practices should pay careful attention to these factors and seek opportunities to improve on them.

In the first study, Dr. Gary L. Freed and his associates at the University of Michigan, Ann Arbor, conducted a cross-sectional mail survey of a random sample of pediatricians and family physicians who purchase private stock of vaccine. About half of the 357 pediatricians and the 240 family physicians who responded said their practice had delayed purchase of certain vaccines for financial reasons, and 53% had experienced decreases in profit margins from immunizations in the 3 years prior to the survey. A decrease of more than 20% in profit margins was reported by 21% of respondents. These responses did not differ by specialty.

Furthermore, 21% of respondents strongly disagreed that reimbursements for vaccine purchases are adequate, and 17% strongly disagreed that reimbursement for administration of vaccine is adequate.

Importantly, 11% of respondents (5% of pediatricians and 21% of family physicians) said that they had seriously considered ending the practice of providing vaccines to patients, the investigators reported (*Pediatrics* 2008;122:1319-24).

Research has addressed the effects of vaccine cost increases on public-sector vaccine financing, but this is among the first studies to address the effect on private-sector physicians.

In regard to the fact that 34% of decision makers in family practice have seriously considered whether they should stop providing vaccines to privately insured patients, the investigators noted that "this may be a harbinger of future actions among a significant group of family physicians."

The relevance of this possibility is likely limited for the nation's private-sector capacity for immunization delivery because pediatricians provide the majority of immunizations for children and adolescents, but it is of particular concern in rural areas, where family physicians are the predominant source of children's primary care.

In their own effort to better understand some of the pressures and to evaluate potential solutions, the investigators launched another study looking at vaccine price and reimbursement levels.

Using a cross-sectional survey of a convenience sample of 76 private practices in California, Georgia, Michigan, New York, and Texas, they found that prices vary widely, with differences in maximum and minimum prices paid per

dose varying between \$4 and \$30. Significant variations also exist in reimbursement levels for vaccine purchase, with differences in maximum and minimum reimbursement levels ranging from \$8 to more than \$80.

The mean net yield per dose ranged from \$3 to \$24 among the practices, with some practices reporting a positive net yield of nearly \$39, while 11% of practices reported a negative net yield for

the same vaccine. Also, the mean reimbursement levels varied from about 80% up to 123% (*Pediatrics* 2008;122:1325-31).

These findings underscore the need for individual practices to pay close attention to their costs and reimbursements, and to seek opportunities—such as those afforded by discount and rebate programs—to improve their bottom line, Dr. Freed and his associates noted.

Such programs, as described by respon-

dents, include prompt payment, online payment, volume discounts, and promotional pricing (such as back-to-school promotions), among others.

"At the practice level, [the variation in vaccine costs and reimbursement levels] underscores the need for practices to be cognizant of their own costs and reimbursements for vaccines," they wrote.

The Centers for Disease Control and Prevention funded the two studies. ■



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