

Fulfilling our Obligation to Protect our Children



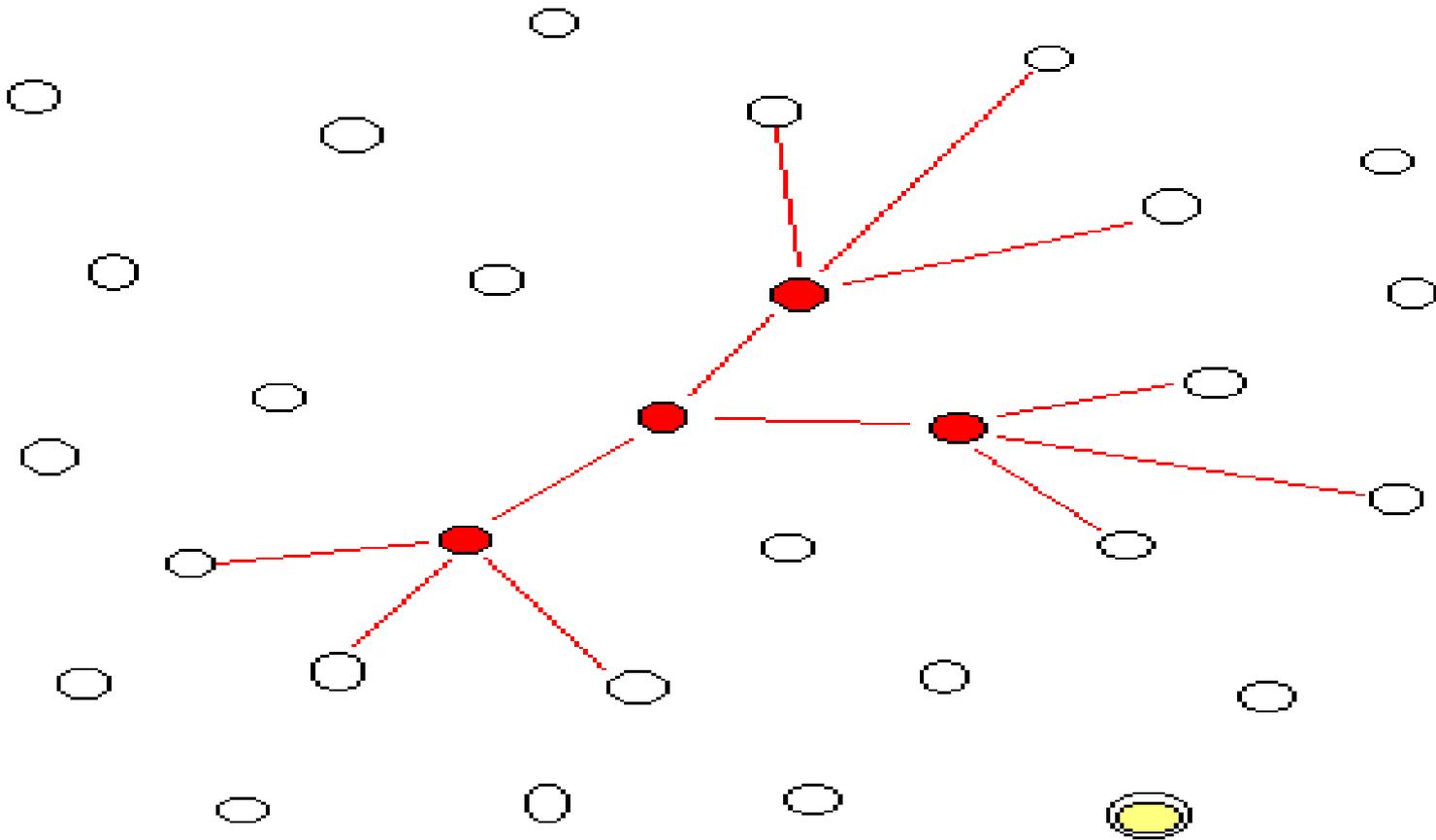
Vaccine Financing
& Availability
Advisory
Committee

August 1, 2014

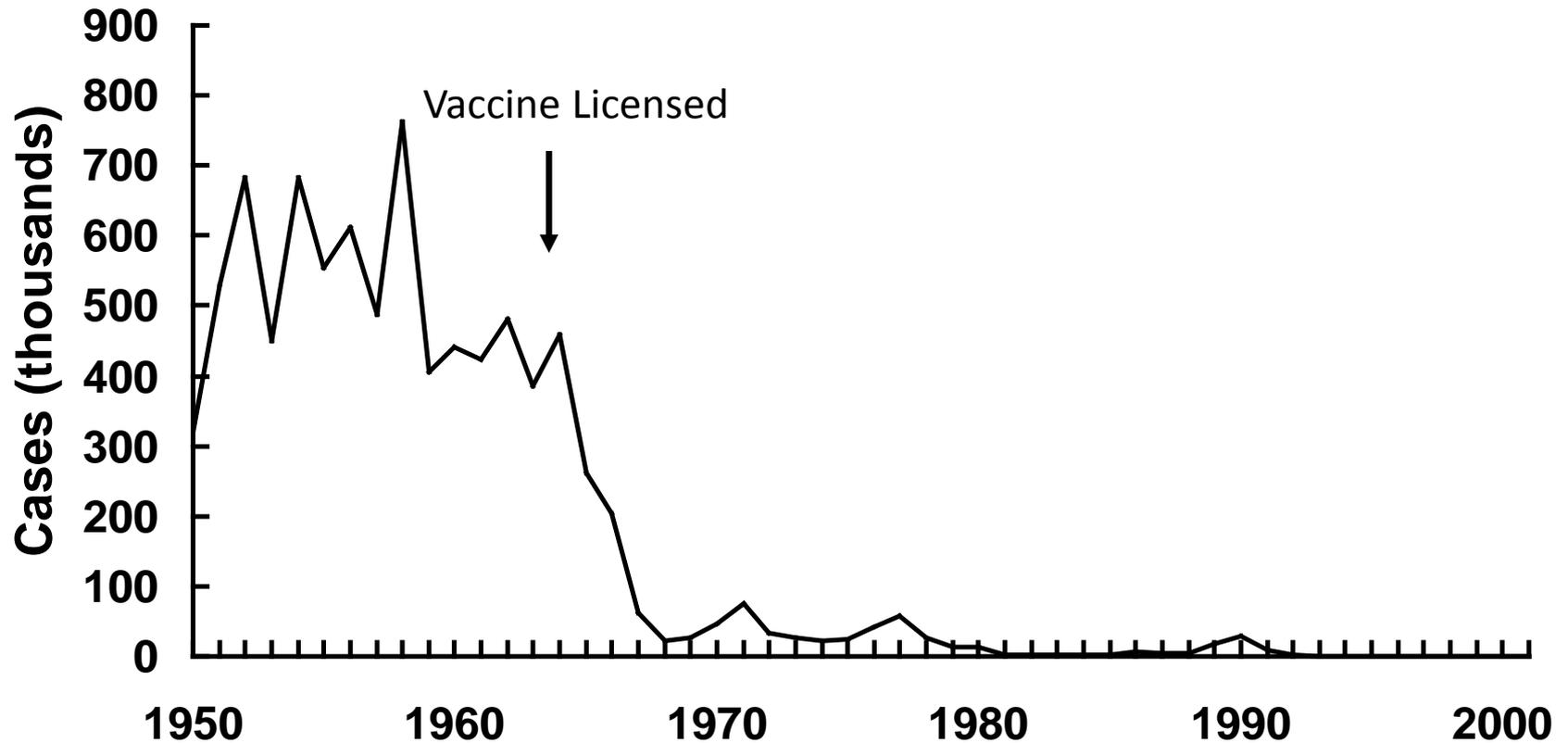
Bob England, MD, MPH

Maricopa County Dept
of Public Health

Herd immunity...



Measles – United States, 1950-2001



Impact of Vaccines in the 20th & 21st Centuries

Comparison of 20th Century Annual Morbidity & Current Morbidity

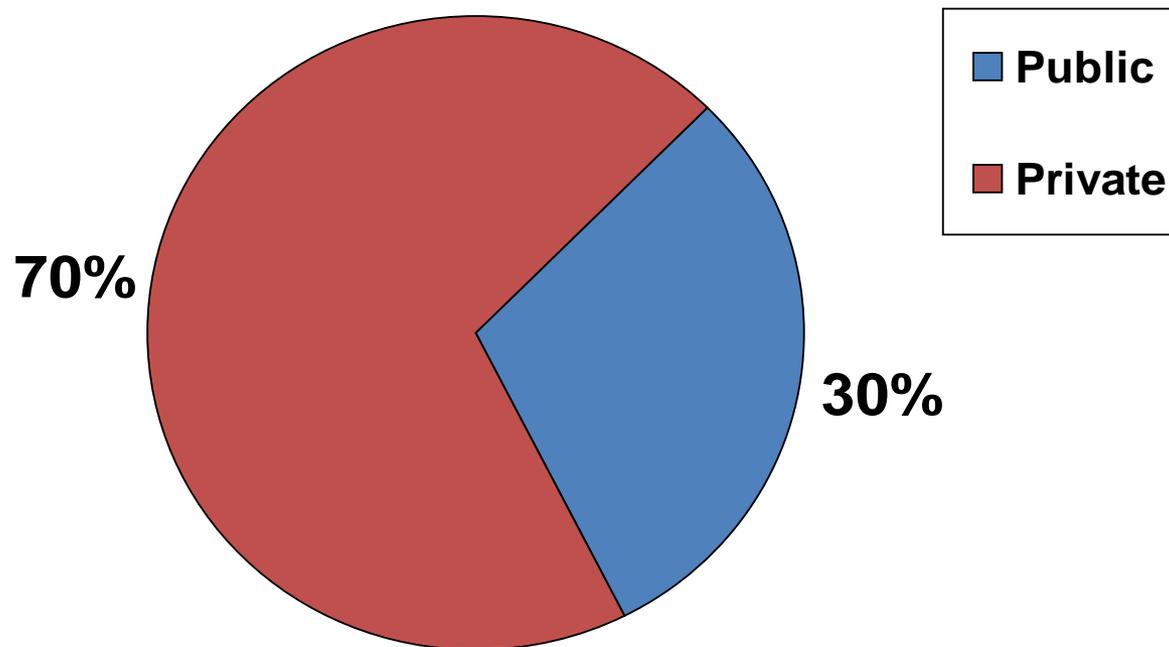
Disease	20 th Century Annual Morbidity*	2010 Reported Cases [†]	% Decrease
Smallpox	29,005	0	100%
Diphtheria	21,053	0	100%
Pertussis	200,752	21,291	89%
Tetanus	580	8	99%
Polio (paralytic)	16,316	0	100%
Measles	530,217	61	>99%
Mumps	162,344	2,528	98%
Rubella	47,745	6	>99%
CRS	152	0	100%
<i>Haemophilus influenzae</i> (<5 years of age)	20,000 (est.)	270 (16 serotype b and 254 unknown serotype)	99%

Sources:

* JAMA. 2007;298(18):2155-2163

† CDC. MMWR January 7, 2011;59(52);1704-1716. (Provisional MMWR week 52 data)

Private Sector Providers Give Most Vaccines to Children



Source: Arizona Department of Health Services

Problem: Rising Cost of Vaccinating

- 44% percent of private practice overhead in vaccine stock
- Offices need to be paid ~120% of retail cost to cover the expenses

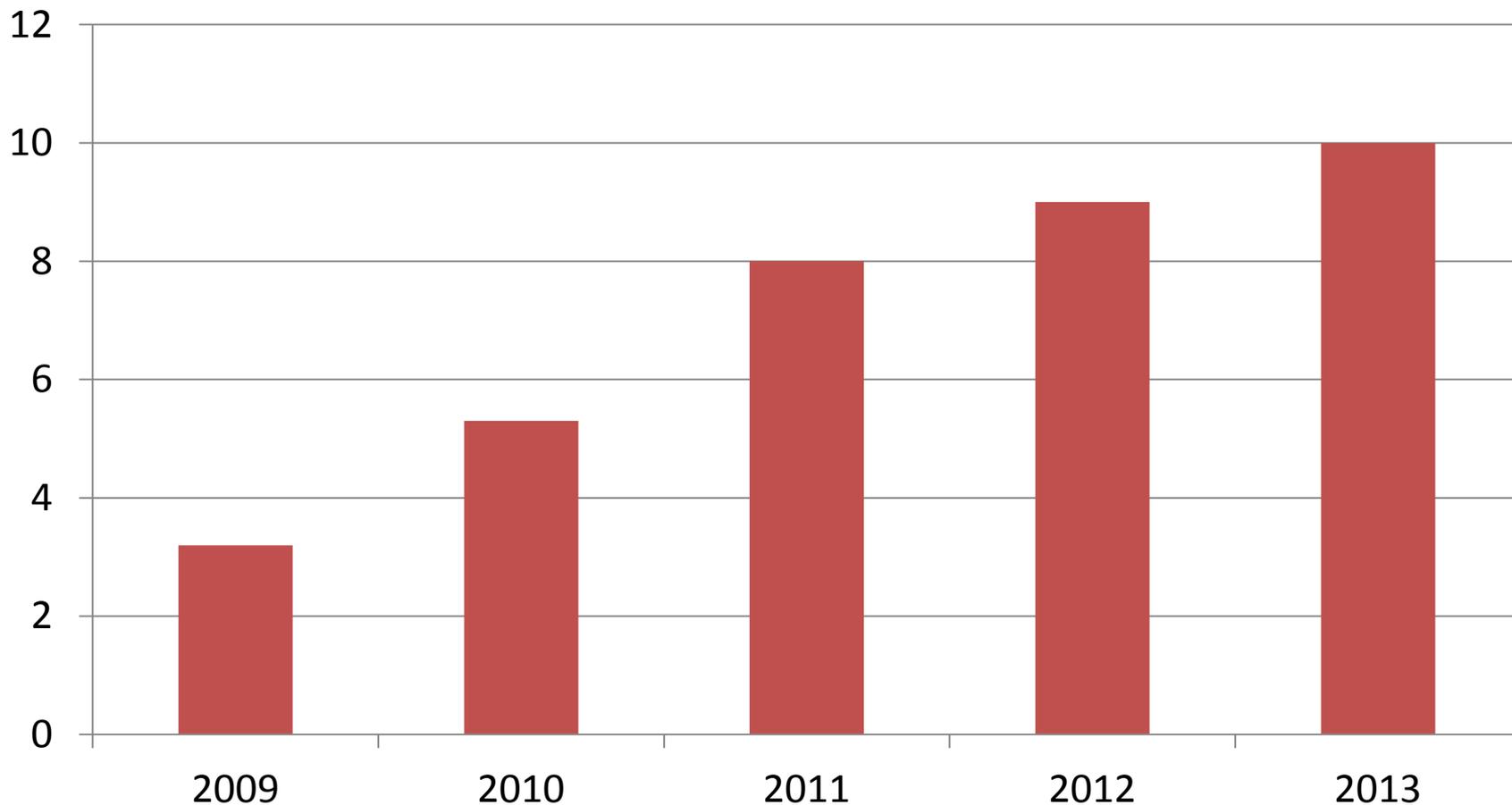


A Genuine Crisis

Several factors came together to break what was already a complex system of vaccine delivery in Arizona:

1. Elimination of prior \$10M annual State funding for immunizations
2. CDC prohibition against deputization of private providers for VFC vaccine use in underinsured children
3. Reduction of the Federal Immunization Grant (Section 317) by more than 50%
4. Costs to purchase and maintain vaccines rising to > 40% of total overhead for a pediatric practice, rendering insurance reimbursement increasingly inadequate
5. Increased complexity for private providers to participate in VFC (i.e., increased record keeping and equipment requirements)
6. Prohibition against the use of 317 funds for privately insured children in public clinics
7. Wide variation in contracted reimbursement rates provided to the public sector for immunization (from 22% below to 35% above cost), totally at insurers' discretion
8. Actual reimbursements that often fall below even those contracted rates, as insurers cite deductibles or lower rates in specific plans

Percent of Privately Insured Children at MCDPH Immunization Clinics



Public/Private Vaccine Business Model

- Oct, 2012 – Jan, 2013 Maricopa administered vaccine to privately insured kids at a cost of:
\$202,849.43
- By end of March 2013, payments from private health plans:
\$102,457.66

It can take months to recoup investment from health plans

Payment must cover: vaccine, storage, handling, insurance and billing

Public/Private Vaccine Business Model

- Health Plan C loaded public health in their system incorrectly, so denied payments.
 - 24 emails and calls made in 45 days to have plan to correct without response
- Health Plan D took 18 months to correctly load health department into system
- Health plan E refused to contract with public health paid \$2,800 on \$35,000 vaccine bill

Maintaining the Public Health *System*

- We all depend on this system
 - It matters to you whether your neighbor is vaccinated
 - Vaccines are a communal good that we've treated as just another individual health care commodity
- Reimbursing local health depts is NOT a fix
- Private providers *must* stay in system

TAPI: Public Private Partnership

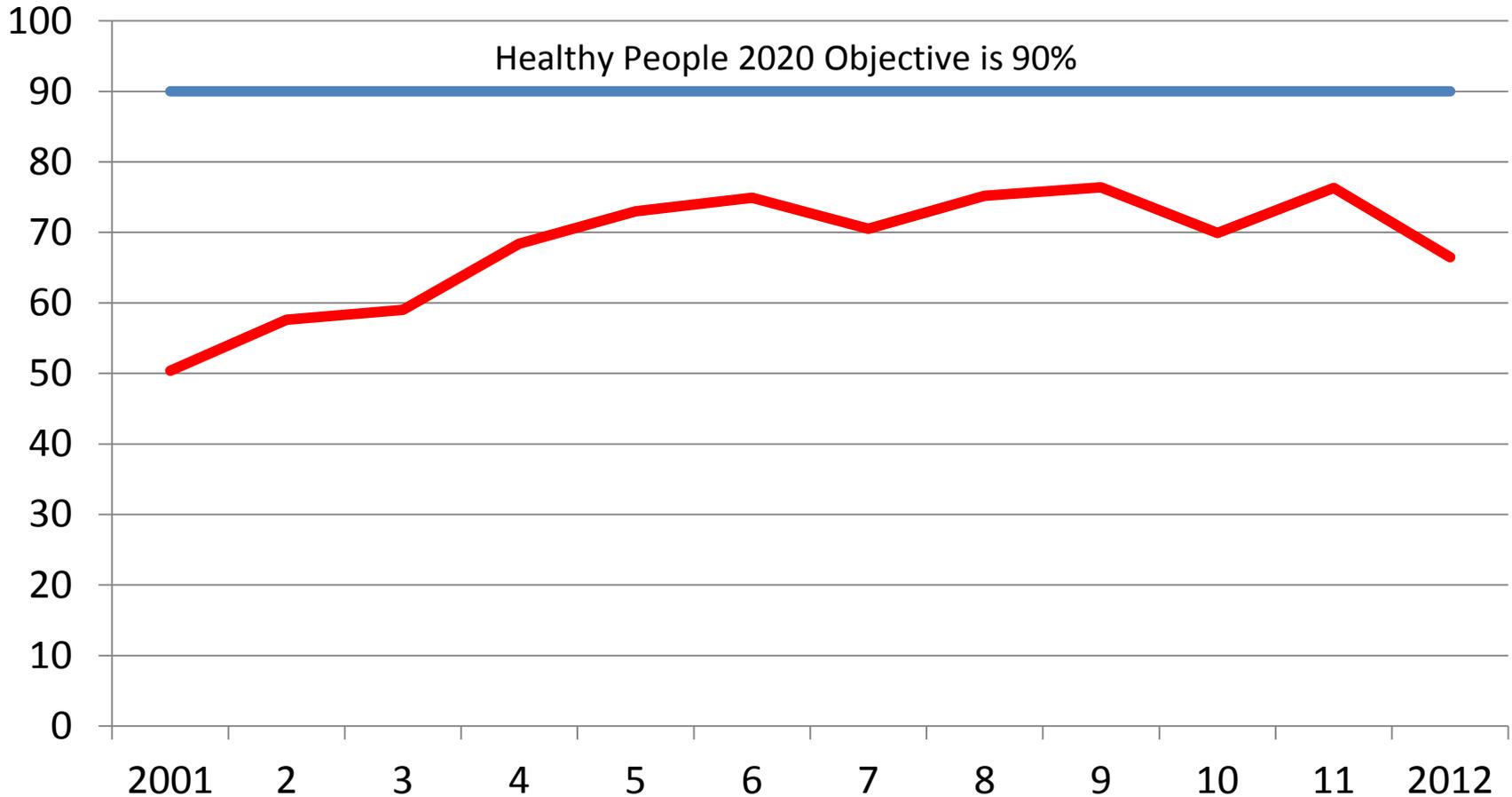
- Governor's Office of Women & Children
- Arizona Association of Community Health Centers
- Arizona Children's Action Alliance
- Schaller Anderson
- Blue Cross Blue Shield
- Arizona Medical Association
- Arizona Health Care Cost Containment System
- Maricopa County Community Health Nursing
- Pima County Health Department
- Flinn Foundation
- BHHS Legacy
- Mercy Care
- Arizona Department of Health Services
- AHCCCS
- Scientific Technologies Corporation
- Phoenix Fire Department
- Arizona Academy of Pediatrics
- Health Logic
- Health Services Advisory Group
- Arizona Pharmacy Association
- Banner Health
- ASU College of Nursing
- Care 1st Health plan
- AZ State Division of Developmental Delays
- Health Links, Phoenix Day
- Arizona State Immunization Information System
- Arizona Family Practice Association
- Arizona Osteopathic Medical Association
- CIGNA Medical Group
- Phoenix Health Plan
- SCAN Health Plan
- Governor's Council on Aging
- United Health Care
- Mesa Fire Department
- GlaxoSmithKline
- Sanofi Pasteur
- Medimmune
- Merck
- Novartis

Active Health Leadership working in trusted relationships

National Immunization Survey, AZ

Children 19-35 months with

4 DTaP, 3 Polio, 1 MMR, 3 Hib, 3 Hep B, and 1 Varicella



AzAAP Pediatric Council Kept Dialog Going...

- Purpose: partner pediatricians with health plans:
 - To improve care for children
 - To discuss important issues that affect pediatricians
 - To share info
- Since 2008, medical directors of all major Arizona health plans invited to at least 6 face-to-face meetings
- Following each large meeting, 1 or 2 pediatricians meet with medical directors of health plans individually
- Regular TAPI meetings include: Healthcare Providers, Insurers, Pharmaceutical Companies, Manufacturers, Employers, Public Health

The Affordable Care Act

- Funding cuts in anticipation of ACA
- Does ACA help in Arizona?
 - Still seeing high deductibles and copays
- 80% small business
- 65% of commercially insured in Self Insured Plan

Managed Market Surveyor — State Profile	
Arizona (January 2012)	
Arizona Population	6,482,505
Commercial Enrollment	3,230,826
PPO Commercial (Fully Insured)	748,443
HMO Commercial (Fully Insured)	146,023
Point of Service (POS) (Fully Insured)	212,953
Employer Sponsored/Self Insured/ASO(1)	2,123,407
Medicaid Beneficiaries(2)	1,198,793
MCO Managed Medicaid	1,102,962
State Medicaid (Fee for Service / PCCM)	95,831
Medicare Eligibles(3)	973,543
Fee For Service (Parts A/B)	609,418
Medicare Advantage (MA-PDP)	364,125
Dual Eligible Population	123,460
Estimated Total With Coverage(4)	5,279,702
Uninsured	1,202,803

65% of Arizona
Insured through
Employer Self
Insured Plan
Grandfathered?

Is Legislation Appropriate?

- Immunizations are *not* individual health care
- Law already prevents providers from negotiating contracts, thus law needed to fix
- If we don't fix this:
 - We'll lose herd immunity
 - Many of us and our children will suffer
 - All parties will pay more
- This is a unique problem, justifying a unique solution

If Statutory Rate Setting is not the Solution...

- Statute to allow DOI or DHS to set rates
 - Perhaps with an Advisory Council
 - Precedence in Workers' Comp legislation
- Reinstate the \$10M vaccine fund (and then some)
 - Use to offset private provider costs
- (Universal Vaccine State – NOT)
- Other ideas??