REPORT 4 OF THE COUNCIL ON SCIENCE AND PUBLIC HEALTH (I-08)
Financing of Adult Vaccines: Recommendations for Action

SUMMARY

Objective. To examine the issue of adult vaccine financing, describe the work performed by experts convened by our American Medical Association (AMA) at the first National Immunization Congress, and offer recommendations to address the financing of adult immunizations in the United States.

Data Sources. Literature searches were conducted in the PubMed database for English-language articles published between 2006 and 2008 using the search term "vaccine financing." Minutes from the first National Immunization Congress, a three-day meeting cosponsored by the AMA and the American Academy of Pediatrics to discuss solutions to the vaccine financing problems faced by providers of both pediatric and adult vaccines, were consulted.

Results. Vaccines are one of the most successful public health interventions of all time, yet adult vaccination rates in the United States are grossly inadequate. Huge gaps exist between national adult immunization goals and actual vaccination rates. As a result of the failure to immunize adults, the number of manufacturers of adult vaccines in the United States has dwindled due to lack of public demand. While several remarkable new adult vaccines are currently in development, including West Nile and hepatitis C vaccines, very few will reach patients if an infrastructure to cultivate and support adult vaccination is not developed. Additionally, a strong adult immunization infrastructure will prepare the nation for events such as major disease outbreaks and any potential influenza pandemic. There are numerous barriers to adult immunization efforts, but it is clear that vaccine financing is the most visible and that which presents the strongest level of frustration for practicing physicians. Many providers state that payment for administering vaccines is often inadequate: either the reimbursement for the vaccine's cost is insufficient to cover what was paid and/or the payment for administering the vaccine (the "administration fee") does not cover the actual costs. No federal financing mechanism exists for procuring vaccines for uninsured or underinsured adults, and the adult vaccine financing system does not provide any incentive for new immunizers to enter the field. Due to the uncertainty of adult vaccine financing, although many providers want to immunize adults, there remains a strong financial disincentive to doing so. In particular, any success in increasing awareness of--and demand for--adult immunization will be meaningless if providers choose to not vaccinate for financial reasons.

Conclusions. The failure of adult immunization in the United States must be addressed by establishing a comprehensive adult immunization program. This program must simultaneously provide solutions to four fundamental problem areas: undervaluation of adult immunization to drive demand, lack of a strong vaccine delivery infrastructure to ensure an adequate vaccine supply, limited public-private partnerships to facilitate providers' immunization efforts, and inadequate reimbursement. However, it is clear that the financing of adult immunizations remains the most visible, and perhaps the most critical barrier to improving adult immunization rates. Continued efforts among all adult immunization stakeholders including the Centers for Medicare & Medicaid Services, third party payers, policymakers, providers, and employers are necessary to ensure that adult immunization efforts are fairly reimbursed. Strong leadership is needed to implement actions that will begin to improve the current adult financing systems and to introduce new initiatives and policies that will improve adult vaccination financing for all providers. Ultimately, payment for adult vaccinations must be adequate and fair to all stakeholders.

RECOMMENDATIONS

The following statements by the Council on Science and Public Health were adopted by the House of Delegates as directives and policies at the 2008 Interim Meeting:

1. That our American Medical Association (AMA) support the concepts to improve adult immunization as advanced in the Infectious Diseases Society of America's 2007 document "Actions to Strengthen Adult and Adolescent Immunization Coverage in the United States," and support the recommendations as advanced by the National Vaccine Advisory Committee's 2008 white paper on pediatric vaccine financing.

2. That our AMA advocate for the following actions to address the inadequate financing of adult vaccination in the United States:

<u>Provider-related</u>

a. Develop a data-driven rationale for improved vaccine administration fees.
b. Identify and explore new methods of providing financial relief for adult immunization providers through, for example, vaccine company replacement systems/deferred payment/funding for physician inventories, buyback for unused inventory, and patient assistance programs.
c. Encourage and facilitate adult immunization at all appropriate points of patient contact; e.g., hospitals, visitors to long-term care facilities, etc.
d. Encourage counseling of adults on the importance of immunization by creating a mechanism through which immunization counseling alone can be reimbursed, even when a vaccine is not given.

<u>Federal-related</u>

a. Increase federal resources for adult immunization to: (i) Improve Section 317 funding so that the program can meet its purpose of improving adult immunizations; (ii) Provide universal coverage for adult vaccines and minimally, uninsured adults should be covered; (iii) Fund an adequate universal reimbursement rate for all federal and state immunization programs.
b. Optimize use of existing federal resources by, for example: (i) Vaccinating eligible adolescents before they turn 19 years of age to capitalize on VFC funding; (ii) Capitalizing on public health preparedness funding.
c. Ease federally imposed immunization burdens by, for example: (i) Providing coverage for Medicare-eligible individuals for all vaccines, including new vaccines, under Medicare Part B; (ii) Creating web-based billing mechanisms for physicians to assess coverage of the patient in real time and handle the claim, eliminating out-of-pocket expenses for the patient; (iii) Simplifying the reimbursement process to eliminate payment-related barriers to immunization.
d. The Centers for Medicare & Medicaid Services should raise vaccine administration fees annually, synchronous with the increasing cost of providing vaccinations.

<u>State-related</u>

a. State Medicaid programs should increase state resources for funding vaccines by, for example: (i) Raising and funding the maximum Medicaid reimbursement rate for vaccine administration fees; (ii) Establishing and requiring payment of a minimum reimbursement rate for administration fees; (iii) Increasing state contributions to vaccination costs; and (iv) Exploring the possibility of mandating immunization coverage by third party payers.

b. Strengthen support for adult vaccination and appropriate budgets accordingly.

Insurance-related

a. Provide assistance to providers in creating efficiencies in vaccine management by: (i) Providing model vaccine coverage contracts for purchasers of health insurance; (ii) Creating simplified rules for eligibility verification, billing, and reimbursement; (iii) Providing vouchers to patients to clarify eligibility and coverage for patients and providers; and (iv) Eliminating provider/public confusion over insurance payment of vaccines by universally covering all Advisory Committee on Immunization Practices (ACIP)-recommended vaccines.
b. Increase resources for funding vaccines by providing first-dollar coverage for immunizations.
c. Improve accountability by adopting performance measurements.
d. Work with businesses that purchase private insurance to include all ACIP-recommended immunizations as part of the health plan.
e. Provide incentives to encourage providers to begin immunizing by, for example: (i) Including start up costs (freezer, back up alarms/power supply, reminder-recall systems, etc.) in the formula for reimbursing the provision of immunizations; (ii) Simplifying payment to and encouraging immunization by nontraditional providers; (iii) Facilitating coverage of vaccines administered in complementary locations (e.g., relatives visiting a resident of a long-term care facility).

Manufacturer-related

a. Market stability for adult vaccines is essential. Thus: (i) Solutions to the adult vaccine financing problem should not deter research and development of new vaccines; (ii) Solutions should consider the maintenance of vibrant public and private sector adult vaccine markets; (iii) Liability protection for manufacturers should be assured by including Vaccine Injury Compensation Program coverage for all ACIP-recommended adult vaccines; (iv) Educational outreach to both providers and the public is needed to improve acceptance of adult immunization.

3. That our AMA conduct a survey of small- and middle-sized medical practices, hospitals, and other medical facilities to identify the impact on the adult vaccine supply (including influenza vaccine) that results from the large contracts between vaccine manufacturers/distributors and large nongovernment purchasers, such as national retail health clinics, other medical practices, and group purchasing programs, with particular attention to patient outcomes for clinical preventive services and chronic disease management.