

# Childhood vaccines cause financial burden to many health care providers

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A young man receives a vaccination. The cost and reimbursement levels of vaccines vary widely, according to new studies from the University of Michigan Health System. Credit: Scott Soderberg, University of Michigan

The costs that health care providers are charged and reimbursed for childhood vaccines vary widely, and the high cost of some immunizations is leading to significant financial strain for some physicians, according to a pair of new studies from the University of Michigan Health System.

The findings suggest that many physicians appear to be paying too much and receiving too little reimbursement, but they can use this new data to help improve both areas, the researchers say.

"Physicians need to be better business people, and negotiate better prices and payments," says lead author Gary L. Freed, M.D., MPH, chief of the Division of General Pediatrics and director of the Child Health Evaluation and Research (CHEAR) Unit at the U-M Health System's Mott Children's Hospital. Freed is the immediate past chair of the U.S. Department of Health and Human Services' National Vaccine Advisory Committee.

With vaccines for children enrolled in Medicaid funded by the public sector through the federal Vaccines for Children Program, prices are negotiated annually with vaccine manufacturers by the Centers for Disease Control and Prevention. But the data from the new studies support the belief that costs and reimbursements are widely variable in private practices.

"Until now, nobody knew what anyone was paying," Freed notes. "This information will change the way in which physicians negotiate prices." The studies appear in the December issue of the journal *Pediatrics*.

The studies found that the price-per-dose of one brand of hepatitis B vaccine, for example, ranged from \$4.26 to \$13.06 at different medical practices. Reimbursements of the MMR (measles, mumps and rubella) vaccine ranged from \$16.77 to \$59.02. Many physicians in the survey expressed dissatisfaction with the price and reimbursement levels of vaccines.

The good news for physicians is that they can join purchasing cooperatives in which they band together to get a better rate as a group than they would as individuals, Freed says. Additionally, physicians who

are paying more for vaccines can follow the lead of their peers who have negotiated prompt-pay discounts and volume discounts.

While few physicians in the survey indicated that they had considered no longer providing all vaccines to privately insured children (11 percent overall; 5 percent of pediatricians and 21 percent of family physicians), about half of them reported that they had delayed the purchase of some vaccines for financial reasons and experienced a decline in profit margins from immunizations. While the study did not specifically look at the effect on costs to patients, Freed notes that most of the vaccines are not associated with out-of-pocket expenses for insured families or for those on Medicaid.

Reference: Pediatrics, Vol. 122, Number 6, December 2008, "Variation in Provider Vaccine Purchase Prices and Payer Reimbursement" and "Primary Care Physician Perspectives on Reimbursement for Childhood Immunizations."

Source: University of Michigan

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