



DEDICATED TO THE  
HEALTH OF ALL CHILDREN

THE OFFICIAL NEWSMAGAZINE OF THE AMERICAN ACADEMY OF PEDIATRICS

# AAP News

## **Power of a pediatrician • Member taps AAP leadership to help solve vaccine payment problem**

Kristy Kennedy

*AAP News* 2010;31;51

DOI: 10.1542/aapnews.2010319-51

The online version of this article, along with updated information and services, is located on the World Wide Web at:

<http://aapnews.aappublications.org/cgi/content/full/31/9/51>

AAP News is the official journal of the American Academy of Pediatrics. A monthly publication, it has been published continuously since 1985. AAP News is owned, published, and trademarked by the American Academy of Pediatrics, 141 Northwest Point Boulevard, Elk Grove Village, Illinois, 60007. Copyright © 2010 by the American Academy of Pediatrics. All rights reserved. Print ISSN: 1073-0397.

American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™



## *Power of a pediatrician* Member taps AAP leadership to help solve vaccine payment problem

by **Kristy Kennedy** • Correspondent

Nearly two years ago, Graham Barden III, M.D., FAAP, was going over the books in his rural North Carolina practice when he noticed an insurance company was paying him about \$3 less than it cost to purchase the Prevnar vaccine.



Dr. Barden

It would have been an easy thing to let go. Dr. Barden took advantage of a program enabling him to dip into a supply of state-funded vaccines that were cheaper, allowing his patients to receive the vaccine and keeping him from losing any money.

But the unfairness of the matter nagged at him. Why would TRICARE, a health care program for military families, underpay for vaccinations? “It irked me enough that I wanted to find out why,” Dr. Barden said.

After poking around, Dr. Barden uncovered a bigger problem — a pricing practice that could have been disastrous for pediatricians nationwide.

### Call to AAP president

Dr. Barden took his findings to David T. Tayloe Jr., M.D., FAAP, a North Carolina colleague, who at the time was AAP president. “(Dr. Barden) figured out that something wasn’t quite right, but he didn’t know how to fix it,” Dr. Tayloe said. But Dr. Barden knew the Academy could.

TRICARE was required by law to use benchmark prices for vaccines set by the Centers for Medicare & Medicaid Services (CMS). Officials there created the list to control pharmaceutical costs and were using Average Sales Price payment rates for most childhood vaccines. The Academy prefers use of prices set by the Centers for Disease Control and Prevention because they are updated regularly and include costs to administer vaccines.

While Dr. Barden found the Prevnar price was based on out-of-date information, he was more concerned that CMS was setting

prices for vaccines. Further, Dr. Barden remembered a conversation with a national private insurance company revealing its plans to use the CMS price list for vaccines in North Carolina.

“At the time, I didn’t know what the CMS price list was,” Dr. Barden said. But after researching TRICARE’s pricing, he “realized many insurance companies across the country were going to use the CMS price list.”

### Implications for immunization rates

Dr. Tayloe was alarmed. Use of that list could force pediatricians to operate at a loss or turn patients away without vaccinations, especially troubling because there was no alternative way for those patients to get vaccines. “This was an issue above and beyond the reach of most people in practice,” Dr. Tayloe said. “To fix this kind of thing required someone in Washington, D.C., who understood the system and could make it fair for pediatricians.”

Dr. Tayloe and other AAP leaders met with federal government officials, including those responsible for the CMS price list. He explained the payment rates for most vaccines did not cover doctors’ costs and questioned the logic of having childhood vaccines on the list when so few children are served by Medicare.

After nearly 19 months of meetings and follow-up calls, a CMS price list released in July removed many of the vaccines, including DTaP, IPV, RotaTeq, Varivax and MMR. The Prevnar price was adjusted shortly after Dr. Barden pointed out the pricing error.

Now, AAP officials are working to have the Hib vaccine removed from the list, believing it was an oversight since only very young children receive it. Because other vaccines (such as Tdap, hepatitis A and the meningococcal meningitis vaccine) are given to older children and adults, they likely will remain on the price list, Dr. Tayloe said.

The story is a good example of how teamwork between pediatricians and the Academy can make a difference, Dr. Tayloe said. “It shows the power of a pediatrician who has the support of the Academy. This is how the Academy is supposed to work. Doctors have to feel like they have the green light to call the Academy, and the Academy has to have the resources provided by its members.”



Dr. Tayloe

**Power of a pediatrician • Member taps AAP leadership to help solve vaccine payment problem**

Kristy Kennedy

*AAP News* 2010;31;51

DOI: 10.1542/aapnews.2010319-51

**Updated Information  
& Services**

including high-resolution figures, can be found at:  
<http://aapnews.aappublications.org/cgi/content/full/31/9/51>

**Permissions & Licensing**

Information about reproducing this article in parts (figures, tables) or in its entirety can be found online at:  
<http://aapnews.aappublications.org/misc/Permissions.shtml>

**Reprints**

Information about ordering reprints can be found online:  
<http://aapnews.aappublications.org/misc/reprints.shtml>

American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™

