



Vaccine Addendum to Payer Contracts

A Physician may wish to clarify or supplement the terms of his or her third-party payer contracts by negotiating an addendum that addresses payment for vaccines. Each third-party payer contract varies, and thus a Physician negotiating with health plans and managed care organizations is encouraged to consult with an experienced attorney regarding any such addendum. The following language is intended for information purposes only and is not intended as legal advice or as a requirement by AAP. This provision assumes a “pass-through” arrangement pursuant to which the third-party payer reimburses the Physician for immunization costs. If vaccinations are included in the Physician’s capitation rate, the contract should specify which vaccinations are included. Note that the sample language in this addendum assumes that vaccinations for children who are eligible for the federal Vaccines for Children Program will be provided outside of this arrangement.

Vaccine Addendum

Notwithstanding any other provisions of this contract, this addendum shall be the sole determinant of payment of vaccines provided to enrollees under this agreement. [Third-party payer] shall pay for vaccines for enrollees through 18 years of age. All vaccines recommended by the Centers for Disease Control, (CDC) and the American Academy of Pediatrics (AAP) shall be covered, effective as of the date of such recommendations. Compensation for the vaccine products shall be at [price or formula to be inserted].¹ In addition, administration fees, covered by CPT codes 90465, 90466, 90467, 90468, 90471, 90472, 90473, and 90474, shall be paid at [price or formula to be inserted].²

¹ The AAP [Principles of Child Health Care Financing](#) recommends “Payments for medications, vaccines, and other medical products administered in medical home settings should exceed the acquisition cost of the products and the overhead expense associated with the ordering, safe storage, and maintenance of documentation for these products. Changes in acquisition costs should be recognized by timely increases in payment. Retroactive payment increases should include interest and/or penalties to compensate for delays. Payment for treatment, medication, or vaccine administration codes should cover costs of office overhead for scheduling, coordinating, and educating patients and families; vaccine administration; management of post-injection pain or anxiety; supplies; staff time; and billing.” An example of a formula would be the Centers for Disease Control (CDC) private sector price list + some additional percentage to account for the total direct and indirect expenses (vaccine product, storage, insurance, inventory, etc. as outlined in the AAP Business Case for [Pricing Vaccines and Immunization Administration](#)). Physicians should be wary of arrangements pursuant to which the immunization reimbursement amount is based solely on average wholesale price (AWP) or average sales price (ASP) as Physicians may not be able to obtain such favorable pricing from their suppliers.

² An example of a formula might be the current year Medicare rates + some additional percentage. If health plans and other third party payers seek to “bundle” payment for vaccine with the administration, physicians negotiating with such payers may wish to consider the CPT® guidelines which categorizes these as separate services.