
March 24, 2007

In Need of a Booster Shot; Rising Costs Make Doctors Balk at Giving Vaccines

By **ANDREW POLLACK**

The nation's pediatricians, the foot soldiers in the campaign to vaccinate America's children, are starting to revolt.

The soaring cost and rising number of new vaccines, doctors say, make it increasingly difficult for them to buy the shots they give their patients. They also complain that insurers often do not reimburse them enough, so they can lose money on every dose they deliver.

As a result, some pediatricians are not offering the newest and most costly vaccines. And some public health experts say that if the situation worsens, it could lead to a breakdown in the nation's immunization program, with a rise in otherwise preventable diseases.

"We cannot pay for the vaccination of the American public any longer," said Dr. Dorothy A. Levine, a pediatrician in Stamford and New Canaan, Conn. "We're not giving them with as much vigor as we should, and the main reason is financial."

Dr. Levine, for instance, is not offering Gardasil, the new vaccine that prevents cervical cancer; it costs \$360 for three shots. Nor is she giving shots of RotaTeq, the \$190 vaccine against the diarrhea-causing rotavirus.

The situation underscores the role played in the United States by market dynamics in providing immunization, a public health service in many other countries.

About 85 percent of the nation's children get all or at least some of their inoculations from private physicians' offices, which operate as businesses. The federal and state governments pay for vaccines for about 55 percent of children, mainly poor ones. But even those government-subsidized vaccines are mainly administered by private doctors.

Private physicians have been taking on a greater role in immunization since a 1989 measles outbreak spurred efforts to increase vaccination rates. Now, however, "we're worried about seeing a reverse trend," back to public health departments, said Dr. Howard D. Backer, chairman of the Association of Immunization Managers, a group of state vaccine officials.

To be sure, most pediatricians continue to offer most or all vaccines. And immunization rates for the older vaccines remain higher than ever. More than 90 percent of children get shots for polio, mumps and hepatitis B, for instance.

Merck, which makes both Gardasil and RotaTeq, says the problem is transitory and that most insurers are already paying for those products. It says that 70 percent of the largest pediatric practices are stocking Gardasil and 60 percent carry RotaTeq.

Michael F. Thomas, a senior vice president in Merck's vaccine division, defended the company's prices saying, "Historically, vaccines have been undervalued."

But some doctors are balking. Teri Perryman, a doctor in Kerrville, Tex., is not only avoiding Gardasil and

RotaTeq, but also not offering the new meningitis vaccine, flu shots or new expensive combination products like one that combines the chickenpox vaccine with the measles-mumps-rubella vaccine, according to her husband, Kevin Perryman, who helps manage the practice.

Other doctors are asking patients to pay upfront or, in a new twist, are sending them to the drugstore. Typically, physicians have not written prescriptions for vaccines, as they do for drugs, but instead buy and store them, recouping their money when they give the vaccines to patients.

Michele Rabito of Douglaston, Queens, was given prescriptions for the first two Gardasil shots for her 15-year-old daughter, Paige. Her pediatrician would not provide the vaccine himself because Ms. Rabito's insurance did not cover it.

The pharmacy took a day or two to fill each prescription because it did not normally carry Gardasil, Ms. Rabito said. And it charged her \$185 a dose, about \$65 more than the wholesale cost. Ms. Rabito then brought each vial back to the doctor's office, where her daughter was vaccinated.

"It's a lot of trouble and a lot of money," she said, although she added that she did not blame her pediatrician.

Getting a vaccination was not always so difficult. In 1980, it cost only about \$23, or \$59 adjusted for inflation, for the seven shots and four oral doses needed to immunize a child, according to data provided by Dr. Thomas Saari, who is emeritus professor of pediatrics at the University of Wisconsin.

Today, though, a child who receives all the recommended vaccines would receive as many as 37 shots and 3 oral doses by the 18th birthday -- at a cost exceeding \$1,600.

Costs have nearly tripled since 2001 alone. And several new and costly vaccines have been added just since 2005. Besides Gardasil and RotaTeq, both made by Merck, the new ones include Menactra, a \$80 meningitis vaccine made by Sanofi-Aventis.

Also newly recommended are a vaccine against hepatitis A, a booster shot for chickenpox, a booster shot against whooping cough, and yearly flu shots until a child's fifth birthday instead of only until the second birthday.

Public health experts say vaccines, including the new ones, are among the most cost-effective of health measures. And higher prices have attracted new companies to the vaccine business, which was once considered a moribund backwater of the pharmaceutical industry.

But money has become a problem, not only for pediatricians but for doctors who give adult vaccines, and also for the federal and state governments.

Some states that once provided free vaccines to all children, like North Dakota, have had to abandon that practice. The Washington State Department of Health, which is still trying to provide vaccines for all, is requesting an additional \$13 million a year from the state Legislature to pay for the new vaccines, which would nearly double the \$16 million current appropriation.

Spending by the federal Vaccines for Children program, which pays for immunizations for Medicaid children and some others, has grown to \$2.5 billion, up from \$500 million in 2000.

But the loudest complaints are coming from pediatricians. "I cannot remember a time when I've heard this much anger," said Dr. Walter A. Orenstein of Emory University, who ran the national immunization program at the federal Centers for Disease Control and Prevention from 1988 until 2004.

Doctors say it is getting too difficult to tie up so much of their capital in vaccines.

"If we simply purchased Gardasil for every eligible girl each year, it would cost 25 percent of every dollar I collect," said Dr. Herschel R. Lessin, medical director of Children's Medical Group, a practice with more than 20 doctors based in Poughkeepsie, N.Y.

Even without stocking Gardasil or RotaTeq, the group spent more than \$600,000 to buy vaccines last year and has \$150,000 worth sitting in its refrigerators at any time.

Dr. Lessin said the eroding economics of practicing basic medicine was a reason fewer medical students were going into primary care, which pays much less than specialties.

"I'm a good guy," he said, "but I'm not a social worker."

If the physicians made a profit on vaccines, the advance purchase could be considered a good investment, especially since vaccinations bring in children who can then be provided other services.

But doctors say reimbursement is often inadequate. Moreover, insurers often do not reimburse for new vaccines at all during their first few months on the market. While doctors can charge what they want for a vaccine to a wealthy patient without insurance, for insured patients they generally have to accept what the insurer pays.

There are also the costs for administering vaccines: the nurses' time, the syringes, the record-keeping, the refrigerator, even insurance in case the refrigerator malfunctions.

Dr. Anne Francis, a pediatrician in Rochester, said her practice once lost \$9,000 worth of chickenpox vaccine when a refrigerator door was left ajar and had \$5,000 of flu vaccine left over when flu season ended. (Because the flu vaccine changes every year, leftover shots are worthless.)

Unavoidable waste is also more costly in an era of expensive vaccines. If a child pulls her arm away at the last second, "a \$120 syringe goes flying through the air and you can't reuse it," said Dr. Francis, who heads a committee of the American Academy of Pediatrics dealing with reimbursement.

Insurers and the Vaccines for Children program do reimburse separately for such administrative costs, but often far below the roughly \$20 per injection that some pediatricians say is necessary to cover expenses.

Some steps are being taken to remedy the problem. The pediatrics academy and the American Medical Association organized a three-day meeting in Chicago last month to discuss the issue.

Cigna, a big insurer, said it recently raised its reimbursement rates for vaccines. WellPoint, another large insurer, said it was steering doctors to distributors that charge less than it reimburses. Merck is giving doctors 60 days to pay for vaccines instead of 30, although at some time in the past it had given as much as 180 days.

More radical proposals, like mandating that insurance companies cover vaccines or having the government buy all vaccines, are not likely to gain political traction, experts said.

Another idea would be to have doctors pay only for the vaccines they use. But manufacturers in general have resisted this because it would mean more risk of oversupply for them.

The government's National Vaccine Advisory Committee is also looking at the issue. Its chairman, Dr. Gary L. Freed, said that beyond complaints from physician trade groups, there was actually little data available on the extent of the problem.

But that does not mean Dr. Freed, who is also director of the child health and evaluation unit at the University of Michigan, is not concerned. "Do we want to wait until we have epidemics," he asked, "before we want to do something about the financing questions?"