



July 1, 2010

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Dear Dr. Schulman:

On behalf of the over 60,000 members American Academy of Pediatrics (AAP) providing medical care to over 72 million children and adolescents, I am writing to urge reconsideration of Aetna's payment policy for immunizations.

Pediatricians have been increasingly reporting their concerns regarding Aetna's payments for vaccines and immunization administration and, most recently Aetna's payment for the PCV 13 vaccine. It is our understanding that Aetna's standard vaccine payment is set at 106% of average sales price (ASP) establishing a fee for PCV 13 around \$116 which does not cover the total direct and indirect expenses for this vaccine. Also, Aetna's payment for immunization administration is less than half of the national Medicare rate for CPT code 90471, which is \$20.92.

Clearly these rates do not adequately cover the total vaccine and immunization costs incurred by the physician practice. Physicians cannot be expected to subsidize carriers by providing immunizations at a loss. Inadequate payments for immunizations serve as barriers to access for this proven preventive care service. Several studies underscore the need for appropriate payment to cover the total costs for immunizations. These studies were published in the *Pediatrics* supplement entitled, "Financing of Childhood and Adolescent Vaccines" and are available online at:

http://pediatrics.aappublications.org/content/vol124/Supplement_5/

In addition to the vaccine acquisition cost, there are costs associated with ordering, inventory, storage insurance, wastage and lost opportunity costs. Pediatric practices incur significant expense in obtaining and storing inventories of vaccines for children, many of which have very specific storage requirements. Large capital outlays are required to keep the necessary vaccines in stock and storage facilities with strictly regulated conditions are needed to ensure the inventory remains viable. These costs are estimated to range from 17%-30% of the vaccine cost.

In addition, the ASP is not a true indicator of vaccine costs to the physician practice as it is based on an average of total sales including large volume purchases that are not available to most pediatric practices. A more transparent source of vaccine price is the CDC private sector vaccine price list at www.cdc.gov/vaccines/programs/vfc/cdc-vac-price-list.htm. It must be noted that the CDC private sector vaccine price list only includes the vaccine cost and not the indirect expenses identified above. Therefore, vaccine payments must be at a sufficient level to cover all direct and indirect vaccine expenses.

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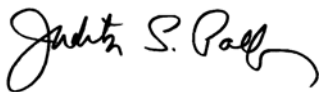
Further, immunization administration is a separately reported service and entails its own costs including physician work, practice expense and professional liability insurance coverage. The 2010 Medicare fee schedule for immunization administration (CPT codes 90465 and 90471) is \$20.92 and Aetna's fee of \$10 is significantly less.

Both federal and state law and medical ethics demand that pediatricians provide information and counsel parents/guardians about the risks and benefits of the immunizations that their children are scheduled to receive. The administration of vaccines to children is a very different service than immunization administration to adults. At the time each dose is administered, physicians are required to explain the benefits to the family and patient and the community as well as the possibilities of adverse reactions to vaccines, both of which are mandatory components of the National Childhood Vaccine Injury Act. In some cases, children may also receive vaccines from a variety of sources (i.e., public health departments, community health clinics). This further complicates the pediatrician's task of trying to form a comprehensive vaccine history using scattered records to piece together one child's medical history. The expenses for these services are not able to be recouped when Aetna fails to pay adequately for immunization administration.

Appropriate payment for both the vaccine product and immunization administration by Aetna will enhance access to this cost effective medical service and serve to prevent more costly medical interventions. Over the past several years, Aetna has made significant progress in enhancing its benefits coverage policies and fostering improved physician relations and we implore Aetna to revise its immunization payment methodology to improve payments to physicians for the vaccine product and administration.

Should you have any questions or need additional information, please contact Lou Terranova, Senior Health Policy Analyst at lterranova@aap.org or at 847/434-7633. I look forward to your response on this important matter.

Sincerely,

A handwritten signature in black ink that reads "Judith S. Palfrey". The signature is written in a cursive, flowing style.

Judith S. Palfrey, MD, FAAP
President

JSP/lt