



# American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™



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Dear Medical Director:

On behalf of the over 60,000 members of the American Academy of Pediatrics (AAP), I am writing to encourage coverage and compensation for the newly licensed meningococcal conjugate vaccine (MCV4 or Menactra©). The vaccine is licensed for those 11 to 55 years of age and the Advisory Committee on Immunization Practices (ACIP) has recommended it for:

- the young adolescent visit (11-12 years old)
- for the next two to three years, teens entering high school or are 15 years old (whichever is applicable)
- college freshman living in dormitories and
- other groups at high risk (including military recruits, those traveling to or residing in countries in which *Neisseria meningitidis* is epidemic, complement deficient and asplenic patients, microbiologists and in outbreak situations)

Preventing meningococcal disease should have a high priority considering that fatality rates and significant sequelae are appreciable. Death occurs in about 10% of cases and an additional 11% to 19% of survivors of meningococcal disease experience significant sequelae, including limb loss, neurologic disabilities, and hearing loss. (sources: Rosenstein NE, Perkins BA, Stephens DS, The changing epidemiology of meningococcal disease in the United States, 1992-1996. *J Infect Dis*. 1999; 180:1894-1901 and Erickson L, De Wals P Complications and sequelae of meningococcal disease in Quebec, Canada, 1990-1994. *Clin Infect Dis* 1998; 26:1159-1164).

Therefore, from a quality and risk management perspective, it is in the best interests of all, including health plans and employers as payers, that there be incentives to immunize as many children and adolescents who may be at risk. The Vaccines for Children (VFC) program includes both the polysaccharide (MPSV4) and conjugate (MCV4) meningococcal vaccines as covered vaccines.

If not already specified in the provider/health plan agreement, provisions should be included that the health plan will cover new vaccine products and administration recommendations by recognizing new CPT and ICD-9-CM codes and immunization recommendations when they become effective. Additionally, contract language should also specify payment by the health plan in an amount

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equal to the sum of the cost of immunizations and injectables, including the cost of the drugs and supplies associated with such immunizations and injections, plus an administration fee that covers the incurred practice expenses.

Payments at or below the level of average sales price (ASP) or average wholesale price (AWP) are inadequate to cover expenses and create a disincentive for vaccination. There are considerable overhead expenses associated with vaccines and pediatricians may not be able to obtain favorable pricing from suppliers. In addition to the purchase price of the vaccine, practice expense costs include *personnel costs* for ordering and inventory; *storage costs* since the vaccines must be stored in a refrigerator or freezer, which is depreciated; *insurance expenses* to insure against loss; *estimated wastage/non-payment costs* of at least 5%; *lost opportunity costs* (the cost of the money invested in vaccine inventory); and *administration fee*. The practice expense component of the administration fee includes: clinical staff time (RN/LPN/MA blend), medical supplies (e.g., 1 pr. Non-sterile gloves, 7 feet of exam table paper, 1 OSHA-compliant syringe with needle, 1 CDC information sheet, 2 alcohol swabs, 1 band-aid) and medical equipment.

The AAP urges you to ensure that your payments for meningococcal and other vaccines cover all expenses related to vaccines and immunization administration in order to have incentives rather than disincentives for providing this new and effective vaccine. Your response regarding coverage and payment for the meningococcal vaccine as well as payments for all vaccines would be greatly appreciated and will be shared with AAP chapters and members. Should you have any questions, please contact Lou Terranova, Sr. Health Policy Analyst at [ltcranova@aap.org](mailto:ltcranova@aap.org)

Sincerely,



Carol D. Berkowitz, MD, FAAP  
President

DCB/lat