

ASSEMBLY BILL

No. 1201

Introduced by Assembly Member V. Manuel Perez

February 27, 2009

An act to amend Section 1367.36 of the Health and Safety Code, and to add Sections 10123.56 and 12693.56 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1201, as introduced, V. Manuel Perez. Immunizations for children: reimbursement of physicians.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of that act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law requires every health care service plan or health insurer that covers hospital, medical, or surgical expenses on a group basis to provide certain preventative health care benefits for children, including immunizations. Existing law specifies the reimbursement rate with respect to immunizations that are not part of the current contract between a health care service plan or physician group.

This bill would require a health care service plan or health insurer that provides coverage for childhood and adolescent immunizations to reimburse a physician or physician group in an amount not less than the actual cost of acquiring the vaccine plus the cost of administration of the vaccine, as specified. The bill would prohibit a health care service plan contract or health insurance policy providing coverage for childhood or adolescent immunizations from imposing a deductible,

copayment, coinsurance, or other cost-sharing mechanism for the administration of a childhood or adolescent immunization or for related procedures. The bill would also prohibit those contracts or policies from containing a dollar limit provision for the administration of childhood and adolescent immunizations or including the cost of those immunizations in a dollar limit provision.

Existing law prohibits a risk-based contract between a health care service plan and a physician or physician group from including a provision requiring the physician or physician group to assume financial risk for the acquisition costs of required immunizations for children. Existing law prohibits a plan from requiring a physician or physician group to assume financial risk for immunizations that are not part of the current contract.

This bill would make those provisions apply to all contracts between plans and physicians or physician groups rather than just risk-based contracts. The bill would prohibit a plan from requiring a physician or physician group to assume financial risk for immunizations, whether or not those immunizations are part of the current contract. The bill would make other related changes.

Existing law prohibits a health care service plan from including the acquisition costs associated with required immunizations for children in the capitation rate of a physician who is individually capitated.

This bill would additionally prohibit a plan from including in that capitation rate the administration costs of those immunizations.

Because a willful violation of the bill's requirements relative to health care service plans would be a crime, the bill would impose a state-mandated local program.

Existing law creates the Healthy Families Program, administered by the Managed Risk Medical Insurance Board, to arrange for the provision of health, dental, and vision benefits to eligible children pursuant to a federal program, the State Children's Health Insurance Program.

This bill would require a health plan participating in that program to reimburse a physician or physician group for immunizations administered to program subscribers in an amount not less than the actual cost of acquiring the vaccine plus the cost of administration of the vaccine, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Pediatric immunizations proved to be one of the most
4 successful, safe, and cost-effective public health interventions of
5 the 20th century. Worldwide, millions of childhood deaths are
6 prevented by vaccinations every year. Vaccine-preventable disease
7 levels are at or near record lows.

8 (b) Vaccines are among the most cost-effective components of
9 preventive medical care. In 2003, the Centers for Disease Control
10 estimated a direct cost savings of six dollars and thirty cents (\$6.30)
11 for every dollar spent on vaccinations. If societal costs are factored
12 in, the savings increase to eighteen dollars and forty cents (\$18.40)
13 per dollar spent.

14 (c) Due to increasing numbers of approved and recommended
15 life-saving vaccines, as well as increasing prices, pediatric vaccine
16 acquisition costs have increased dramatically in recent years and
17 could triple by the year 2020.

18 (d) Physicians typically face higher vaccine prices than large
19 public purchasers and usually lose money when they provide
20 immunizations due to under-reimbursement, which may discourage
21 physicians from purchasing adequate doses to meet the demand
22 in their practices. This trend could shift the burden of vaccine
23 financing to parents' out-of-pocket expenses or to local public
24 health clinics or other public programs.

25 (e) As small businesses, physicians face severe financial strain
26 when they continue to absorb the unreimbursed costs associated
27 with vaccine acquisition and administration. The purchase of
28 vaccines is the single most expensive part of a pediatric or family
29 practice. When providers are not adequately reimbursed to cover
30 the direct and indirect costs of providing immunizations, the
31 viability of their practice is threatened.

(f) Insured children and their families can face financial barriers to immunization such as deductibles, copayments, and other out-of-pocket expenses.

(g) Unvaccinated children can contract a dangerous or life-threatening disease at any time in their lives. In order to effectively protect the public health, it is imperative that we ensure continued access to disease-preventing vaccines in order to achieve maximum immunization for infants, children, and adolescents.

(h) Therefore, in order to maximize immunization rates to protect individual children and the general population from existing and emerging communicable diseases, it is the intent of the Legislature to ensure that physicians are fully reimbursed for the costs to acquire and administer recommended vaccines and that out-of-pocket expenses do not deter parents from immunizing their children.

SEC. 2. Section 1367.36 of the Health and Safety Code is amended to read:

1367.36. (a) ~~A risk-based~~ contract between a health care service plan and a physician or physician group that is issued, amended, delivered, or renewed in this state on or after January 1, ~~2001~~ 2010, shall not include a provision that requires a physician or a physician group to assume financial risk for the acquisition costs of required immunizations for children as a condition of accepting the ~~risk-based~~ contract. A physician or physician group shall not be required to assume financial risk for immunizations ~~that are not part of the current contract.~~

(b) *A health care service plan that provides coverage for childhood and adolescent immunizations pursuant to Section 1367.3 or 1367.35 shall reimburse a physician or physician group in an amount not less than the actual cost of acquiring the vaccine plus the cost of administration of the vaccine. For purposes of this subdivision, both of the following shall apply:*

(1) *The actual cost of acquiring the vaccine includes, but is not limited to, the invoiced purchase price plus reasonable costs associated with shipping, handling, insurance, and storage.*

~~(b)~~
(2) *The cost of administration of the vaccine shall be an amount not less than that specified in the most current annual Medicare physician fee schedule published pursuant to Section 1395w-4(b)(1) of Title 42 of the United States Code.*

(c) Beginning January 1, ~~2001~~ 2010, with respect to immunizations for children that are not part of the current contract between a health care service plan and a physician or physician group, the health care service plan shall reimburse a physician or physician group at the lowest of the following, until the contract is renegotiated: (1) the physician's actual acquisition cost, (2) the "average wholesale price" as published in the Drug Topics Red Book, or (3) the lowest acquisition cost through sources made available to the physician by the health care service plan in an amount not less than that specified in subdivision (b). Reimbursements pursuant to this subdivision shall be made within 45 days of receipt by the plan of documents from the physician demonstrating that the immunizations were performed, consistent with Section 1371 or through an alternative funding mechanism mutually agreed to by the health care service plan and the physician or physician group. The alternative funding mechanism shall be based on reimbursements consistent with this subdivision.

(e)

(d) Physicians and physician groups may assume financial risk for providing required immunizations, if the immunizations have experiential data that has been negotiated and agreed upon by the health care service plan and the physician risk-bearing organization or physician group. However, a health care service plan shall not require a physician risk-bearing organization or physician group to accept financial risk or impose additional risk on a physician risk-bearing organization or physician group in violation of subdivision (a).

(d)

(e) A health care service plan shall not include the acquisition costs or administration costs associated with required immunizations for children in the capitation rate of a physician who is individually capitated.

(f) A health care service plan contract issued, amended, or renewed on or after January 1, 2010, that provides coverage for childhood and adolescent immunizations pursuant to Section 1367.3 or 1367.35 shall not do either of the following:

(1) Impose a deductible, copayment, coinsurance, or other cost-sharing mechanism for the administration of a childhood or adolescent immunization or for procedures related to that administration.

1 (2) *Contain a dollar limit provision for the administration of*
2 *childhood and adolescent immunizations or include the cost of*
3 *those immunizations in a dollar limit provision of the contract.*

4 SEC. 3. Section 10123.56 is added to the Insurance Code, to
5 read:

6 10123.56. (a) A health insurer that provides coverage for
7 childhood and adolescent immunizations pursuant to Section
8 10123.5 or 10123.55 shall reimburse a physician or physician
9 group in an amount not less than the actual cost of acquiring the
10 vaccine plus the cost of administration of the vaccine. For purposes
11 of this subdivision, both of the following shall apply:

12 (1) The actual cost of acquiring the vaccine includes, but is not
13 limited to, the invoiced purchase price plus reasonable costs
14 associated with shipping, handling, insurance, and storage.

15 (2) The cost of administration of the vaccine shall be an amount
16 not less than that specified in the most current annual Medicare
17 physician fee schedule published pursuant to Section
18 1395w-4(b)(1) of Title 42 of the United States Code.

19 (b) A health insurance policy issued, amended, or renewed on
20 or after January 1, 2010, that provides coverage for childhood and
21 adolescent immunizations pursuant to Section 10123.5 or 10123.55
22 shall not do either of the following:

23 (1) Impose a deductible, copayment, coinsurance, or other
24 cost-sharing mechanism for the administration of a childhood or
25 adolescent immunization or for procedures related to that
26 administration.

27 (2) Contain a dollar limit provision for the administration of
28 childhood and adolescent immunizations or include the cost of
29 those immunizations in a dollar limit provision of the policy.

30 SEC. 4. Section 12693.56 is added to the Insurance Code, to
31 read:

32 12693.56. A participating health plan shall reimburse a
33 physician or physician group for immunizations administered to
34 a program subscriber in an amount not less than the actual cost of
35 acquiring the vaccine plus the cost of administration of the vaccine.
36 For purposes of this section, both of the following shall apply:

37 (a) The actual cost of acquiring the vaccine includes, but is not
38 limited to, the invoiced purchase price plus reasonable costs
39 associated with shipping, handling, insurance, and storage.

1 (b) The cost of administration of the vaccine shall be an amount
2 not less than that specified in the most current annual Medicare
3 physician fee schedule published pursuant to Section
4 1395w-4(b)(1) of Title 42 of the United States Code.

5 SEC. 5. No reimbursement is required by this act pursuant to
6 Section 6 of Article XIII B of the California Constitution because
7 the only costs that may be incurred by a local agency or school
8 district will be incurred because this act creates a new crime or
9 infraction, eliminates a crime or infraction, or changes the penalty
10 for a crime or infraction, within the meaning of Section 17556 of
11 the Government Code, or changes the definition of a crime within
12 the meaning of Section 6 of Article XIII B of the California
13 Constitution.