

ASSEMBLY BILL

No. 2064

Introduced by Assembly Member V. Manuel Pérez

February 23, 2012

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2064, as introduced, V. Manuel Pérez. 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 preventive 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 and a physician 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.

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:

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

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

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

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

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

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

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

38 (h) Therefore, in order to maximize immunization rates to
39 protect individual children and the general population from existing
40 and emerging communicable diseases, it is the intent of the

1 Legislature to ensure that physicians are fully reimbursed for the
2 costs to acquire and administer recommended vaccines and that
3 out-of-pocket expenses do not deter parents from immunizing their
4 children.

5 (i) The Legislature further recognizes the importance of the
6 California Immunization Registry in maximizing immunization
7 rates and supports and encourages physicians and their specialty
8 societies in efforts to increase physician participation in the
9 registry.

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

12 1367.36. (a) A ~~risk-based~~ contract between a health care
13 service plan and a physician or physician group that is issued,
14 amended, delivered, or renewed in this state on or after January
15 1, ~~2001~~ 2013, shall not include a provision that requires a physician
16 or a physician group to assume financial risk for the acquisition
17 costs of required immunizations for children as a condition of
18 accepting the ~~risk-based~~ contract. A physician or physician group
19 shall not be required to assume financial risk for immunizations
20 ~~that are not, regardless of whether those immunizations are part~~
21 of the current contract.

22 (b) *A health care service plan that provides coverage for*
23 *childhood and adolescent immunizations pursuant to Section*
24 *1367.3 or 1367.35 shall reimburse a physician or physician group*
25 *in an amount not less than the actual cost of acquiring the vaccine*
26 *plus the cost of administration of the vaccine. For purposes of this*
27 *subdivision, both of the following shall apply:*

28 (1) *The actual cost of acquiring the vaccine is the vaccine’s*
29 *private sector cost per dose, as published on the most current*
30 *Pediatric Vaccine Price List of the Centers for Disease Control*
31 *and Prevention, plus reasonable costs associated with shipping*
32 *and handling.*

33 (2) *The cost of administration of the vaccine, which includes*
34 *physician time, clinical staff time, and office staff time, as well as*
35 *other practice expenses associated with providing the immunization*
36 *such as storage, insurance, supplies, and medical equipment, shall*
37 *be an amount not less than that specified in the most current annual*
38 *Medicare physician fee schedule published pursuant to Section*
39 *1395w-4(b)(1) of Title 42 of the United States Code.*

40 (b)

1 (c) Beginning January 1, ~~2001~~ 2013, with respect to
2 immunizations for children that are not part of the current contract
3 between a health care service plan and a physician or physician
4 group, *including, but not limited to, immunizations in the most*
5 *current versions of the Recommended Childhood and Adolescent*
6 *Immunization Schedules jointly approved by the federal Advisory*
7 *Committee on Immunization Practices, the American Academy of*
8 *Pediatrics, and the American Academy of Family Physicians, the*
9 health care service plan shall reimburse a physician or physician
10 group ~~at the lowest of the following, until the contract is~~
11 ~~renegotiated: (1) the physician's actual acquisition cost, (2) the~~
12 ~~"average wholesale price" as published in the Drug Topics Red~~
13 ~~Book, or (3) the lowest acquisition cost through sources made~~
14 ~~available to the physician by the health care service plan.~~
15 *Reimbursements in an amount not less than that specified in*
16 *subdivision (b).*

17 (d) *Reimbursements pursuant to this section shall be made*
18 *within 45 days of receipt by the plan of documents from the*
19 *physician or physician group demonstrating that the immunizations*
20 *were performed, consistent with Section 1371 or through an*
21 *alternative funding mechanism mutually agreed to by the health*
22 *care service plan and the physician or physician group. The*
23 *alternative funding mechanism shall be based on reimbursements*
24 *consistent with this ~~subdivision~~ section.*

25 (e)

26 (e) Physicians and physician groups may assume financial risk
27 for providing required immunizations; if the immunizations have
28 experiential data that has been negotiated and agreed upon by the
29 health care service plan and the ~~physician risk-bearing organization~~
30 *or physician group*. However, a health care service plan shall not
31 require a ~~physician risk-bearing organization or a physician group~~
32 to accept financial risk or impose additional risk on a physician
33 ~~risk-bearing organization or physician group~~ in violation of
34 subdivision (a) or (b).

35 (f)

36 (f) A health care service plan shall not include the acquisition
37 costs *or administration costs, as defined in subdivision (b),*
38 associated with required immunizations for children in the
39 capitation rate of a physician who is individually capitated.

1 (g) A health care service plan contract issued, amended, or
 2 renewed on or after January 1, 2013, that provides coverage for
 3 childhood and adolescent immunizations pursuant to Section
 4 1367.3 or 1367.35 shall not do either of the following:

5 (1) Impose a deductible, copayment, coinsurance, or other
 6 cost-sharing mechanism for the administration of a childhood or
 7 adolescent immunization or for procedures related to that
 8 administration. Nothing in this paragraph prohibits charging a
 9 deductible, copayment, coinsurance, or other cost-sharing
 10 mechanism for procedures, services, or treatment unrelated to an
 11 immunization.

12 (2) Contain a dollar limit provision for the administration of
 13 childhood and adolescent immunizations or include the cost of
 14 those immunizations in a dollar limit provision of the contract.

15 (h) Subdivision (b) shall not apply to services provided pursuant
 16 to health care service plan contracts entered into with the Board
 17 of Administration of the Public Employees' Retirement System
 18 pursuant to the Public Employees' Medical and Hospital Care Act
 19 (Part 5 (commencing with Section 22750) of Division 5 of Title 2
 20 of the Government Code).

21 SEC. 3. Section 10123.56 is added to the Insurance Code, to
 22 read:

23 10123.56. (a) A health insurer that provides coverage for
 24 childhood and adolescent immunizations pursuant to Section
 25 10123.5 or 10123.55 shall reimburse a physician or physician
 26 group in an amount not less than the actual cost of acquiring the
 27 vaccine plus the cost of administration of the vaccine. For purposes
 28 of this subdivision, both of the following shall apply:

29 (1) The actual cost of acquiring the vaccine is the vaccine's
 30 private sector cost per dose, as published on the most current
 31 Pediatric Vaccine Price List of the Centers for Disease Control
 32 and Prevention, plus reasonable costs associated with shipping
 33 and handling.

34 (2) The cost of administration of the vaccine, which includes
 35 physician time, clinical staff time, and office staff time, as well as
 36 other practice expenses associated with providing the immunization
 37 such as storage, insurance, supplies, and medical equipment, shall
 38 be an amount not less than that specified in the most current annual
 39 Medicare physician fee schedule published pursuant to Section
 40 1395w-4(b)(1) of Title 42 of the United States Code.

1 (b) A health insurance policy issued, amended, or renewed on
2 or after January 1, 2013, that provides coverage for childhood and
3 adolescent immunizations pursuant to Section 10123.5 or 10123.55
4 shall not do either of the following:

5 (1) Impose a deductible, copayment, coinsurance, or other
6 cost-sharing mechanism for the administration of a childhood or
7 adolescent immunization or for procedures related to that
8 administration. Nothing in this paragraph prohibits charging a
9 deductible, copayment, coinsurance, or other cost-sharing
10 mechanism for procedures, services, or treatment unrelated to an
11 immunization.

12 (2) Contain a dollar limit provision for the administration of
13 childhood and adolescent immunizations or include the cost of
14 those immunizations in a dollar limit provision of the contract.

15 (c) Subdivision (a) shall not apply to services provided pursuant
16 to health insurance policies entered into with the Board of
17 Administration of the Public Employees' Retirement System
18 pursuant to the Public Employees' Medical and Hospital Care Act
19 (Part 5 (commencing with Section 22750) of Division 5 of Title
20 2 of the Government Code).

21 SEC. 4. No reimbursement is required by this act pursuant to
22 Section 6 of Article XIII B of the California Constitution because
23 the only costs that may be incurred by a local agency or school
24 district will be incurred because this act creates a new crime or
25 infraction, eliminates a crime or infraction, or changes the penalty
26 for a crime or infraction, within the meaning of Section 17556 of
27 the Government Code, or changes the definition of a crime within
28 the meaning of Section 6 of Article XIII B of the California
29 Constitution.