

**North Dakota Department of Health
PROtect ND Kids Immunization Project
Final Report to
Health and Human Services Committee
October 7, 2010**

Project Goals

- I. To measure and assess the interest and ability of private pharmacists to provide childhood immunizations in order to assist the Health and Human Services Committee of the North Dakota Legislature determine if enabling legislation should be considered;
- II. To assess current methods used by LPHUs in providing childhood immunizations, focusing specifically on the issues related to procuring/managing vaccines and data capture, billing and accounts receivable (claims) management in order to provide recommendations on how to improve financial and administrative performance.

Project Objectives Related to Vaccine Procurement/Management – Billing /Claims Management

- I. Analyze total direct costs for childhood immunizations including procuring and managing vaccines, and the business processes used to bill and collect for services. This includes an evaluation of the effectiveness and costs of the current billing system using Blue Cross Blue Shield of North Dakota and the University of North Dakota, School of Medicine and Health Sciences as resources in providing this service;
- II. Conduct a Quality Improvement Collaborative with the Steering Committee and pilot sites to develop a new service and business process for immunizations in the local health units and test the changes using rapid cycle PDCA (plan, do, check & act) in at least two of the LPHUs that participate in the collaborative.

Key Findings and Recommendations

- I. Finding #1- Billing and Accounts Receivable Management
 - i. Provided by UND since 2008
 - ii. Processed 65k claims since inception - 34k in 2009 @\$2/claim \$130k / \$68k in '09
 - iii. \$416k in billings since inception – UND claims processing fee is 31% of billings which does not include LPHUs cost of entering data for processing and reconciling – MGMA benchmark would be 18% for total cost
 - iv. Pilots evaluated – Range (attachments B, C, D, E)
 - a. Walsh County – 614 claims – Paid UND \$1,228 – 55% of gross charges
 - b. First District – 5807 claims – Paid UND \$11,614 – 35% of gross charges
 - v. An increasing frustration and challenge between all parties
 - a. Difficult communications
 - b. Timeliness of reports
 - c. Challenges in reconciling data and payments
 - d. Cost of service

- vi. UND will lose lead person managing this service on October 31st
- vii. LPHUs desire change. LPHU leaders using Quality Improvement Process to structure alternatives including:
 - a. Some units to take billing/claims management in house
 - b. Some units to collaborate to share service
 - c. Some units may collaborate to contract with professional billing service
- viii. UND is committed to cooperate with LPHUs in making an orderly transition; however, they are not in a position to provide service to a subset of LPHUs (must be all or none).

Recommendation #1a

Given the wide range of capabilities and interests of each LPHU in billing and accounts receivable management, we recommend that each LPHU decide how it will bill and collect for services provided under the PROtect ND Kids Program.

Recommendation #1b

The leadership of each pilot LPHU should continue to collaborate with other LPHU leaders, utilizing the quality improvement techniques they are learning as part of this project, to determine how they will each assume responsibility for billing and collecting for services provided under the PROtect ND Kids Program.

II. Finding #2 – Vaccine Procurement and Management

- i. Significant issue for all LPHUs - particularly mid to large size with larger volumes
- ii. Challenging due to federal rules that prohibit co mingling of vaccines between those acquired through VFC program and privately procured.
 - Federally supplied vaccines must be used only for publicly sponsored children (VFC, Medicaid, uninsured etc.)
 - Administrative cost to maintain separate inventories ranges between \$2,500 and \$24,000 per year depending on size (attach B&C) – example – School Vaccinations - admin cost of identifying which coverage each student has and ordering/managing vaccines from appropriate supplier
- iii. Challenging because vaccines procured for private/insured clients are purchased off private contracts versus federal - additional \$2.4 million per year (attach F)

Recommendation #2

Based on the difference in cost of vaccine between private and federal rates, and the savings LPHUs will realize on procurement/management of vaccines, we believe a Universal Vaccine Supply Policy is best for LPHUs and should be pursued if further

investigation determines that Universal yields a similar impact on private providers and payers.

Impact on LPHUs Contribution Margin

Implementing the above recommendations will increase First District's contribution margin by approximately \$75,000 and Walsh County by \$500. This difference is a function of the volume, ability of First District to assimilate billing and collections into its operations with minimal incremental increase in cost, significant reduction in loss from expired vaccines and significant reduction in the cost of vaccine procurement and management. Walsh's margin reflects a significant cost increase in billing and collections which, at this point is still an unknown.

Next Steps

- I. Review by Health and Human Service Committee of ND Legislature – 10/7/10
 - i. Determine when final decision will be made and what additional information will be needed to make decision
 1. Determine impact on BCBSND and other commercial payers
 2. Determine impact on private providers
- II. Continued work on LPHU billing and collections issues – Continued use of LPHU/NDDoH Leadership Collaborative Process
 - i. Preparing for departure of current UND key contact
 1. Flu shot season – “flu opt out”
 2. Other Childhood Immunizations
 3. Reconciling history
 - ii. Adoption of Steering Committee recommendation to LPHU administrators that each facility will assume responsibility for billing and collections. Alternatives will include:
 1. Large and some small LPHUs will do own billing
 2. Some large and small LPHUs will collaborate where large LPHUs will bill for small LPHUs
 3. Aggregate some small LPHUs to outsource to professional billing service
- III. If Legislature pursues adoption of Universal Vaccine:
 - i. Establish LPHU Implementation Plan - to be developed with LPHU leadership and NDDoH
 1. Transitioning to Universal Vaccine
 2. Implement new billing and collections process
 - ii. Engaging cooperation from insurers
 - iii. Engaging cooperation from private providers
- IV. If Legislature chooses not to adopt Universal Vaccine:
 - i. Continuing under current model of PROtect ND Kids

1. Enhance, where possible, Vaccine Procurement and Management within federal requirements related to maintaining separate inventories for private versus publicly funding immunizations
2. Quality improvement on billing and collections process will still be necessary and will continue to be worked on by the LPHUs.