

press release

Oct. 14, 2011, 9:00 a.m. EDT

athenahealth Launches VaccineView(SM); Reveals that Pediatricians are Reimbursed Below the Full Costs of Certain Vaccinations 47% of the Time

--- Under-reimbursement for costs of vaccinations is straining physician practices; potential public health threat looms as vaccines account for 20-30% of pediatric practice expenses



WATERTOWN, Mass., Oct 14, 2011 (BUSINESS WIRE) -- athenahealth, Inc. [/quotes/zigman/107872/quotes/nls/athn ATHN +3.80%](#), a leading provider of cloud-based practice management, electronic health record (EHR), and care coordination services to medical groups, today launched VaccineView(SM), a program highlighting the business impact of vaccine reimbursements on America's pediatric practices. The key finding of the analysis is that certain vaccinations are being under-reimbursed nearly half the time (47%) when the total cost to the physician, beyond the cost of acquisition of a specific vaccine, is considered. For complete methodology and results, please visit www.athenahealth.com/Vaccineview .

VaccineView analyzes vaccine payments posted on the athenaNet(R) network from January 2009 through December 2010 and is based on data from 158,983 individual charge lines submitted by 1,427 physicians billed to 48 payers across the nation, including a mix of government, regional, and national payers. Eight vaccines, including flu, chicken pox, measles, mumps, and rubella (MMR), and HPV vaccines, were evaluated based on a common methodology. The specific goal of the VaccineView program is to understand insurance reimbursement to pediatricians for the direct and indirect costs of vaccines, and more broadly to

create a full picture of the marketplace that lends transparency and clarity to reimbursement trends where they are otherwise lacking. This is consistent with athenahealth's objective of using its distinct cloud-based technology architecture to benefit public health. In the case of vaccinations and VaccineView, the effort seeks to raise a potential economic issue, before it escalates to that of a public health threat.

"Nearly 50 percent of the time, pediatricians in this country are not being made whole by payers for carrying sometimes expensive but necessary vaccines in their inventory," said Jonathan Bush, CEO and Chairman of athenahealth. "There are a host of expenses involved, aside from the outright cost of acquiring the vaccine, which just aren't reflected in reimbursement levels, and under-reimbursement represents another hit in a long line of hits to the pediatrician's bottom line. The domino effect of under-reimbursing pediatricians for vaccinations will be that fewer will order, carry, and administer the very things necessary to prevent disease and to control the spread of seasonal illness. As it is, some five percent have stopped already, or are rerouting toddlers to public health clinics for immunizations where follow-ups plummet drastically."

The data was derived in part using certain recognized benchmarks as set by the Centers for Disease Control and Prevention (CDC) and The American Academy of Pediatrics (AAP). To approximate direct cost (what a practice pays pharmaceutical manufacturers for a vaccine), VaccineView compared allowed amounts to CDC Private Sector Cost. To approximate indirect costs (things like personnel costs, costs to store vaccine, and insurance against loss of a vaccine), 17-28 percent was added to the CDC Private Sector Cost, based on AAP's 2011 published report, "The Business Case for Pricing Vaccines and Immunization Administration." When the estimated minimum indirect cost (based on AAP data) is factored into the true cost of the vaccination, the rate of underpayment is 47.2 percent. However, the data did show that payers are for the most part covering the CDC vaccine acquisition costs, with just four percent paying less than the purchase price.

"Many on the front lines of care have been navigating the challenges of vaccine reimbursement, and it's created this sort of ethical dilemma whereby doctors either carry critical vaccinations for children or steer care elsewhere to avoid taking a loss. Cook Children's is committed to the health of kids in our communities, and access to immunizations is a crucial part of the total care equation. Pediatric patients can't risk having access to life-saving vaccines compromised," stated Jason V. Terk, M.D., Medical Director for Cook Children's Physicians Network and its purchasing organization, PedsPal.

In recent years, vaccine manufacturers have accelerated their billing cycles so that physicians have to pay sooner for the purchase of their vaccinations. Prior to that, manufacturers' billing cycles had allowed for some of the time associated with ordering, holding vaccines in inventory, and waiting for payer reimbursement.

The direct cost of the vaccine itself is only the tip of the iceberg. Physicians must also deal with associated indirect costs that include:

- Personnel costs for ordering and inventory
- Storage costs
- Insurance against loss of the vaccine
- Recovery of costs attributable to inventory shrinkage, wastage, and nonpayment
- Lost opportunity costs

Given that vaccinations represent a substantial portion of pediatricians' out-of-pocket costs (20-30%), prolonged under-reimbursement for total cost stands to compromise the financial viability of their practices. Managing these costs is so burdensome for practices that many are choosing to discontinue offering vaccinations, opting to direct their patients to public health clinics. The cost inefficiencies worsen for smaller practices that have even less negotiating leverage. All told, current realities could impact public health given the role that pediatric practices play in primary care.

Bush continued, "athenahealth's reason for being is to be physicians' most trusted business partner. Our advocacy on their behalf is the impetus for VaccineView, because we know the challenges pediatricians and family physicians are facing on this issue. If payers continue to hold to a model in which physicians bear fiscal responsibility for giving vaccinations, this country's goal of being able to vaccinate is significantly compromised. We hope the reimbursement gap we're revealing forces a closer look at current programs and an approach that ensures equitable compensation for independent practitioners in this very important business of safeguarding our children's health."

About athenahealth

athenahealth, Inc. is a leading provider of cloud-based business services for physician practices. athenahealth's service offerings are based on proprietary web-

native practice management and electronic health record (EHR) software, a continuously updated payer knowledge-base, integrated back-office service operations, and care coordination services. For more information, please visit www.athenahealth.com or call (888) 652-8200.

SOURCE: athenahealth, Inc.

athenahealth, Inc.
John Hallock (Media), 617-402-1428
Director, Corporate Communications
media@athenahealth.com
or
athenahealth, Inc.
Jennifer Heizer (Investors), 617-402-1322
Director, Investor Relations
investorrelations@athenahealth.com

Copyright Business Wire 2011