# Ohio Supports Local Health Departments Third Party Billing for Immunization Services

*Third party billing helps sustain programs and allows for more comprehensive services.*

Vaccine financing is an increasingly important issue in public health because funding for it has stagnated or decreased in many states, yet the number and cost of recommended vaccines continue to rise. Due to the shortage of trained staff, time constraints, and insufficient or nonexistent billing equipment, many health agencies have not been billing for immunization services. In light of reduced vaccine funding, increased insurance coverage, and restrictions on the use of federal Section 317 Immunization Program funds, billing is an important opportunity for health agencies to create sustainable funding for immunization services.

- The average return on investment for the seven LHDs in Ohio's 2013 third-party billing pilot was 24 percent.
- Approximately 45 percent of patients at a LHD have private health insurance.

The Ohio Department of Health (ODH), funded by an American Recovery and Reinvestment Act (ARRA) grant, launched a project to identify challenges and solutions surrounding immunization billing by local health departments (LHDs). ODH assembled a diverse stakeholder group and developed an action plan to implement third-party billing in LHDs across the state. ODH subsequently received a Prevention and Public Health Fund (PPHF) grant to implement the projects outlined in the action plan in nine pilot LHDs.

**Steps Taken**

- The project's initial goal was to expand immunization services offered in a LHD. However, the main goal shifted to sustainability when changes to the federal 317 funding meant that privately insured pediatric patients could no longer have their vaccines paid for with 317 funds.
- ODH conducted initial surveys of LHDs and their patient populations. The survey of LHDs revealed that only 25 percent of LHDs were billing for immunizations. It also identified common barriers to implementing a billing system, such as ineffective billing equipment, and insufficient time, staff and educated personnel to take on the task of billing. The survey fielded to the LHD patient populations revealed that nearly 45 percent had private insurance, and that four insurance companies covered 70 percent of those with private insurance.
- ODH formed a stakeholder group to address barriers, provide diverse expertise and perspectives, and guide the implementation development process. Members included LHD representatives, private insurers, Medicaid managed care, state agencies, private provider organizations, and nonprofit organizations.
- The surveys and stakeholder group produced a billing implementation plan that included common barriers, best practices from LHDs currently billing, and several proposed pilots. The plan recommended that ODH staff as well as LHDs experienced in billing help educate less

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experienced LHDs on the benefits, importance and technical aspects (e.g. , submitting claims, credentialing, contracting) of the billing implementation process.

- LHDs would need to purchase vaccine up-front for insured individuals; lack of funding was identified as a significant barrier. The billing action plan proposed three options to allow for continued immunization of privately insured patients at the local level: 1) offer state-purchased vaccines to LHDs and invoice them in arrears for the cost, then gradually increase the amount of vaccines available through the revenue collected; 2) use private companies and organizations as a means to purchase and bill for vaccine; and 3)LHDs collect administration fees for 317 and state-purchased vaccine until enough revenue is gathered to purchase vaccine at the local level.
- The implementation phase of the project was funded by a PPHF grant and included nine LHDs; all volunteered to participate and met minimum criteria for participation. Using a survey to access their different capacities and needs (e.g., progress in credentialing and contracting, use of the immunization registry, etc.), three pilot programs were implemented in the nine LHDs.
    - For seven of the pilot LHDs, ODH initiated the "Ohio Bill Vaccine," where through a state contract and the use of state general funds, ODH was able to "seed" vaccines to the pilot LHDs for insured children. In turn, these pilot LHDs were able to bill insurers for the cost of the vaccine and the administration fees. ODH invoices the LHDs for the vaccine cost of reimbursed doses.
        - One pilot model included two of these seven pilot LHDs. In this program, the LHDs directly enter data into Ohio's statewide immunization registry (Impact SIIS). ODH also used part of the grant funds to provide a billing module within the registry, which does not interact directly with a clearinghouse but facilitates the billing process for the LHDs. ODH uses the dose data entered into the registry to create the pilot 1 LHD invoices.
        - Another pilot model includes five of the seven LHDs. These pilot LHDs use a billing process that is independent of ImpactSIIS (either their own electronic health record or a billing system from a private company). The LHDs upload their doses administered into the registry and ODH uses that data to create the pilot 3 LHD vaccine invoices.
- In the final pilot model, two pilot LHDs work with a private company that provides the vaccine and is the entity that is contracted, credentialed, and submits for reimbursement. The LHD is paid a set fee by the company for each immunization that is fully reimbursed by insurance. This process is separate from ODH in all capacities.
- The PPHF grant also funded a professional evaluator and a billing subject matter expert as a resource for the LHDs.

**Results**

- Based solely on pilots 1 and 3, early data show that LHDs are receiving a 24 percent return on investment.
    - This initial figure was calculated by comparing the cost of the vaccine to the amount of reimbursement on the cost of vaccine; it does not take into account the cost or reimbursement of vaccine administration.
    - This leads to the conclusion that all seven LHDs are being reimbursed more for the cost of vaccine than they are being invoiced by ODH for the vaccine.

- Pilot projects show that billing is achievable in LHDs and will be essential for LHDs to sustain services and retain staff.
- ODH has received positive feedback from LHDs, despite some technological challenges.
- A survey to assess LHD billing and readiness status for buying their own vaccine by June 2014 showed an increase in the number of LHDs that bill and those who were ready to purchase their own vaccine.

**Lessons Learned**

- If LHDs take the initiative, they can maintain or expand their services through billing for immunizations.
- Utilizing the IIS allowed LHDs to use the state's existing capacity for billing rather than having to purchase and implement an additional billing system.
- Effective communication and engagement with LHDs is critical to success in a decentralized state.
- No two states or counties are the same; therefore, billing best practices may vary between different jurisdictions. ODH is currently evaluating which mechanisms/programs work best for different types of health departments and patient demographics.

**For more information**:

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