

June 25, 1999

Dear State Health Official:

The purpose of this letter is to provide clarification regarding immunization services and vaccine funding available for the Children's Health Insurance Program (CHIP), created under Title XXI of the Social Security Act (the Act). This new Title enables States to expand health insurance coverage for uninsured children through a separate State child health program (S-CHIP), through Medicaid, or a combination of the two. The Department of Health and Human Services has issued several letters to provide policy and State plan guidance on the implementation of Title XXI. This is another in that series of letters.

As stated in the letter dated May 11, 1998, all State Children's Health Insurance Programs must furnish immunizations according to the recommendations of the Advisory Committee on Immunization Practices. Under Medicaid expansion programs, children are eligible to receive vaccine through the Vaccines for Children (VFC) program from enrolled health providers. Children enrolled in separate State children's health programs are considered insured and are not federally vaccine eligible under the VFC program. These children are required to have vaccines furnished through their Title XXI coverage.

Section 317 of the Public Health Service Act is a Public Health Service grant program awarded to States for the purpose of providing a safety net of immunization services to children who do not otherwise have access to immunizations. Since children covered under separate children's health programs are required to be immunized as described above, we do not believe it is consistent with the purposes of section 317 to use vaccines purchased with these funds to serve these children. The Centers for Disease Control and Prevention (CDC) has determined that the use of these funds to purchase vaccines for children who qualify for other vaccine or insurance programs (VFC, CHIP) is not acceptable and does not represent an authorized use of section 317 grant funds. Furthermore, CDC has determined that using section 317 grant funds in this way may adversely affect the availability of future State grant funds under section 317. Accordingly, such a funding source is neither appropriate nor reliable, and a State should not indicate in its CHIP plan that it intends to use section 317 grant funds to fulfill the requirement of providing immunization services.

In order to obtain vaccine at federally discounted prices, CHIP agencies may establish written interagency agreements with State Immunization Programs to purchase vaccine from federal contracts negotiated by the CDC. States may also choose to include vaccine purchase costs in contracts for all or some of the CHIP benefit package. In such cases, the contractor is responsible for furnishing immunization service benefits. A contractor paid to furnish immunization service benefits that refers children to public health clinics for such services would violate contract requirements to provide those benefits. In addition to violating contract

requirements, the practice could be seen as fraud against the program. States should refer alleged violations to CHIP program integrity units for review and further action, including prosecution if applicable.

We are confident that States share our interest in appropriately using funds intended to provide immunizations for children who are enrolled in CHIP and those for whom section 317 funded vaccines are a safety net. If you have further questions, please contact your HCFA Regional Office representative or your CDC Program Consultant.

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/s/

Director

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