

MODULE 12 - Medicaid and State Children's Health Insurance Plan



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Medicaid

Title XIX of the Social Security Act is a federal/state entitlement program that pays for medical assistance for certain individuals and families with low incomes and resources. This program, known as Medicaid, became law in 1965 as a cooperative venture jointly funded by the federal and state governments (including the District of Columbia and the territories) to assist states in furnishing medical assistance to eligible needy persons. Medicaid is the largest source of funding for medical and health-related services for America's poorest people.

Within broad national guidelines established by the federal government, each state Medicaid Program

- Establishes its own eligibility standards;
- Determines the type, amount, duration, and scope of services;
- Sets the rate of payment for services;
- Administers its own program.

As a result, the Medicaid program varies considerably from state to state.

By far the largest category of children eligible for the VFC program is Medicaid-enrolled. In addition, grantees will find that those providers who serve the Medicaid population represent the largest provider pool for VFC recruitment. It is important for the immunization programs and state Medicaid agencies to collaborate on policies that affect the VFC program. Both programs should discuss policy changes that affect participating children and providers well in advance of any program changes. State government is ultimately responsible for ensuring that its agencies comply with Medicaid requirements.

Medicaid Requirements

While CDC has the lead responsibility for policy development and implementation of the VFC program, the VFC program is included in the Medicaid law and is funded by the federal government through the CMS Medicaid program. Depending on how each state administers its program, whether through demonstration waivers, fee for service, or

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managed care organization (MCO) contracts, each state Medicaid program must file a Medicaid State Plan amendment covering its pediatric immunization program in order to receive federal funds to operate its Medicaid program and to receive vaccines from the VFC program. This is accomplished by submitting a state plan amendment preprint.

Managed Care

Medicaid managed care continues to be a preferred model for serving children enrolled in the Medicaid program. Approximately 61% of Medicaid beneficiaries are covered under some type of managed care plan, and about 56% of those are children. Most children who are enrolled in these plans are required to receive care from designated providers. Otherwise, the federal government will not reimburse the service. This requirement is commonly called a "lock-in" requirement. If lock-in applies, Medicaid and the plan may refuse to pay a vaccine administration fee if a VFC provider who is not a plan provider provides an immunization to that child.

There are exceptions to the above statement. Some states have written conditions into their contracts with managed care organizations (MCOs) requiring the plan, or the state, to pay immunization administration fees to non-plan providers. The state Medicaid agency should be able to advise if this is the case in a particular situation. It may also be possible for a public provider to directly negotiate an agreement with an MCO to serve its patients and to bill the MCO for the vaccine administration fee when that MCO's enrollees are immunized at the public health clinic. In this case, the public health clinic is part of the MCO's network and negotiated services are considered to be in-plan services. Consult your state Medicaid agency to determine whether a VFC participating physician who is not that child's primary care physician may bill Medicaid for the vaccine administration fee.

Fee Caps on Vaccine Administration

The legislation that created the VFC program requires that the Secretary, Department of Health and Human Services, establish a limit on the amount that a provider can charge and be reimbursed for administration of vaccines to VFC-eligible children.

An initial *Federal Register* notice setting forth the interim maximum amounts a participating provider may charge for administering a vaccine to a VFC child was published on October 3, 1994. The administration fees/charges were based on national charge data that were obtained under a federal contract with the American Academy of Pediatrics.

Charge data were used rather than cost data, because accurate, useable nationwide cost data were not available, nor could CMS obtain them by October 1, 1994. Recognizing the importance of using cost data in developing the regional maximum charges, CMS published the interim maximum charges based on charge data with the intention to conduct a study to accumulate cost data with the goal of revising the maximum charges based on cost. Since then, CMS's Office of Research and Demonstrations contracted the Center for Health Policy Studies (CHPS) to conduct a study, under an existing grant, to

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derive physician cost data. This information was found to be in agreement with the charge data. While a final rule has not occurred, the current administration fees remain in effect until further notice.

The state Medicaid agencies have the discretion to pay an administration fee up to the regional maximum amount. With only five state Medicaid agencies paying the maximum regional administration fee, the current fee structure has been reviewed and will remain in effect (see Appendix 4).

State Children's Health Insurance Plan

The State Children's Health Insurance Program (SCHIP) was created through the Balanced Budget Act of 1997 to address the fact that one in seven children (more than 10 million, nationwide) are uninsured and therefore at significantly increased risk for preventable health problems. Many of these children are in working families that earn too little to afford private insurance on their own but too much to be eligible for Medicaid.

All 50 states, the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands have approved SCHIP state plans. States can choose to provide child health assistance to low-income, uninsured children through a separate child health program, an expansion of Medicaid or a combination of both types of programs. States may submit amendments to these plans at any time, which could result in revisions to original approved state plans.

If the state has a separate child health program, the child does not qualify for VFC because SCHIP covers immunizations within the program and the child is considered insured. If the SCHIP program is an expansion of Medicaid, the child is considered VFC eligible. Under the combination methodology, children who are enrolled in the Medicaid expansion are VFC eligible, and children enrolled in the separate SCHIP program are considered to be insured and are not eligible for VFC.

A copy of the state Medicaid director's letter from May 1998 is in Appendix 8. The letter outlines how immunizations are covered for each of the different types of SCHIP plans. It also discusses how vaccines for the SCHIP program can be purchased and utilized off the federal contract. A sample interagency agreement between SCHIP and a state immunization program is in Appendix 9.