Childhood Vaccines are Paid for by Private and Public Sources

- The private sector pays for approximately half of the vaccines for children.
  - Many children enrolled in private health insurance plans are fully insured for vaccines. About 73 percent of privately insured children have full coverage for immunizations. Only a third of the states mandate health insurers cover current Centers for Disease Control and Prevention recommended vaccines for children and adolescents.
  - Gaps in private health insurance leave many children underinsured for vaccines. In 2000, an estimated 14 percent of U.S. children paid out-of-pocket for vaccines not covered or they did without vaccines. Due to limited federal and state funding, some states are no longer able to provide certain vaccines to underinsured children.

- Federal and state governments pay for vaccines for the remaining children. Sources include:
  - Federal Vaccines for Children Program. The Vaccines for Children Program provides all routinely recommended vaccines to children younger than 19. The program covers children who are eligible for Medicaid, are uninsured, or are Alaska Natives or American Indians. Those who are underinsured can also receive vaccines purchased through the program but only at Federally Qualified Health Centers or Rural Health Clinics.
  - Federal Section 317 Grants. This federal program provides grants to every state, territory and a number of U.S. cities. Most of these funds are used to provide vaccines to underinsured children and adolescents not served by the Vaccines for Children program and as funding permits, to uninsured and underinsured adults.
  - State/Local Funds. State contributions vary from state to state and include Medicaid (vaccine administration fees only), the State Children’s Health Insurance Program or SCHIP, support for vaccine programs and the purchase of vaccines from the CDC federal contract.

Adult Vaccines are Paid for Differently Than Childhood Vaccines

- Federal and state programs play only a minor role in paying for adult vaccines.
  - Federal Section 317 Grants. In 2005, less than 5 percent of this grant funding was used to purchase adult vaccines. There is no safety net for vaccines for adults ages 19 to 64 like there is for children.
  - State or local funds. State and local funds can be used to purchase vaccines at the CDC federal contract price. In 2006, only 22 states purchased vaccines for adults through the federal contract, with state investments ranging from a low of $505 to nearly $2.5 million. States also may purchase vaccines through their own contracts.
  - Medicaid. Medicaid does not mandate coverage of adult vaccines; coverage and provider reimbursement vary significantly from state to state.
  - Medicare. Medicare covers flu, pneumonia and hepatitis B vaccines with no co-pays or deductibles, and shingles is covered with varying co-pays depending on the patient’s drug plan.

- The majority of adult vaccines are paid for in the private sector, including:
  - Private insurance. Most vaccines for adults are covered under private policies but may have co-pays or deductibles.
Self-pay. Approximately 19 percent of adults ages 19 to 64 are uninsured and must pay for immunizations out-of-pocket if they can’t receive them from local health departments where services for adults are very limited.

Vaccine manufacturers. Some manufacturers provide vaccines through patient assistance programs for individuals who meet established income guidelines.

States are Taking Action to Increase Access to Vaccines

- **Rhode Island** enacted legislation in 2006 (S 2360 Substitute A) that requires the state health department to purchase flu vaccine and distribute it to physicians who voluntarily enroll in the Immunize for Life program. [http://www.rilin.state.ri.us/billtext06/senatetext06/s2369a.htm](http://www.rilin.state.ri.us/billtext06/senatetext06/s2369a.htm)

- The **Vermont** Department of Health supplies free pneumonia and the combined tetanus, diphtheria and pertussis vaccines to health care providers to administer at no charge to adults. The vaccines are purchased by the state at the CDC federal contract price.

- The **Oregon** Department of Human Services bills insurance companies covering children who received immunizations in public clinics. Revenue from this initiative is returned to the state to increase the number of free vaccinations it can provide.

- **North Dakota** recently changed its policy of providing all recommended vaccines to all children but continues to provide vaccines through the Vaccines for Children program. The state also created a system for local health departments to bill insurance companies and hopes to generate enough revenue to provide publicly funded vaccines for adults and other immunization projects.

What Can State Legislators Do?

- **Educate the public.** Promote the availability of immunization coverage through the Vaccines for Children Program and Medicaid/State Children’s Health Insurance Programs for low-income families to minimize or eliminate out-of-pocket costs.

- **Increase funding.** Consider funding to expand your state’s immunization program to provide vaccines in local health departments for adults and children without adequate insurance coverage.

- **Improve insurance coverage.** Require insurers to cover preventive services, including immunizations, without co-pays or deductibles.

- **Ask employers to help.** Provide incentives for employers to provide recommended immunizations in the workplace, preferably at no charge.

- **Remove Medicaid payment barriers.** Ensure that your state Medicaid program provides adequate reimbursement for administration of vaccines. Vaccine administration fees to Medicaid providers vary widely by state from a low of $2 to the federally allowable maximum of $18 in high-cost regions.

Information on your state’s immunization program can be found at [http://www.immunize.org/states/](http://www.immunize.org/states/)

For more information, see the Healthy States Immunization Tool Kit available at [http://www.healthystates.csg.org/NR/rdonlyres/4D6399F9-DD2E-42CB-9BC4-DC60F68DBA69/0/ImmunizationsToolkit.pdf](http://www.healthystates.csg.org/NR/rdonlyres/4D6399F9-DD2E-42CB-9BC4-DC60F68DBA69/0/ImmunizationsToolkit.pdf)

If you would like more information or references:

- Send your inquiry to [http://www.healthystates.csg.org/](http://www.healthystates.csg.org/) (keyword: questions/comments) or
- Call the CSG Health Policy Group at (859) 244–8000.

This publication was funded through an independent policy grant from Merck & Co., Inc. The opinions expressed in this publication are those of the authors and do not necessarily reflect those of Merck & Co.
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