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By: Senator Kelley

Introduced and read first time: February 5, 1999 Assigned to: Finance

Committee Report: Favorable with amendments Senate action: Adopted Read second time: March 18, 1999

CHAPTER_____

1 AN ACT concerning

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Medical Assistance Program - Federally Qualified Health Centers

3 FOR the purpose of specifying a certain time and methodology for the Department of

- 4 Health and Mental Hygiene and a federally qualified health center to determine
- 5 certain costs of the center requiring the Department of Health and Mental
- 6 Hygiene, in consultation with the Federally Qualified Health Centers, to
- 7 establish in regulation as a prospective rate the reasonable cost to a federally
- 8 qualified health center in providing services to enrollees under the State
- 9 Medical Assistance Program; requiring certain federally qualified health centers
- 10 to provide the Department of Health and Mental Hygiene with certain data and
- 11 reports to assist the Department in making a certain calculation; authorizing a
- 12 certain federally qualified health center at certain times to make a request for
- 13 the Department to review certain payments made to the center; establishing the
- 14 effective date for certain adjustments; requiring the Department, in
- 15 consultation with certain other groups, to undertake a certain study and submit
- 16 <u>a certain report to certain persons by a certain date; making certain provisions</u>
- 17 of this Act subject to a certain contingency; and generally relating to federally
- 18 qualified health centers under the State Medical Assistance Program.

19 BY repealing and reenacting, with amendments,

- 20 Article Health General
- 21 Section 15-103(e)
- 22 Annotated Code of Maryland
- 23 (1994 Replacement Volume and 1998 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

25 MARYLAND, That the Laws of Maryland read as follows:

2	SENATE BILL 577
1	Article - Health - General
2	15-103.
5 6 7	(e) (1) At least quarterly, the Department shall pay to a federally qualified health center the difference between the payment received by the center from a managed care organization for services provided to enrollees of the managed care organization and, <u>AS DETERMINED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS</u> <u>SUBSECTION</u> , the reasonable cost to the center DETERMINED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION in providing those services.
11	(2) (I) The reasonable cost to a federally qualified health center in providing services to enrollees shall be determined in accordance with § 1902(a)(13)(C)(i) of the Social Security Act, as amended by the Balanced Budget Act of 1997, and any applicable regulations.
15	(II) BEFORE THE END OF EACH FISCAL YEAR, THE DEPARTMENT SHALL WORK IN CONJUNCTION WITH EACH FEDERALLY QUALIFIED HEALTH CENTER TO DETERMINE FOR THE CENTER THE REASONABLE COST OF PROVIDING SERVICES TO ENROLLEES FOR THE NEXT FISCAL YEAR.
19	(III) THE REASONABLE COST OF PROVIDING SERVICES TO ENROLLEES SHALL BE CALCULATED ON A FEE-FOR-SERVICE AND CAPITATED PER MEMBER PER MONTH BASIS AND PROVIDED TO EACH FEDERALLY QUALIFIED HEALTH CENTER BEFORE THE BEGINNING OF THE FISCAL YEAR.
	(IV) (<u>II)</u> EACH FEDERALLY QUALIFIED HEALTH CENTER SHALL PROVIDE THE DEPARTMENT WITH ITS ENROLLMENT DATA, ENCOUNTER DATA, AND COST REPORTS TO ASSIST THE DEPARTMENT IN CALCULATING <u>:</u>
24 25	ENROLLEES; AND 1. THE REASONABLE COST OF PROVIDING SERVICES TO
26 27 28	THE CENTER FROM A MANAGED CARE ORGANIZATION AND THE REASONABLE COST
31 32 33	(3) (i) At the request of a federally qualified health center, the Department shall review the payments made to the center by a Medicaid managed care organization that has a contractual arrangement with the center to determine the difference between the payments made to the center and the reasonable cost to the center AS DETERMINED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION in providing services to enrollees of the managed care organization.
37	(II) A FEDERALLY QUALIFIED HEALTH CENTER MAY MAKE A REQUEST <u>AT ANY TIME</u> FOR THE DEPARTMENT TO REVIEW THE PAYMENTS MADE TO THE CENTER BY A MEDICAID MANAGED CARE ORGANIZATION THAT HAS A CONTRACTUAL ARRANGEMENT WITH THE CENTER :
39	1. DURING THE FIRST QUARTER OF EACH FISCAL YEAR; OR

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1	2. WITHIN 90 DAYS OF NOTIFICATION BY A MEDICAID
2	MANAGED CARE ORGANIZATION TO THE CENTER THAT THE MEDICAID MANAGED
3	CARE ORGANIZATION IS CHANGING ITS REIMBURSEMENT TO THE CENTER.
4 5 6	(III) <u>THE EFFECTIVE DATE FOR ADJUSTMENTS MADE IN RESPONSE</u> TO A REQUEST BY A FEDERALLY QUALIFIED HEALTH CENTER SHALL BE: <u>1.</u> <u>THE DATE THE DEPARTMENT RECEIVES THE REQUEST;</u>
	<u>OR</u> <u>III DATE THE DEFARTMENT RECEIVES THE REGOLST,</u>
8 9 10 11	2. IF THE REQUEST IS PROMPTED BY A CHANGE IN THE REIMBURSEMENT PRACTICES OF A MEDICAID MANAGED CARE ORGANIZATION, THE DATE THE MANAGED CARE ORGANIZATION CHANGED ITS REIMBURSEMENT TO THE CENTER, EXCEPT THAT AN ADJUSTMENT UNDER THIS ITEM MAY NOT BE RETROACTIVE MORE THAN 120 DAYS.
15 16 17	[(ii)] (III) (IV) If a managed care organization payment to a center is less than the center's reasonable cost, <u>AS</u> DETERMINED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION, the Department shall set aside a portion of the capitation payment to the managed care organization for a supplemental payment to the center, in accordance with the provisions of paragraphs (1) and (2) (1), (2), AND (3) of this subsection.
19 20	(4) In carrying out the payment requirements of this subsection, the Department:
21 22	(i) May not delegate responsibility for such payments to the managed care organization or any other entity; and
23 24	(ii) Shall be responsible for making such payments directly to the federally qualified health center.
25 26	(5) Payments under this subsection shall be reduced each year and shall end in Fiscal Year 2004.
27 28	SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:
29	Article - Health - General
30	<u>15-103.</u>
	(e) (2) The reasonable cost to a federally qualified health center in providing services to enrollees shall be [determined in accordance with § 1902(a)(13)(C)(i) of the Social Service Act, and another the Balanced Budget Act of 1007, and another

33 Social Security Act, as amended by the Balanced Budget Act of 1997, and any
 34 applicable regulations] A PROSPECTIVE RATE THAT THE DEPARTMENT, IN
 35 CONSULTATION WITH FEDERALLY QUALIFIED HEALTH CENTERS, ESTABLISHES BY

36 **REGULATION**.

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- 1 SECTION 3. AND BE IT FURTHER ENACTED, That the Department of
- 2 Health and Mental Hygiene, in consultation with federally qualified health centers,
- 3 shall adopt regulations that establish as a prospective rate the reasonable cost to a
- 4 <u>federally qualified health center in providing services to enrollees of the State</u>
- 5 Medical Assistance Program.
- 6 SECTION 4. AND BE IT FURTHER ENACTED, That the Department of
- 7 <u>Health and Mental Hygiene, in consultation with the Mid-Atlantic Association of</u>
- 8 Community Health Centers and the Medicaid managed care organizations, shall:
- 9 (a) Study alternative means for improving the viability of federally qualified
 10 health centers serving clients in the HealthChoice Program; and
- 11 (b) On or before January 1, 2000, submit a report on its findings to the
- 12 Governor and, subject to § 2-1246 of the State Government Article, the Senate
- 13 Finance Committee and the House Environmental Matters Committee.
- 14 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
- 15 take effect July 1, 1999, contingent on the taking effect of regulations as provided
- 16 under Section 3 of this Act. Within 5 days after final adoption of the regulations under
- 17 <u>Section 3 of this Act, the Department of Health and Mental Hygiene shall certify in</u> 18 writing to the Department of Legislative Services the date on which the regulations
- 18 writing to the Department of Legislative Ser
 19 take effect.
- 20 SECTION 2. 6. AND BE IT FURTHER ENACTED, That That, subject to
- 21 Section 5 of this Act, this Act shall take effect July 1, 1999.