

HOUSE BILL 1158

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1998 Regular Session  
8lr2290  
CF 8lr2682

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By: **Delegate Hurson**  
Introduced and read first time: February 13, 1998  
Assigned to: Environmental Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 27, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Medical Assistance - Federally Qualified Health Centers - Supplemental**  
3 **Payment**

4 FOR the purpose of establishing a supplemental payment to federally qualified  
5 health centers to be paid by the Department of Health and Mental Hygiene in  
6 an amount that equals the difference between the payment received by the  
7 centers from managed care organizations and the reasonable cost to the centers  
8 in providing these services to enrollees who are Maryland Medical Assistance  
9 Program recipients; providing for the reduction and termination of the  
10 supplemental payment; requiring the Department to conduct a review of  
11 payments to the centers from managed care organizations and, under certain  
12 circumstances, to set aside a certain amount from the capitation payment to the  
13 managed care organizations; requiring a certain report; and providing for the  
14 termination of this Act.

15 BY adding to  
16 Article - Health - General  
17 Section 15-103(e)  
18 Annotated Code of Maryland  
19 (1994 Replacement Volume and 1997 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
21 MARYLAND, That the Laws of Maryland read as follows:

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**Article - Health - General**

2 15-103.

3 (E) (1) AT LEAST QUARTERLY, THE DEPARTMENT SHALL PAY TO A  
4 FEDERALLY QUALIFIED HEALTH CENTER THE DIFFERENCE BETWEEN THE  
5 PAYMENT RECEIVED BY THE CENTER FROM A MANAGED CARE ORGANIZATION FOR  
6 SERVICES PROVIDED TO ENROLLEES OF THE MANAGED CARE ORGANIZATION AND  
7 THE REASONABLE COST TO THE CENTER IN PROVIDING THOSE SERVICES.

8 (2) THE REASONABLE COST TO A FEDERALLY QUALIFIED HEALTH  
9 CENTER IN PROVIDING SERVICES TO ENROLLEES SHALL BE DETERMINED IN  
10 ACCORDANCE WITH § 1902(A)(13)(C)(I) OF THE SOCIAL SECURITY ACT, AS AMENDED BY  
11 THE BALANCED BUDGET ACT OF 1997, AND ANY APPLICABLE REGULATIONS.

12 (3) (I) AT THE REQUEST OF A FEDERALLY QUALIFIED HEALTH  
13 CENTER, THE DEPARTMENT SHALL REVIEW THE PAYMENTS MADE TO THE CENTER  
14 BY A MEDICAID MANAGED CARE ORGANIZATION THAT HAS A CONTRACTUAL  
15 ARRANGEMENT WITH THE CENTER TO DETERMINE THE DIFFERENCE BETWEEN THE  
16 PAYMENTS MADE TO THE CENTER AND THE REASONABLE COST TO THE CENTER IN  
17 PROVIDING SERVICES TO ENROLLEES OF THE MANAGED CARE ORGANIZATION.

18 (II) IF A MANAGED CARE ORGANIZATION PAYMENT TO A CENTER IS  
19 LESS THAN THE CENTER'S REASONABLE COST, THE DEPARTMENT SHALL SET ASIDE  
20 A PORTION OF THE CAPITATION PAYMENT TO THE MANAGED CARE ORGANIZATION  
21 FOR A SUPPLEMENTAL PAYMENT TO THE CENTER, IN ACCORDANCE WITH THE  
22 PROVISIONS OF PARAGRAPHS (1) AND (2) OF THIS SUBSECTION.

23 ~~(3)~~ (4) IN CARRYING OUT THE PAYMENT REQUIREMENTS OF THIS  
24 SUBSECTION, THE DEPARTMENT:

25 (I) MAY NOT DELEGATE RESPONSIBILITY FOR SUCH PAYMENTS TO  
26 THE MANAGED CARE ORGANIZATION OR ANY OTHER ENTITY; AND

27 (II) SHALL BE RESPONSIBLE FOR MAKING SUCH PAYMENTS  
28 DIRECTLY TO THE FEDERALLY QUALIFIED HEALTH CENTER.

29 (5) PAYMENTS UNDER THIS SUBSECTION SHALL BE REDUCED EACH  
30 YEAR AND SHALL END IN FISCAL YEAR 2004.

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of  
32 Health and Mental Hygiene shall report to the Senate Finance Committee and the  
33 House Environmental Matters Committee on the implementation of this Act on or  
34 before September 1, 1998.

35 SECTION 2- 3. AND BE IT FURTHER ENACTED, That this Act shall take  
36 effect July 1, 1998. It shall remain effective for a period of 6 years and, at the end of  
37 June 30, 2004, with no further action required by the General Assembly, this Act shall  
38 be abrogated and of no further force and effect.

