

HOUSE BILL 660

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1999 Regular Session
9r1879
CF 9r1880

By: **Delegates D. Davis, Oaks, Billings, Cane, Hubbard, Morhaim, Guns,
Klausmeier, Frush, Weir, Hammen, Schisler, Nathan-Pulliam, and Stull**

Introduced and read first time: February 11, 1999

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 22, 1999

CHAPTER _____

1 AN ACT concerning

2 **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 a certain report to certain persons by a certain date; making certain provisions
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 BY repealing and reenacting, with amendments,

1 Article - Health - General
 2 Section 15-103(e)(2)(i)
 3 Annotated Code of Maryland
 4 (1994 Replacement Volume and 1998 Supplement)
 5 (As enacted by Section 1 of this Act)

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

8 **Article - Health - General**

9 15-103.

10 (e) (1) At least quarterly, the Department shall pay to a federally qualified
 11 health center the difference between the payment received by the center from a
 12 managed care organization for services provided to enrollees of the managed care
 13 organization and, ~~AS DETERMINED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS~~
 14 ~~SUBSECTION, the reasonable cost to the center DETERMINED IN ACCORDANCE WITH~~
 15 ~~PARAGRAPH (2) OF THIS SUBSECTION~~ in providing those services.

16 (2) (I) The reasonable cost to a federally qualified health center in
 17 providing services to enrollees shall be determined in accordance with §
 18 1902(a)(13)(C)(i) of the Social Security Act, as amended by the Balanced Budget Act of
 19 1997, and any applicable regulations.

20 ~~(II) BEFORE THE END OF EACH FISCAL YEAR, THE DEPARTMENT~~
 21 ~~SHALL WORK IN CONJUNCTION WITH EACH FEDERALLY QUALIFIED HEALTH~~
 22 ~~CENTER TO DETERMINE FOR THE CENTER THE REASONABLE COST OF PROVIDING~~
 23 ~~SERVICES TO ENROLLEES FOR THE NEXT FISCAL YEAR.~~

24 ~~(III) THE REASONABLE COST OF PROVIDING SERVICES TO~~
 25 ~~ENROLLEES SHALL BE CALCULATED ON A FEE FOR SERVICE AND CAPITATED PER~~
 26 ~~MEMBER PER MONTH BASIS AND PROVIDED TO EACH FEDERALLY QUALIFIED~~
 27 ~~HEALTH CENTER BEFORE THE BEGINNING OF THE FISCAL YEAR.~~

28 ~~(IV) (II) EACH FEDERALLY QUALIFIED HEALTH CENTER SHALL~~
 29 ~~PROVIDE THE DEPARTMENT WITH ITS ENROLLMENT DATA, ENCOUNTER DATA, AND~~
 30 ~~COST REPORTS TO ASSIST THE DEPARTMENT IN CALCULATING:~~

31 1. THE REASONABLE COST OF PROVIDING SERVICES TO
 32 ENROLLEES; AND

33 2. THE DIFFERENCE BETWEEN THE PAYMENT RECEIVED BY
 34 THE CENTER FROM A MANAGED CARE ORGANIZATION AND THE REASONABLE COST
 35 TO THE CENTER IN PROVIDING THE SERVICES.

36 (3) (i) At the request of a federally qualified health center, the
 37 Department shall review the payments made to the center by a Medicaid managed
 38 care organization that has a contractual arrangement with the center to determine

1 the difference between the payments made to the center and the reasonable cost to
 2 the center AS DETERMINED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS
 3 SUBSECTION in providing services to enrollees of the managed care organization.

4 (II) A FEDERALLY QUALIFIED HEALTH CENTER MAY MAKE A
 5 REQUEST AT ANY TIME FOR THE DEPARTMENT TO REVIEW THE PAYMENTS MADE TO
 6 THE CENTER BY A MEDICAID MANAGED CARE ORGANIZATION THAT HAS A
 7 CONTRACTUAL ARRANGEMENT WITH THE CENTER:

8 1. ~~DURING THE FIRST QUARTER OF EACH FISCAL YEAR; OR~~

9 2. ~~WITHIN 90 DAYS OF NOTIFICATION BY A MEDICAID~~
 10 ~~MANAGED CARE ORGANIZATION TO THE CENTER THAT THE MEDICAID MANAGED~~
 11 ~~CARE ORGANIZATION IS CHANGING ITS REIMBURSEMENT TO THE CENTER.~~

12 (III) THE EFFECTIVE DATE FOR ADJUSTMENTS MADE IN RESPONSE
 13 TO A REQUEST BY A FEDERALLY QUALIFIED HEALTH CENTER SHALL BE:

14 1. THE DATE THE DEPARTMENT RECEIVES THE REQUEST;
 15 OR

16 2. IF THE REQUEST IS PROMPTED BY A CHANGE IN THE
 17 REIMBURSEMENT PRACTICES OF A MEDICAID MANAGED CARE ORGANIZATION, THE
 18 DATE THE MANAGED CARE ORGANIZATION CHANGED ITS REIMBURSEMENT TO THE
 19 CENTER, EXCEPT THAT AN ADJUSTMENT UNDER THIS ITEM MAY NOT BE
 20 RETROACTIVE MORE THAN 120 DAYS.

21 [(ii)] ~~(III)~~ (IV) If a managed care organization payment to a center
 22 is less than the center's reasonable cost, AS DETERMINED IN ACCORDANCE WITH
 23 PARAGRAPH (2) OF THIS SUBSECTION, the Department shall set aside a portion of the
 24 capitation payment to the managed care organization for a supplemental payment to
 25 the center, in accordance with the provisions of paragraphs ~~(1) and (2)~~ (1), (2), AND (3)
 26 of this subsection.

27 (4) In carrying out the payment requirements of this subsection, the
 28 Department:

29 (i) May not delegate responsibility for such payments to the
 30 managed care organization or any other entity; and

31 (ii) Shall be responsible for making such payments directly to the
 32 federally qualified health center.

33 (5) Payments under this subsection shall be reduced each year and shall
 34 end in Fiscal Year 2004.

35 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 36 read as follows:

1 Article - Health - General

2 15-103.

3 (e) (2) (i) The reasonable cost to a federally qualified health center in
4 providing services to enrollees shall be [determined in accordance with §
5 1902(a)(13)(C)(i) of the Social Security Act, as amended by the Balanced Budget Act of
6 1997, and any applicable regulations] A PROSPECTIVE RATE THAT THE
7 DEPARTMENT, IN CONSULTATION WITH FEDERALLY QUALIFIED HEALTH CENTERS,
8 ESTABLISHES BY REGULATION.

9 SECTION 3. AND BE IT FURTHER ENACTED, That, before October, 1999, the
10 Department of Health and Mental Hygiene, in consultation with federally qualified
11 health centers, shall adopt regulations that establish as a prospective rate the
12 reasonable cost to a federally qualified health center in providing services to enrollees
13 of the State Medical Assistance Program.

14 SECTION 4. AND BE IT FURTHER ENACTED, That the Department of
15 Health and Mental Hygiene, in consultation with the Mid-Atlantic Association of
16 Community Health Centers and the Medicaid managed care organizations, shall:

17 (a) Study alternative means for improving the viability of federally qualified
18 health centers serving clients in the HealthChoice Program; and

19 (b) On or before January 1, 2000, submit a report on its findings to the
20 Governor and, subject to § 2-1246 of the State Government Article, the Senate
21 Finance Committee and the House Environmental Matters Committee.

22 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
23 take effect on the date that the regulations adopted under Section 3 of this Act take
24 effect. Within 5 days after final adoption of the regulations under Section 3 of this
25 Act, the Department of Health and Mental Hygiene shall certify in writing to the
26 Department of Legislative Services the date on which the regulations take effect.

27 SECTION 2-6. AND BE IT FURTHER ENACTED, That, subject to Section 5 of
28 this Act, this Act shall take effect July 1, 1999.