

---

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

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

1

**Article - Health - General**

2 15-103.

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

9 (2) (I) The reasonable cost to a federally qualified health center in  
 10 providing services to enrollees shall be determined in accordance with §  
 11 1902(a)(13)(C)(i) of the Social Security Act, as amended by the Balanced Budget Act of  
 12 1997, and any applicable regulations.

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

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

21 ~~(IV) (II) EACH FEDERALLY QUALIFIED HEALTH CENTER SHALL~~  
 22 ~~PROVIDE THE DEPARTMENT WITH ITS ENROLLMENT DATA, ENCOUNTER DATA, AND~~  
 23 ~~COST REPORTS TO ASSIST THE DEPARTMENT IN CALCULATING;~~

24 1. THE REASONABLE COST OF PROVIDING SERVICES TO  
 25 ENROLLEES; AND

26 2. THE DIFFERENCE BETWEEN THE PAYMENT RECEIVED BY  
 27 THE CENTER FROM A MANAGED CARE ORGANIZATION AND THE REASONABLE COST  
 28 TO THE CENTER IN PROVIDING THE SERVICES.

29 (3) (i) At the request of a federally qualified health center, the  
 30 Department shall review the payments made to the center by a Medicaid managed  
 31 care organization that has a contractual arrangement with the center to determine  
 32 the difference between the payments made to the center and the reasonable cost to  
 33 the center AS DETERMINED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS  
 34 SUBSECTION in providing services to enrollees of the managed care organization.

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

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



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 federally qualified health center in providing services to enrollees of the State  
5 Medical Assistance Program.

6     SECTION 4. AND BE IT FURTHER ENACTED, That the Department of  
7 Health and Mental Hygiene, in consultation with the Mid-Atlantic Association of  
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 Section 3 of this Act, the Department of Health and Mental Hygiene shall certify in  
18 writing to the Department of Legislative Services the date on which the regulations  
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.