
By: **Delegate D. Davis**
Introduced and read first time: February 9, 2001
Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Medical Assistance Program - Federally Qualified Health Centers - Cost**
3 **Based Reimbursement**

4 FOR the purpose of repealing certain provisions of law that establish a process for
5 providing certain supplemental payments to federally qualified health centers
6 participating in the State Medical Assistance Program and require certain
7 supplemental payments to federally qualified health centers to be reduced each
8 year and to terminate in a certain year; requiring the Department to adopt
9 certain regulations to ensure that federally qualified health centers are paid
10 reasonable cost based reimbursement that is consistent with federal law;
11 providing for the application of this Act; and generally relating to the State
12 Medical Assistance Program and payment of federally qualified health centers.

13 BY repealing
14 Article - Health - General
15 Section 15-103(e)
16 Annotated Code of Maryland
17 (2000 Replacement Volume)

18 BY adding to
19 Article - Health - General
20 Section 15-103(e)
21 Annotated Code of Maryland
22 (2000 Replacement Volume)

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

25 **Article - Health - General**

26 15-103.

27 [(e) (1) At least quarterly, the Department shall pay to a federally qualified
28 health center the difference between the payment received by the center from a

1 managed care organization for services provided to enrollees of the managed care
2 organization and, as determined in accordance with paragraph (2) of this subsection,
3 the reasonable cost to the center in providing those services.

4 (2) (i) The reasonable cost to a federally qualified health center in
5 providing services to enrollees shall be a prospective rate that the Department, in
6 consultation with federally qualified health centers, establishes by regulation.

7 (ii) Each federally qualified health center shall provide the
8 Department with its enrollment data, encounter data, and cost reports to assist the
9 Department in calculating:

10 1. The reasonable cost of providing services to enrollees; and

11 2. The difference between the payment received by the
12 center from a managed care organization and the reasonable cost to the center in
13 providing the services.

14 (3) (i) At the request of a federally qualified health center, the
15 Department shall review the payments made to the center by a Medicaid managed
16 care organization that has a contractual arrangement with the center to determine
17 the difference between the payments made to the center and the reasonable cost to
18 the center as determined in accordance with paragraph (2) of this subsection in
19 providing services to enrollees of the managed care organization.

20 (ii) A federally qualified health center may make a request at any
21 time for the Department to review the payments made to the center by a Medicaid
22 managed care organization that has a contractual arrangement with the center.

23 (iii) The effective date for adjustments made in response to a
24 request by a federally qualified health center shall be:

25 1. The date the Department receives the request; or

26 2. If the request is prompted by a change in the
27 reimbursement practices of a Medicaid managed care organization, the date the
28 managed care organization changed its reimbursement to the center, except that an
29 adjustment under this item may not be retroactive more than 120 days.

30 (iv) If a managed care organization payment to a center is less than
31 the center's reasonable cost, as determined in accordance with paragraph (2) of this
32 subsection, the Department shall set aside a portion of the capitation payment to the
33 managed care organization for a supplemental payment to the center, in accordance
34 with the provisions of this paragraph and paragraphs (1) and (2) of this subsection.

35 (4) In carrying out the payment requirements of this subsection, the
36 Department:

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

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

3 (5) Payments under this subsection shall be reduced each year and shall
4 end in fiscal year 2004.]

5 (E) BY REGULATION, THE DEPARTMENT SHALL ADOPT A METHODOLOGY TO
6 ENSURE THAT FEDERALLY QUALIFIED HEALTH CENTERS ARE PAID REASONABLE
7 COST BASED REIMBURSEMENT THAT IS CONSISTENT WITH FEDERAL LAW.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2001.