

HOUSE BILL 1243

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2001 Regular Session
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CF 11r2383

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

Committee Report: Favorable
House action: Adopted
Read second time: March 14, 2001

CHAPTER _____

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:

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 subsection,
7 the reasonable cost to the center in providing those services.

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

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

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

15 2. The difference between the payment received by the
16 center from a managed care organization and the reasonable cost to the center in
17 providing the services.

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

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

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

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

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

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

1 (4) In carrying out the payment requirements of this subsection, the
2 Department:

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

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

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

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

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