

SENATE BILL 680

Unofficial Copy  
J1

2001 Regular Session  
11r2383  
CF 11r2382

---

By: **Senator Exum**

Introduced and read first time: February 2, 2001

Assigned to: Finance

---

A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of requiring certain managed care organizations to reimburse  
5 federally qualified health centers an amount that is not less than a certain  
6 market rate that the Department of Health and Mental Hygiene establishes by  
7 regulation; requiring the Department to make a certain supplemental payment  
8 each month to federally qualified health centers; requiring the Department to  
9 establish a certain reasonable cost by regulation; repealing certain provisions of  
10 law that require a federally qualified health center to submit certain data and  
11 reports to the Department, require the Department to review certain payments  
12 as requested by federally qualified health centers and make certain  
13 adjustments, and authorize the Department to withhold a portion of a certain  
14 capitation amount; requiring managed care organizations and federally  
15 qualified health centers to make a certain annual certification to the  
16 Department; requiring the Department to calculate a certain supplemental  
17 payment based on certain information; repealing a certain provision of law  
18 requiring certain payments to be reduced each year and to end on a certain date;  
19 defining a certain term; providing for the application of this Act; and generally  
20 relating to federally qualified health centers, payment by managed care  
21 organizations, and payment of a certain supplemental payment by the  
22 Department of Health and Mental Hygiene.

23 BY renumbering  
24 Article - Health - General  
25 Section 15-101(g) through (k), respectively  
26 to be Section 15-101(h) through (l), respectively  
27 Annotated Code of Maryland  
28 (2000 Replacement Volume)

29 BY adding to  
30 Article - Health - General  
31 Section 15-101(g)  
32 Annotated Code of Maryland

1 (2000 Replacement Volume)

2 BY repealing and reenacting, with amendments,

3 Article - Health - General

4 Section 15-103(e)

5 Annotated Code of Maryland

6 (2000 Replacement Volume)

7 BY adding to

8 Article - Health - General

9 Section 15-103(e)

10 Annotated Code of Maryland

11 (2000 Replacement Volume)

12 (As enacted by Chapters 434 and 435 of the Acts of the General Assembly of

13 1998)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

15 MARYLAND, That Section(s) 15-101(g) through (k), respectively, of Article - Health

16 - General of the Annotated Code of Maryland be renumbered to be Section(s)

17 15-101(h) through (l), respectively.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland

19 read as follows:

20 **Article - Health - General**

21 15-101.

22 (G) "MARKET RATE" MEANS A RATE DETERMINED BY THE DEPARTMENT THAT

23 IS EQUIVALENT TO THE AGGREGATE AVERAGE REIMBURSEMENT PAID TO HEALTH

24 CARE PROVIDERS BY MANAGED CARE ORGANIZATIONS FOR THE RANGE OF HEALTH

25 CARE SERVICES PROVIDED BY FEDERALLY QUALIFIED HEALTH CENTERS.

26 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland

27 read as follows:

28 **Article - Health - General**

29 15-103.

30 (e) (1) [At least quarterly, the] A MANAGED CARE ORGANIZATION SHALL

31 REIMBURSE A FEDERALLY QUALIFIED HEALTH CENTER THAT SUBCONTRACTS WITH

32 THE MANAGED CARE ORGANIZATION AN AMOUNT THAT MAY NOT BE LESS THAN THE

33 MARKET RATE THAT THE DEPARTMENT ESTABLISHES BY REGULATION.

34 (2) EACH MONTH, THE Department shall [pay] MAKE A SUPPLEMENTAL

35 PAYMENT to a federally qualified health center FOR SERVICES PROVIDED TO

36 ENROLLEES OF A MANAGED CARE ORGANIZATION BY THE FEDERALLY QUALIFIED

1 HEALTH CENTER THAT EQUALS the difference between the [payment received by the  
2 center from a managed care organization for services provided to enrollees of the  
3 managed care organization] MARKET RATE ESTABLISHED BY THE DEPARTMENT  
4 UNDER THIS SUBSECTION [and, as determined in accordance with paragraph (2) of  
5 this subsection,] AND the reasonable cost to the center in providing those services.

6 [(2) (i)] (3) [The] IN ACCORDANCE WITH FEDERAL LAW, THE  
7 reasonable cost to a federally qualified health center in providing services to enrollees  
8 shall be [a] THE prospective rate that the [Department, in consultation with  
9 federally qualified health centers,] DEPARTMENT establishes by regulation.

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

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

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

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

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

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

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

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

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

1           (4)     (I)     A MANAGED CARE ORGANIZATION SHALL CERTIFY ANNUALLY  
2 TO THE DEPARTMENT THAT THE MANAGED CARE ORGANIZATION HAS COMPLIED  
3 WITH THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION.

4                   (II)     A FEDERALLY QUALIFIED HEALTH CENTER SHALL CERTIFY  
5 ANNUALLY TO THE DEPARTMENT WHETHER REIMBURSEMENT BY EACH MANAGED  
6 CARE ORGANIZATION THAT SUBCONTRACTS WITH THE FEDERALLY QUALIFIED  
7 HEALTH CENTER HAS BEEN MADE IN COMPLIANCE WITH THE REQUIREMENTS OF  
8 PARAGRAPH (1) OF THIS SUBSECTION.

9           (5)     THE DEPARTMENT SHALL CALCULATE THE AMOUNT OF THE  
10 SUPPLEMENTAL PAYMENT TO BE PAID BY THE DEPARTMENT BASED ON THE  
11 NUMBER OF VISITS SUBMITTED IN MONTHLY ENCOUNTER DATA.

12           [(4)]   (6)     In carrying out the payment requirements of this subsection,  
13 the Department:

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

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

18           [(5)    Payments under this subsection shall be reduced each year and shall  
19 end in fiscal year 2004.]

20     SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
21 read as follows:

22                                   **Article - Health - General**

23 15-103.

24     (E)     (1)     A MANAGED CARE ORGANIZATION SHALL REIMBURSE A FEDERALLY  
25 QUALIFIED HEALTH CENTER THAT SUBCONTRACTS WITH THE MANAGED CARE  
26 ORGANIZATION AN AMOUNT THAT MAY NOT BE LESS THAN THE MARKET RATE THAT  
27 THE DEPARTMENT ESTABLISHES BY REGULATION.

28           (2)     EACH MONTH, THE DEPARTMENT SHALL MAKE A SUPPLEMENTAL  
29 PAYMENT TO A FEDERALLY QUALIFIED HEALTH CENTER FOR SERVICES PROVIDED  
30 TO ENROLLEES OF A MANAGED CARE ORGANIZATION BY THE FEDERALLY  
31 QUALIFIED HEALTH CENTER THAT EQUALS THE DIFFERENCE BETWEEN THE  
32 MARKET RATE ESTABLISHED BY THE DEPARTMENT UNDER THIS SUBSECTION AND  
33 THE REASONABLE COST TO THE CENTER IN PROVIDING THOSE SERVICES.

34           (3)     IN ACCORDANCE WITH FEDERAL LAW, THE REASONABLE COST TO A  
35 FEDERALLY QUALIFIED HEALTH CENTER IN PROVIDING SERVICES TO ENROLLEES  
36 SHALL BE THE PROSPECTIVE RATE THAT THE DEPARTMENT ESTABLISHES BY  
37 REGULATION.

1                   (4)       (I)       A MANAGED CARE ORGANIZATION SHALL CERTIFY ANNUALLY  
2 TO THE DEPARTMENT THAT THE MANAGED CARE ORGANIZATION HAS COMPLIED  
3 WITH THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION.

4                   (II)       A FEDERALLY QUALIFIED HEALTH CENTER SHALL CERTIFY  
5 ANNUALLY TO THE DEPARTMENT WHETHER REIMBURSEMENT BY EACH MANAGED  
6 CARE ORGANIZATION THAT SUBCONTRACTS WITH THE FEDERALLY QUALIFIED  
7 HEALTH CENTER HAS BEEN MADE IN COMPLIANCE WITH THE REQUIREMENTS OF  
8 PARAGRAPH (1) OF THIS SUBSECTION.

9                   (5)       THE DEPARTMENT SHALL CALCULATE THE AMOUNT OF THE  
10 SUPPLEMENTAL PAYMENT TO BE PAID BY THE DEPARTMENT BASED ON THE  
11 NUMBER OF VISITS SUBMITTED IN MONTHLY ENCOUNTER DATA.

12                  (6)       IN CARRYING OUT THE PAYMENT REQUIREMENTS OF THIS  
13 SUBSECTION, THE DEPARTMENT:

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

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

18       SECTION 5. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall  
19 take effect on the taking effect of the termination provisions specified in Section 3 of  
20 Chapters 434 and 435 of the Acts of the General Assembly of 1998. If these  
21 termination provisions take effect, Section 3 of this Act shall be abrogated and of no  
22 further force and effect. This Act may not be interpreted to have any effect on these  
23 termination provisions.

24       SECTION 6. AND BE IT FURTHER ENACTED, That, subject to the provisions  
25 of Section 5 of this Act, this Act shall take effect October 1, 2001.