

MAINE STATE LEGISLATURE

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Date: 4/4/22

(Filing No. S-509)

HEALTH AND HUMAN SERVICES

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STATE OF MAINE

SENATE

130TH LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 625, L.D. 1787, "An Act To Improve the Quality and Affordability of Primary Health Care Provided by Federally Qualified Health Centers"

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting the following:

'Sec. 1. 22 MRSA §3174-V, first ¶, as amended by PL 2003, c. 20, Pt. K, §11, is further amended to read:

~~Beginning in fiscal year 2003-04, the~~ The reimbursement requirements listed in subsections 1 and 2 set forth in this section apply to payments for certain federally qualified health centers as defined in 42 United States Code, Section 1395x, subsection(aa)(1993).

Sec. 2. 22 MRSA §3174-V, sub-§3 is enacted to read:

3. Updated base year option. No later than December 31, 2022, the department shall provide an alternative, updated prospective payment method for each federally qualified health center that is the same as the prospective payment system set forth in 42 United States Code, Section 1396a(bb)(3), except that the base year for determining the costs of providing services must be the average of the reasonable costs incurred in the center's fiscal years ending in 2018 and 2019, adjusted for any change in scope adjustments approved since the base year and for inflation measured by the federally qualified health center market basket percentage published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services. Each federally qualified health center must be given the option to be reimbursed under the method provided by this subsection or under the method provided by federal law. After December 31, 2022, the department may update the base year described in this subsection to a more recent base year.

Sec. 3. 22 MRSA §3174-V, sub-§4 is enacted to read:

4. Change in scope adjustments. The department's method for adjusting for changes in the scope of services provided by a federally qualified health center under the payment

1 model provided under subsection 3 or 42 United States Code, Section 1396a(bb)(3) must
 2 adjust the center's reimbursement rate to reflect changes in its costs of providing services
 3 whenever the center establishes that it has experienced a material change in either:

- 4 A. The type, intensity, duration or quantity of services provided; or
- 5 B. The characteristics of the population receiving a service that affect the cost of the
 6 service.

7 An adjustment under this subsection must reflect costs incurred retroactive to the date that
 8 the department received the federally qualified health center request for the adjustment,
 9 unless the department determines that the change in scope was due to conditions or events
 10 that were beyond the control of the federally qualified health center, in which case the
 11 adjustment must be retroactive to the more recent of the date that the federally qualified
 12 health center incurred the cost increases requiring an adjustment and the date that is one
 13 year prior to the date the department received the federally qualified health center change
 14 in scope request.

15 **Sec. 4. 22 MRSA §3174-V, sub-§5** is enacted to read:

16 **5. Alternative payment model.** The following requirements apply to any alternative
 17 payment model developed by the department for payments to federally qualified health
 18 centers.

19 A. The alternative payment model must be consistent with the requirements of 42
 20 United States Code, Section 1396a(bb).

21 B. As long as federal law continues to require that the department allow a federally
 22 qualified health center to elect to use the prospective payment system set forth in 42
 23 United States Code, Section 1396a(bb)(3), the alternative payment model developed
 24 under this subsection must be an additional option and not a replacement of the updated
 25 base year option provided in subsection 3.

26 C. In developing the alternative payment model, the department shall consult with
 27 federally qualified health centers and provide a reasonable opportunity for dialogue
 28 and exchange of data before any rule implementing such a model is proposed.

29 **Sec. 5. 22 MRSA §3174-V, sub-§6** is enacted to read:

30 **6. Rulemaking.** The department may adopt rules to implement subsections 3 to 5.
 31 Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5,
 32 chapter 375, subchapter 2-A.

33 **Sec. 6. Rebasing process.** The Department of Health and Human Services shall
 34 confer regularly with a statewide association of federally qualified health centers as it
 35 develops rates to implement the updated base year option required by the Maine Revised
 36 Statutes, Title 22, section 3174-V, subsection 3 and shall provide each federally qualified
 37 health center in the State with draft rates implementing the option and working papers
 38 supporting those rates. No later than December 31, 2022, the department shall issue final
 39 rate letters implementing the option for each federally qualified health center electing the
 40 option, effective retroactive to July 1, 2022.

41 **Sec. 7. Appropriations and allocations.** The following appropriations and
 42 allocations are made.

1 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF**

2 **Medical Care - Payments to Providers 0147**

3 Initiative: Provides funding for the Department of Health and Human Services to provide
 4 for rebasing of federally qualified health center prospective payment system rates to 2018-
 5 2019 average actual costs inflated to the current year using the federally qualified health
 6 center market basket percentage as an alternative to the current payment method.

7	GENERAL FUND	2021-22	2022-23
8	All Other	\$0	\$5,215,763
9			
10	GENERAL FUND TOTAL	\$0	\$5,215,763

12	FEDERAL EXPENDITURES FUND	2021-22	2022-23
13	All Other	\$0	\$11,928,420
14			
15	FEDERAL EXPENDITURES FUND TOTAL	\$0	\$11,928,420

17	FEDERAL BLOCK GRANT FUND	2021-22	2022-23
18	All Other	\$0	\$483,287
19			
20	FEDERAL BLOCK GRANT FUND TOTAL	\$0	\$483,287

21 **Sec. 8. Effective date.** That section of this Act that enacts the Maine Revised
 22 Statutes, Title 22, section 3174-V, subsection 3 takes effect July 1, 2022.'

23 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
 24 number to read consecutively.

25 **SUMMARY**

26 This amendment replaces the sections of the bill regarding reimbursement rates and
 27 adjustments, rebasing, alternative value-based payments and rulemaking in order to
 28 provide for rebasing of federally qualified health center rates as the primary way to address
 29 the issues identified in the emergency preamble and align other provisions of the bill
 30 accordingly to provide that:

31 1. By December 31, 2022, the Department of Health and Human Services must provide
 32 for a rebasing of federally qualified health center prospective payment system rates to fiscal
 33 year 2017-18 and 2018-19 average actual costs inflated to the current year using the
 34 federally qualified health center market basket percentage published by the United States
 35 Department of Health and Human Services, Centers for Medicare and Medicaid Services,
 36 as an alternative to the existing payment method that relies on costs from 1999 and 2000
 37 inflated using the Medicare Economic Index as published in the Federal Register;

38 2. Adjustments to federally qualified health center rates for changes in the scope of
 39 services must reflect costs incurred and must be made for material changes in type,
 40 intensity, duration or quantity of services provided or in the characteristics of the population
 41 receiving a service that affect the cost of the service; and

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3. The Department of Health and Human Services may develop an alternative payment model in addition to but not instead of the rebasing required by this legislation, as long as federal law provides that a federally qualified health center may elect a prospective payment system rate in lieu of any alternative payment model.

The amendment sets out a timeline and interactive process with federally qualified health centers for completing rebasing during 2022.

The department may adopt rules to implement the rebasing, change in scope and payment provisions of this legislation.

FISCAL NOTE REQUIRED
(See attached)



130th MAINE LEGISLATURE

LD 1787

LR 2355(02)

An Act To Improve the Quality and Affordability of Primary Health Care Provided by Federally Qualified Health Centers

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-509)
 Committee: Health and Human Services
 Fiscal Note Required: Yes

Fiscal Note

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Net Cost (Savings)				
General Fund	\$0	\$5,215,763	\$5,351,895	\$5,488,368
Appropriations/Allocations				
General Fund	\$0	\$5,215,763	\$5,351,895	\$5,488,368
Federal Expenditures Fund	\$0	\$11,928,420	\$12,239,751	\$12,551,865
Federal Block Grant Fund	\$0	\$483,287	\$495,901	\$508,546
Revenue				
Federal Expenditures Fund	\$0	\$11,928,420	\$12,239,751	\$12,551,865
Federal Block Grant Fund	\$0	\$483,287	\$495,901	\$508,546

Fiscal Detail and Notes

This bill includes General Fund appropriations to the Department of Health and Human Services of \$5,215,763 in fiscal year 2022-23 for rebasing of federally qualified health center PPS rates to 2018-2019 average actual costs inflated to the current year using the FQHC Market Basket as an alternative to the current payment method. Federal Expenditures Fund allocations and Federal Block Grant Fund allocations are also included in this bill for the FMAP match.