

MAINE STATE LEGISLATURE

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131st MAINE LEGISLATURE

FIRST SPECIAL SESSION-2023

Legislative Document

No. 1768

H.P. 1132

House of Representatives, April 25, 2023

**An Act to Update the Alternative Base Year Payment Method for
Federally Qualified Health Centers**

(EMERGENCY)

Reference to the Committee on Health and Human Services suggested and ordered printed.

A handwritten signature in black ink that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative GATTINE of Westbrook.

Cosponsored by Representatives: DUCHARME of Madison, PERRY of Calais, PRINGLE of Windham.

1 **Emergency preamble.** Whereas, acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** Public Law 2021, chapter 747 provides that an alternative payment method
4 may be used for MaineCare reimbursement of services delivered by federally qualified
5 health centers, which is based on 2018 and 2019 costs of providing services, instead of the
6 federal system, which is based on 1999 and 2000 costs; and

7 **Whereas,** the rebased alternative payment rates described above will not continue to
8 fairly reflect the costs of services paid for under this method unless the base year for the
9 rates is updated regularly; and

10 **Whereas,** federally qualified health centers in the State have identified potential
11 inadequacies in the extent to which rebased rates will fully recognize increased costs
12 associated with workforce shortages and prevailing wage rates; and

13 **Whereas,** the inadequacy of MaineCare reimbursement rates for services delivered
14 by federally qualified health centers will not be fully addressed unless the Department of
15 Health and Human Services is directed to address them and any contrary provisions of
16 existing law are revised accordingly; and

17 **Whereas,** to preserve and improve the advanced primary care model pioneered by
18 federally qualified health centers in Maine, MaineCare payments for those services must
19 be increased in order to reflect the current costs of providing services, as a foundation for
20 developing a value-based payment model for federally qualified health centers; and

21 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
22 the meaning of the Constitution of Maine and require the following legislation as
23 immediately necessary for the preservation of the public peace, health and safety; now,
24 therefore,

25 **Be it enacted by the People of the State of Maine as follows:**

26 **Sec. 1. 22 MRSA §3174-V, sub-§3,** as enacted by PL 2021, c. 747, §2, is amended
27 to read:

28 **3. Updated base year option.** No later than March 1, 2023, the department shall
29 provide an alternative, updated prospective payment method for each federally qualified
30 health center that is the same as the prospective payment system set forth in 42 United
31 States Code, Section 1396a(bb)(3), except that the base year for determining the costs of
32 providing services must be the average of the reasonable costs incurred in the center's fiscal
33 years ending in 2018 and 2019, adjusted for any ~~change~~ changes in scope ~~adjustments~~
34 ~~approved~~ since the base year and for inflation measured by the federally qualified health
35 center market basket percentage published by the United States Department of Health and
36 Human Services, Centers for Medicare and Medicaid Services. Each federally qualified
37 health center must be given the option to be reimbursed under the method provided by this
38 subsection or under the method provided by federal law. ~~After December 31, 2023~~ No later
39 than June 30, 2026, and no less frequently than every 3 years thereafter, the department
40 may shall update the base year described in this subsection to a more recent base year. In
41 selecting the fiscal years to be averaged to update the base year, the department shall
42 exclude years affected by a declared public health emergency or shall adjust the actual costs

1 and volume in a year affected by a public health emergency to correct for the impact of the
2 emergency on cost and volume of services.

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

4 **3-A. Wage costs and workforce conditions.** The department may increase rates
5 established in accordance with subsection 3 to reflect prevailing wage rates to the extent
6 that prevailing wage rates are not adequately included in rates established in accordance
7 with subsection 3, through inflation adjustments or updated base years or both, and to
8 reflect additional expenditures needed to address workforce shortages.

9 **Emergency clause.** In view of the emergency cited in the preamble, this legislation
10 takes effect when approved.

11 SUMMARY

12 This bill provides that:

13 1. After implementing the alternative payment method for federally qualified health
14 centers similar to the prospective payment system required by federal law but using an
15 updated base year, the Department of Health and Human Services must further update the
16 base year of that alternative system no later than June 30, 2026, and no less frequently than
17 every 3 years thereafter; and

18 2. The department may also adjust rates determined under the alternative payment
19 method as needed to reflect prevailing wage rates and workforce shortages.