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Testimony on FY2025 Budget Request to House Health Care Committee
Mary Kate Mohlman
Bi-State Primary Care Association
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Madame Chair, Members of the Committee:

Thank you for the opportunity to testify on behalf of Vermont's federally qualified health centers (FQHCs) and to discuss the financial hardship they are facing. My name is Mary Kate Mohlman, and I am the Director for Vermont Public Policy at Bi-State Primary Care Association.

Bi-State Primary Care Association is a nonprofit organization established in 1986 to advance access to comprehensive primary care and preventive services for anyone regardless of insurance status or ability to pay. Today, Bi-State represents 28 member organizations across both Vermont and New Hampshire. Our members include Federally Qualified Health Centers (FQHCs), Vermont Free and Referral Clinics, and Planned Parenthood of Northern New England.

Today, we are asking for an appropriation of \$2.8 million in state funding, which would allow DVHA to bring FQHC rates into compliance with federal law and align each health center's rate with its individual costs.

According to federal statute, an FQHC's rate should reflect the reasonable costs of the services it provides and the populations it serves. When done appropriately, each health center should have its unique rate, increased annually by the Medicare Economic Index, and adjusted as necessary to reflect changes in the services provided and the population served.

To date, Vermont has not had rates that have fully complied with these requirements. The state does have a few ways to address this compliance issue, and we have been working with DVHA on these for the last two years. I am happy to dive into the details of those options with anyone who is interested. However, describing these approaches quickly gets very technical and complicated, and, for the purposes of this hearing, I would like to keep my message simple.

The funding request we put forward today builds on the work that DVHA did between 2015 and 2017 when it initially worked to come into compliance with federal law. Furthermore, the approach on which this funding request is based has been reviewed by expert advisors and described as a reasonable approach to meet the federal requirements. Our goal with this appropriation is to reinforce our continued collaboration with DVHA to finalize the technical details around compliant FQHC rates.

This work with DVHA also includes updating the change in scope process, the process required by federal law that allows health centers to adjust their rate based on changes to the services they provide and the populations they serve. We greatly appreciate DVHA's commitment to collaborating

on establishing a clearer process that works for each health center. To date, over the last 22 years, only one health center has successfully completed a change in scope adjustment. Both DVHA and Bi-State hope to learn from and improve on that process.

Finally, we want to thank you for your continued support of FQHCs. The funding you provided last year has been critical for FQHCs to continue to meet the needs of their communities. The hardship continues, however. As you heard from three of our members in January during the joint committee hearing, our health centers are incredibly fragile. They are presenting budgets showing significant operating losses and hoping that over time, those large gaps close. And they are juggling high inflationary impacts with the need to retain their staff. They are managing all these pressures even as primary care remains so critical to the communities they serve and the state's health care reform goals.

Thank you again for the opportunity to speak here today. I am happy to answer any of your questions.