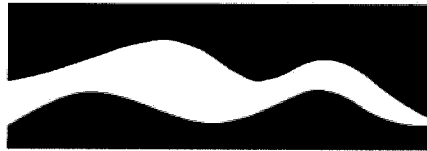


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BI-STATE PRIMARY CARE ASSOCIATION



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MEMORANDUM

TO: House Appropriations Committee
FROM: Sharon Winn, Policy Director, Bi-State Primary Care Association
DATE: March 3, 2017
SUBJ: FQHC/RHC Encounter Rate Request

The Ask

\$3 million for increased Medicaid reimbursement for the federally qualified health centers and rural health clinics across the state. This increase supports the current effort between FQHCs/RHCs and DVHA to establish a FQHC/RHS PPS rate that complies with federal law.

Background

- FQHCs and RHCs are a critical component in Vermont's primary care safety net. As a group, they provide primary care to nearly half of Vermont's Medicaid patients and better than one in four Vermonters. There are over 70 FQHC/RHC sites and they cover every county in the state.
- Since 2001 Vermont Medicaid has paid under an "alternative" method, without ever establishing a "prospective payment system" or "PPS." Federal law requires a PPS.
- Bi-State Primary Care Association and its members have been working closely with DVHA, with good faith on all sides, to address the compliance flaw. A \$3 million dollar boost in state funds is the most expedient path for the state to come into full compliance, and it sets the FQHCs and RHCs on solid ground for a strong primary care foundation.
- For many years, the FQHCs/RHCs were not particularly disadvantaged under the alternative method of payment, but they are now. Northern Counties Health Care, an FQHC based in St. Johnsbury with sites throughout the Northeast Kingdom, is paid ~66 percent of its average encounter costs. Reimbursement for some of the rural health clinics is even lower.