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FY24 Medicaid Budget Request

Chair Lyons, Members of the Committees:

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.

The House-passed budget included a 4 percent Medicaid rate increase for FQHCs, which comes out to about \$742,000 in state funds. We appreciate the House committees' consideration of our budget requests.

But we are here today with our **full request of \$6.9 million in state funding**.

To put this budget request in context, this amount reflects the cost of providing comprehensive services to Medicaid enrollees and how federal law says FQHCs should be paid.

To that point, FQHCs are paid differently from other primary care providers. For example, you will see the 10% increase for primary care in the House budget bill. That rate increase does not go to our providers.

Instead, Congress has established in law that Medicaid should pay a rate to each health center based on their own individual costs for providing Medicaid-covered services.

That is not the current practice in Vermont. Eight of Vermont's FQHCs receive the exact same rate, and the other 3 have a different rate based on location.

This gap – between our members' cost to provide Medicaid services and what the state reimburses – is effectively our budget request, \$6.9 million in state funds.

Why now?

First, the offsetting funding sources our members have relied on to balance their budgets in the past have dried up. They can no longer subsidize the cost of care for Medicaid enrollees.

Second, multiple FQHCs are currently operating at a loss and are, for the first time ever, considering reducing offered services.

Third, while we have been working with DVHA on our rate structure for over a year, no significant progress has been made.

Therefore, on this last point, we have also asked that the legislature pair these funds with a **requirement that Vermont FQHCs and the Department of Vermont Health Access move forward as soon as possible to update the FQHC payment methodology, so it aligns with federal law.** This language is included in H. 206, which I will be happy to discuss at a later time.

FQHCs are a key part of Vermont's health care system. They serve a third of Vermonters and Medicaid enrollees. They are key partners in the communities they serve with over half their board members required to be community members that receive care at that FQHC.

They are safety net providers that provide care regardless of a person's ability to pay. The services they provide go beyond what is typically thought of as primary care. For example, FQHCs provide mental health, transportation, financial services, OB/G, substance use disorder treatment, nutritional access, and health education. And they are dealing with the same inflationary pressures as all other providers across the health care system.

We recognize the challenge of balancing multiple budget requests and appreciate the committee's consideration of this \$6.9 million request. It is grounded in the reality facing our health centers today. They are extraordinarily fragile, and this funding is critical for Vermont's FQHCs to continue to provide the essential primary and preventive care to all their patients. Thank you again for the opportunity to provide this testimony.

I am also happy to respond to any additional questions the committee may have on FQHCs. Please do not hesitate to reach out.

Sincerely,



Mary Kate Mohlman, PhD, MS  
Director, Vermont Public Policy