BI-STATE PRIMARY CARE ASSOCIATION
SERVING VERMONT & NEW HAMPSHIRE
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Federally Qualified Health Centers: Payments

Presentation to the House Committee on Health Care

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Federally Qualified Health Centers:

What is their role in Vermont Health Care System?

Established in Federal Statute to:

- Provide health care to communities with a shortage of providers and services, including rural regions.
- Focus on the most vulnerable individuals and families, including agricultural workers, residents of public housing, veterans, and those experiencing homelessness.

Safety net providers that:

- Must participate in Medicaid
- Must accept patients regardless of ability to pay
- Must establish sliding fees for patients based on income
- Must have a governing board with >50% of members that are patients

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Primary Care, Whole Person Care

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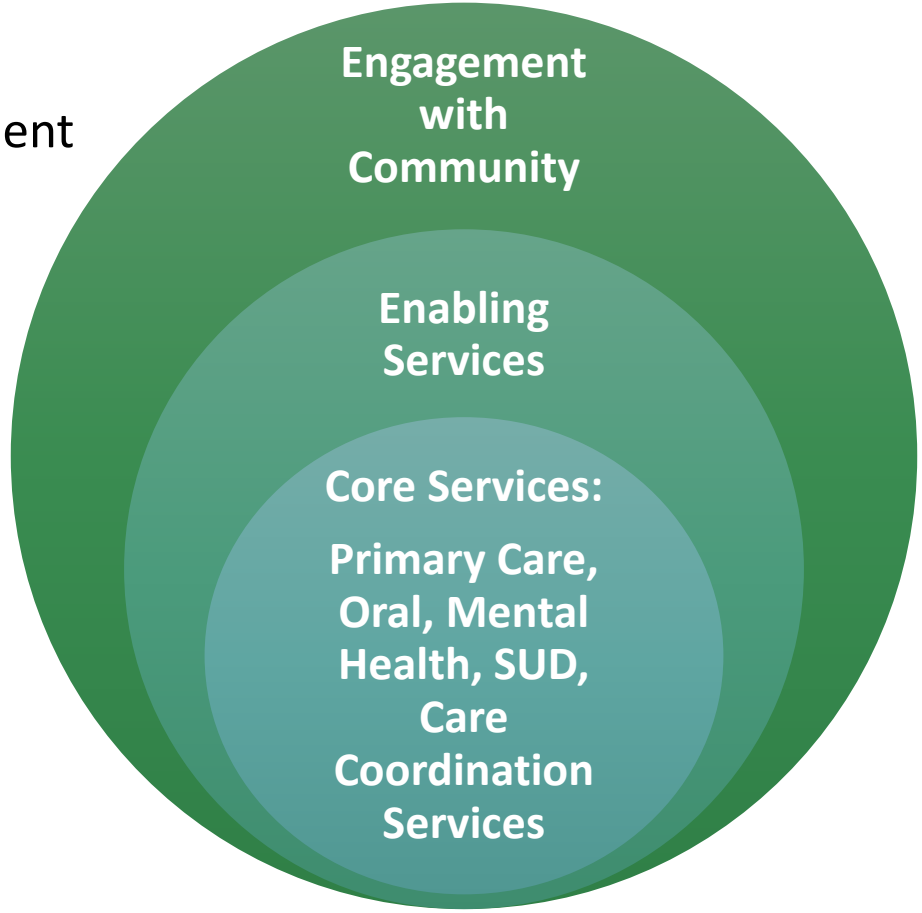
Core Services

- Mental Health Services
- Substance Use Disorder Treatment
- Medical Services
- Physical Wellness
- Family Planning Services
- Vision Care
- Pharmacy Services
- Oral Health Services
- School-Based Services

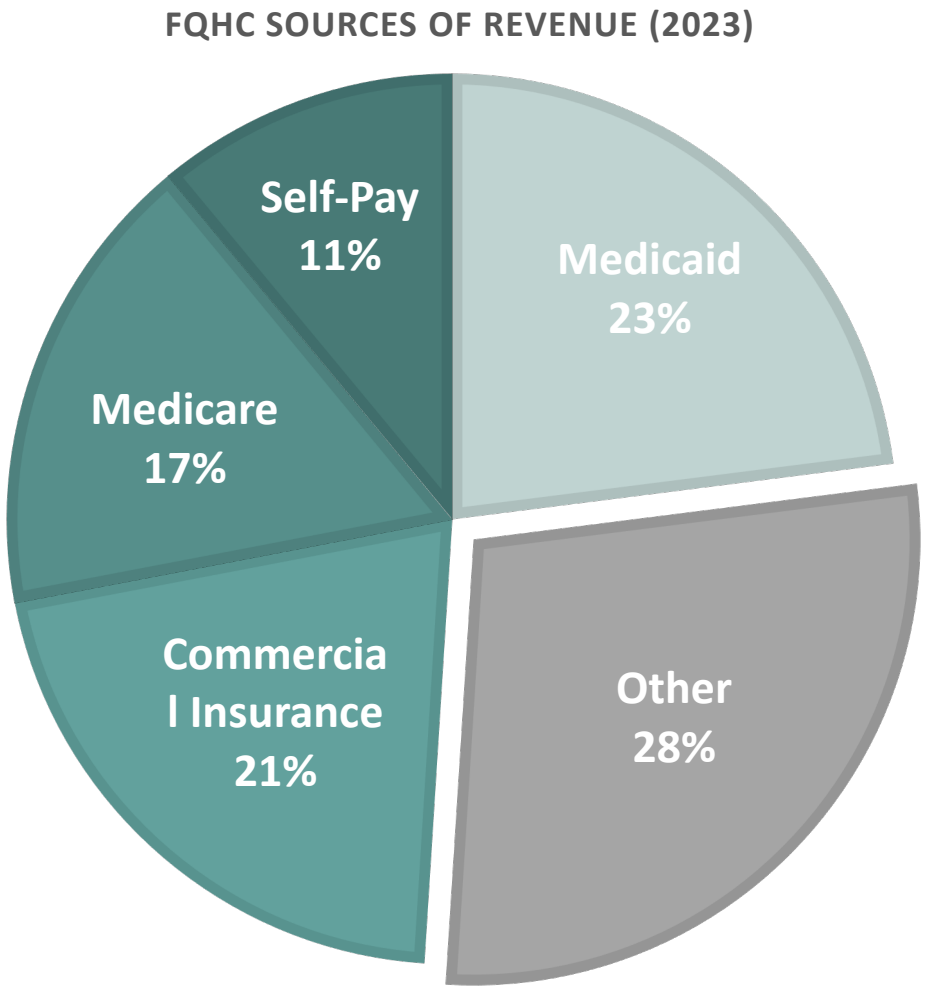


Enabling Services

- Nutritional Food Access
- Housing Support
- Economic Empowerment
- Translation
- Transportation
- Health Education
- Coordination with Community Partners

Requirements and Funding

- Medicare and Medicaid pay FQHCs a set rate per visit.
- Commercial insurers pay FQHCs the same as hospital-owned and independent primary care practices or an encounter rate.
- Federal FQHC grants (330 grant) awarded based on competitive national application process.
  - Health centers cannot legally use grant funding to subsidize the cost of care for Medicaid or Medicare beneficiaries.
- Funding from the 330 grants and 340B prescription drug program allow FQHCs to offer comprehensive services regardless of patients' ability to pay or insurance status
  - Sliding fee scale, free care/bad debt, regulatory compliance



2023 UDS Data

FQHC Payment Models

- Medicaid – a bundled encounter rate
  - The 2000 Benefits Improvement and Protection Act (BIPA) established two payment options for FQHCs
  1. The prospective payment system (PPS)
     - Base Payment (avg. cost/visit) + Change in Scope + Medicare Economic Index
     - Covers most services provided in a visit, excepting FFS services listed below
  2. Alternative Payment Methodology
     - Method agreed upon by state and health center
     - Must be equal to or greater than the PPS rate
     - Can be a bundled encounter rate or other value-based care payment arrangement
- Medicaid FFS
  - OB Care, labs, radiology, dental, therapy/group psychotherapy, durable medical equipment, LARC/IUD (device is billed fee-for-service; the insertion and removal are billed as an encounter)

FQHC Payment Models, continued

- **Medicare** – a bundled encounter rate (Affordable Care Act P.L.111-148)
  - Set nationally for all FQHCs by CMS
  - Adjusted annually by the FQHC market basket inflation factor
  - Adjusted by a Geographic Adjustment Factor
  - Covers a narrower range of services than Medicaid
- **Commercial**
  - Accountable Care Act (P.L. 111-148) requires "[a qualified health plan payer] must pay the federally-qualified health center for the item or service an amount that is not less than the amount of payment that would have been paid to the center under section 1902(bb) of the Act for such item or service."
  - Can pay FQHCs either a bundled encounter rate equal to the Medicaid encounter rate OR other payment arrangement that is equal to or greater than the Medicaid encounter rate.
    - MVP pays most VT FQHCs the encounter rate; BCBS pays FFS according to community fee schedule

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Questions?

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