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Testimony before House Committee on Health Care on FY2026 Appropriations
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Madam Chair, Members of the committee, thank you for the opportunity to speak today about the financial fragility of Vermont's Federally Qualified Health Centers and our FY2026 appropriations request.

Today, we are asking for an appropriation of \$5 million in state funding to bring FQHC Medicaid rates more in line with the cost of providing care to Medicaid enrollees.

As I discussed the last time I was before this committee, FQHCs provide care to 1 in 3 Vermonters, including 36% of Medicaid enrollees. The 11 health centers have sites in every county in the state, and in many cases are the sole primary care provider in that community. They provide comprehensive primary and preventive care including mental health, substance use disorder treatment, oral health, vision care, reproductive health, transportation, translation, and economic support services. They often bridge that last mile to reach those with the greatest barriers to care. However, this presence and these points of access are at risk.

Each FQHC should have a single bundled Medicaid rate that reflects their average cost of a visit. They get the same rate whether the visit is a straightforward well-visit or a visit requiring multi-disciplinary services to address medically and socially complex chronic conditions. This bundled payment is established by federal law and is different from other primary care, who bill for each additional service provided in a visit.

Currently, Medicaid bundled rates for FQHCs fall well below the cost of an average visit, by as much as \$60-\$80 per visit. When compounded over the more than 54,000 Medicaid enrollees FQHCs serve annually, compounded over several years, this deficit has contributed significantly to the current financial fragility FQHCs are experiencing. I want to be clear; **all** Vermont FQHCs are struggling financially. Some have fewer than 20 days' cash reserves. Others are quickly drawing down from their reserves every month and are asking how long they can keep doing this. We have seen two sites at two organizations close this year. Others project that if current conditions continue, they can operate for another 20 months and then risk closing their doors. And these calculations do not factor in the loss of

Blueprint Medicare funding and OneCare Vermont Population Health Management payments.

The \$5million in state funding we are asking for today would allow FQHC rates to be closer to the cost of caring for Vermont's Medicaid enrollees. It would maintain the current access to primary and preventive care, and potentially allow health centers to expand access, which we know is needed in this state. Last year, the Congressional Budget Office calculated that increased spending on FQHCs would lead to reduced overall spending because FQHCs provided lower cost high value care. Without this investment in FQHCs, we risk rising rates of expensive ED visits and inpatient stays.

Thank you, and I am happy to answer any questions.