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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 \$5 million in state funding to bring FQHC Medicaid rates more in line with the cost of providing care to Medicaid enrollees.**

FQHCs are an integral part of Vermont's health care system, providing primary care, mental health, substance use disorder treatment, oral health, and food access services to 1 in 3 Vermonters in every county in the state. They are present in our most rural communities and our most diverse communities. 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.

Every single FQHC in Vermont is financially fragile. Every single one is looking at difficult budget choices while still meeting the federal requirement to serve all patients regardless of their ability to pay or insurance status. These difficult decisions have included two different FQHCs closing a site. While these organizations have worked to ensure continued access for those patients as providers transitioned to other sites, including offering additional transportation options, these closures have impacted their communities.

I want to be clear. **All** Vermont FQHCs are struggling financially. Some have fewer than 20 days' cash reserves. Others with more are quickly drawing down from their reserves every month and are asking how long they can keep doing this. Furthermore, these calculations have not factored in the loss of the Blueprint funding from Medicare and the loss of the population health management funding through the all-payer model that will occur in 2026.

FQHCs have been creative in figuring out the best ways to make their thin financial margins work, but this capacity is nearing its limit. They need Vermont to continue to invest in the comprehensive primary and preventive care that FQHCs provide. Vermont spends a lot of money on health care, but we need to do better about *how* we spend that money. Last year, the Congressional Budget Office calculated that increased spending for FQHCs would lead to reduced overall spending because FQHCs provided lower cost high value care. However, without investment in FQHCs to

support their current levels of access or even expand access, we risk rising rates of expensive ED visits and potentially avoidable inpatient stays.

Thank you again for the opportunity to speak here today.