



Community Health Center Association of Connecticut

1484 Highland Avenue, Suite 2 • Cheshire, CT 06410
860.667.7820 • Fax 203.250.0040 • www.chcact.org

Testimony of

Deb Polun

Director, Government Affairs/Media Relations
Community Health Center Association of CT

*In Support of House Bill 5590: An Act Concerning Medicaid Reimbursement
for Federally-Qualified Health Centers*
Human Services Committee

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Thank you for the opportunity to testify in support of House Bill 5590, An Act Concerning Medicaid Reimbursement for Federally-Qualified Health Centers.

The Community Health Center Association of Connecticut (CHCACT) is a nonprofit organization that exists to advance the common interests of Connecticut's federally qualified health centers (FQHCs) in providing quality health care. Through training, technical assistance, public policy work and other initiatives, CHCACT supports fifteen FQHCs in their provision of comprehensive medical, oral and behavioral health care to over 350,000 residents across the state every year.

A profile of FQHC patients in Connecticut (2014):

- 95% low income (under 200% of federal poverty level)
- 63% Medicaid/HUSKY
- 18.5% uninsured
- Approximately 13,650 homeless
- 75% racial/ethnic minorities

Federally-qualified health centers in Connecticut file cost reports to the Department of Social Services each year. These cost reports provide information regarding direct care costs, administrative costs and more. However, as currently constructed – based on a redesign in 2014 – the cost reports present an often-inaccurate picture of finances at health centers. For example, the cost for operating electronic health records, which are critical to the provision of quality health care, count as “administrative costs” instead of “direct health care costs.” This often results in this expense being categorized as “disallowed,” based on the Medicaid Overhead Cap, decreasing the true financial expense of the center. Additionally, capital grant awards – such as state bond funds – show as revenues in the year they are received, but costs are shown over time, in some cases over 30 years. These revenues are essential for the continued service to those in

need, but are not funds which can be utilized for staff employment and public services. These situations often place the health centers in a position in which it appears their revenues are higher than their expenses – yet it is an incorrect reflection of the challenges they face financially.

This proposal would provide a clearer format for cost reports, so that the State can get a more accurate picture of costs and revenues at federally-qualified health centers. At a time when the legislature and the administration are seeking information about the costs of health care delivery, to help determine the best use of state and federal funds, CHCACT encourages this Committee to pass this bill.

Thank you for your consideration and your hard work on behalf of our great state.