Wheeler | Innovative Care. Positive Change.

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**Date:** March 8, 2016
**To:** Human Services Committee
**From:** Wendy DeAngelo, Chief Business Development Officer
Wheeler Clinic, Inc.
**Re:** **HB-05590 AN ACT CONCERNING MEDICAID REIMBURSEMENT FOR FEDERALLY QUALIFIED HEALTH CENTERS**

Wheeler supports HB-5590 AN ACT CONCERNING MEDICAID REIMBURSEMENT FOR FEDERALLY QUALIFIED HEALTH CENTERS to require that certain bond and grant awards to federally qualified health centers for capital projects and related expenses not be considered as administrative costs subject to a cost cap.

Wheeler provides a comprehensive continuum of mental health and substance abuse recovery, primary care, community justice, education, child welfare, early childhood and prevention and wellness services across Connecticut. The individual and families who come to us for care include some of the most vulnerable populations in our state including medically-underserved individuals living in poverty and individuals with serious and frequently co-occurring mental illness and addiction, co-morbid medical disorders and histories of exposure to trauma and violence. Wheeler is also a designated federally qualified health center with approved sites in Bristol, Hartford and New Britain. The communities within our approved scope include Berlin, Bristol, Bloomfield, Hartford, New Britain, Newington, Plainville, Plantsville and Southington.

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. As currently constructed – based on a redesign in 2014 – the cost reports present an often-inaccurate picture of finances at health centers. Health centers are required to categorize costs critical to the provision of quality health care, such as the cost of operating an electronic health record, as administrative costs instead of direct health care costs. Expenses like these are often disallowed based on the Medicaid Overhead Cap, resulting in an underrepresentation of the true financial cost of the health center. Current regulatory requirements for the manner in which capital grants, bond funds and depreciation must be reported also contribute to an inaccurate reflection of each health center's financial reality – and the appearance that the health center's revenues exceed expenses to an artificially inflated extant.

The ability of a health center to generate some operating margin, to allow for investments in patient care, building maintenance, medical equipment and service innovation, is critically important – just as it is for any other fiscally sound organization. However the inaccurate margins reflected in the current reporting structure incorrectly reflect the resources actually available for investment in patient health. The proposed changes to the cost report would provide a clearer format allowing the state to have a more accurate picture of costs and revenues at federally qualified health centers. Understanding the true cost of healthcare has never been more important for Connecticut and the patients we serve. Thank you for your consideration of this bill. We respectfully request your support.