



# House of Representatives

General Assembly

**File No. 302**

February Session, 2016

House Bill No. 5590

*House of Representatives, March 30, 2016*

The Committee on Human Services reported through REP. ABERCROMBIE of the 83rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING MEDICAID REIMBURSEMENT FOR FEDERALLY QUALIFIED HEALTH CENTERS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 17b-245b of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective July 1, 2016*):

3 The Commissioner of Social Services shall, consistent with federal  
4 law, make changes to the cost-based reimbursement methodology in  
5 the Medicaid program for federally qualified health centers. To the  
6 extent permitted by federal law, the commissioner shall not consider as  
7 administrative costs (1) federal and state bond and grant awards to  
8 federally qualified health centers for capital projects, and (2) operating  
9 and depreciation costs for such projects. Consistent with federal law,  
10 the commissioner may reimburse a federally qualified health center  
11 under the Medicaid program for multiple medical, behavioral health  
12 or dental services provided to an individual during the course of a  
13 calendar day, irrespective of the type of service provided. [On or  
14 before January 1, 2008, the commissioner shall report to the joint

15 standing committees of the General Assembly having cognizance of  
16 matters relating to appropriations and the budgets of state agencies  
17 and human services on the status of the changes to the cost-based  
18 reimbursement methodology.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	17b-245b

**HS**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

***OFA Fiscal Note******State Impact:*** See Below***Municipal Impact:*** None***Explanation***

The bill could result in a cost to the state associated with increased rates paid to Federally Qualified Health Centers (FQHCs). Any increased cost would depend on the change in rates due to the provisions of the bill, pending federal approval. Current statute, which remains unchanged by the bill, requires the Department of Social Services to make changes to Federally Qualified Health Centers (FQHCs) as permitted by federal law. The bill eliminates a reference to a report which is no longer applicable and has no fiscal impact.

***The Out Years******State Impact:*** None***Municipal Impact:*** None

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**OLR Bill Analysis****HB 5590*****AN ACT CONCERNING MEDICAID REIMBURSEMENT FOR  
FEDERALLY QUALIFIED HEALTH CENTERS.*****SUMMARY:**

This bill prohibits the Department of Social Services (DSS), when determining the Medicaid reimbursement methodology for a federally qualified health center's (FQHC) cost-based Medicaid reimbursement, to consider as administrative costs (1) federal and state bond and grant awards to FQHCs for capital projects and (2) operating and depreciation costs for such projects. DSS must do so to the extent permitted under federal law.

FQHCs are community-based clinics that provide primary and preventive health care services to "medically underserved" populations or areas without regard to a patient's ability to pay.

EFFECTIVE DATE: July 1, 2016

**BACKGROUND*****FQHC Medicaid Reimbursement***

FQHCs currently receive Medicaid reimbursement through a federally mandated prospective payment system (PPS). Under the PPS, DSS sets the rate a provider will receive before the provider delivers services. The rate is (1) dependent on factors including direct and administrative costs and (2) not dependent on the provider's actual costs or the amount charged for the service. Administrative costs under this system are generally capped at 10%. To exceed this cap, an FQHC must clearly define the excess costs and demonstrate that the program is being run in an economic and efficient manner.

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable

Yea 18 Nay 0 (03/15/2016)