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### Overview

This bill establishes a new alternative payment system for federally qualified health centers (FQHCs). The bill provides MA coverage for drugs acquired through the federal 340B drug pricing program that are dispensed by a contract pharmacy to a patient of a FQHC. The bill also requires the Commissioner of Human Services to develop a process to identify 340B drugs that are dispensed to managed care enrollees who are patients of an FQHC, and to ensure that FQHCs that use a contract pharmacy are allowed to utilize 340B drug discounts for these individuals.

#### Section

- 1**      **Drugs.** Amends § 256B.0625, subd. 13. Effective January 1, 2018, allows MA to cover drugs acquired through the federal 340B drug pricing program, that are dispensed by a 340B contract pharmacy to a patient of a federally qualified health center.
- 2**      **Other clinic services.** Amends § 256B.0625, subd. 30. The amendment to paragraph (f) places a December 31, 2018, sunset on a provision that allows FQHCs and rural health clinics to be paid under a prospective payment system or an alternative payment methodology.

A new paragraph (g) allows FQHCs and rural health clinics to elect to be paid, for services provided on or after January 1, 2019, under a prospective payment system or the alternative payment methodology established in existing law (as provided in paragraph (f)), or a new alternative payment methodology established in paragraph (l).

## Section

The amendment to paragraph (i) requires FQHCs and rural health clinics to submit claims for services provided on or after July 1, 2017, directly to the commissioner for payment. Requires the commissioner to provide claims information to managed care and county-based purchasing plans.

A new paragraph (l) establishes a new alternative payment methodology for FQHCs and rural health clinics. This paragraph:

- (1) requires each FQHC and rural health clinic to receive a single medical and a single dental organization rate;
- (2) requires the commissioner to reimburse FQHCs and rural health clinics for allowable costs, and specifies these costs;
- (3) sets criteria for base year payment rates;
- (4) requires the commissioner to annually inflate payment rates and specifies the method to be used;
- (5) requires payment rates to be rebased every two years, and adjusted biannually;
- (6) requires the commissioner to seek approval from the Centers for Medicare and Medicaid Services to modify payments to FQHCs and rural health clinics according to subdivision 63 (allowing payment for mental health or dental services provided on the same day as other covered services);
- (7) requires the commissioner to reimburse FQHCs and rural health clinics for an additional two percent of their medical and dental rates, only if the MinnesotaCare provider tax is required to be paid;
- (8) specifies criteria for FQHCs and rural health clinics seeking a change in scope of services; and
- (9) specifies criteria for establishing rates for new FQHCs and rural health clinics.

This section also replaces the term “federally qualified health center” with the acronym FQHC throughout, and makes conforming changes.

- 3 Encounter reporting of 340B eligible drugs.** (a) By January 1, 2018, requires the Commissioner of Human Services, in consultation with specified entities, to develop a process to identify and report at point of sale 340B drugs dispensed to enrollees of managed care organizations who are patients of an FQHC, in order to exclude these claims from the Medicaid drug rebate program. Requires the commissioner to ensure that FQHCs are allowed to utilize 340B drug discounts if a FQHC utilizes a contract pharmacy for a patient enrolled in the prepaid medical assistance program, and to also ensure that duplicate discounts for drugs do not occur.
- (b) Requires the commissioner, by January 1, 2018, to notify the chairs and ranking minority members of the legislative committees with jurisdiction over MA when the process required by paragraph (a) was developed, or to report why the process was not developed.