

Subject Federally Qualified Health Center Payment

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Overview

Federally qualified health centers and rural health clinics are reimbursed under MA using a prospective payment system that incorporates a predetermined, per-visit rate.

Minnesota and other states also use an alternative payment methodology to reimburse these clinics. Clinics are allowed to elect the payment method under which they would like to be paid. This bill provides a new alternative payment methodology for federally qualified health centers and rural health clinics, to be effective for services provided on or after January 1, 2021. The bill also requires the Commissioner of Human Services to study FQHC and rural health clinic costs.

Summary

Section	Description
1	<p>Other clinic services.</p> <p>Amends § 256B.0625, subd. 30.</p> <p>A new paragraph (g) provides that for services provided on or after January 1, 2021, claims for clinic services provided by federally qualified health centers (FQHCs) and rural health clinics shall be paid by the commissioner, according to an annual election by the center or clinic, under the current prospective payment system in paragraph (f) or the alternative payment methodology in paragraph (l).</p> <p>A new paragraph (l) establishes the alternative payment methodology. Provides that all claims for payment of clinic services provided by FQHCs and rural health clinics shall be paid according to the following requirements:</p> <ol style="list-style-type: none">(1) the commissioner shall establish a single medical and single dental organization rate for each FQHC and rural health clinic when applicable;(2) each FQHC and rural health clinic is eligible for reimbursement of one medical and one dental organization rate if eligible medical and dental visits are provided on the same day;(3) the commissioner shall reimburse FQHCs and rural health clinics, according to Medicare cost principles, their allowable costs, including direct care costs and patient-related support services. Specifies nonallowable costs.

Section	Description
	<p>(4) the base year payment rates for FQHCs and rural health clinics must be determined using Medicare cost reports for 2017 and 2018, and meet other specified criteria;</p> <p>(5) the commissioner shall annually inflate payment rates from the base year payment rate, using the CMS FQHC Market Basket inflator, less productivity;</p> <p>(6) payment rates shall be rebased every two years and adjusted biannually by the CMS FQHC Market Basket inflator;</p> <p>(7) the commissioner shall reimburse FQHCs and rural health clinics an additional amount that is attributable to the MinnesotaCare provider tax under section 295.52, if applicable;</p> <p>(8) FQHCs and rural health clinics seeking a change of scope of services must follow the specified process;</p> <p>(9) changes of scope that require approval by the federal Health Resources Services Administration must follow the specified process;</p> <p>(10) changes of scope that do not require federal approval must follow the specified process;</p> <p>(11) the commissioner, when establishing rates for new FQHCs and rural health clinics shall consider the patient caseload of existing FQHCs and rural health clinics in a 60-mile radius (outside the 7-county metropolitan area) and in a 30-mile radius (within the 7-county metropolitan area), and may use Medicare cost reports or audited financial statements if this is not available, to establish the base rate;</p> <p>(12) the commissioner shall establish a quality measures workgroup to evaluate clinical and nonclinical measures; and</p> <p>(13) the commissioner shall not disallow or reduce costs related to a clinic’s participation in health care educational programs, to the extent these costs are not accounted for in the alternative payment methodology encounter rate.</p>
	<p>This section also replaces references to federally qualified health centers with “FQHC” throughout.</p>
2	<p>Study of clinic costs.</p> <p>Requires the Commissioner of Human Services to conduct a five-year comparative analysis of the actual change in FQHC and rural health clinic costs versus the CMS FQHC Market Basket inflator, and report findings to the legislature by July 1, 2025.</p>
3	<p>Repealer.</p> <p>Repeals § 256B.0625, subd. 63 (payment to clinics for mental health or dental services provided on the same day; this concept is included in the alternative payment methodology described in § 256B.0625, subd. 30, paragraph (l)).</p>



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