

SENATE BILL REPORT

SB 5682

As Reported by Senate Committee On:
Ways & Means, February 24, 2011

Title: An act relating to reimbursement of prenatal and well-child visits for rural health clinics.

Brief Description: Concerning reimbursement of prenatal and well-child visits for rural health clinics.

Sponsors: Senators Honeyford and Parlette.

Brief History:

Committee Activity: Ways & Means: 2/24/11 [DP, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pridemore, Regala, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Pflug.

Minority Report: That it be referred without recommendation.

Signed by Senator Rockefeller.

Staff: Tim Yowell (786-7435)

Background: Under federal Medicare and Medicaid law, certain primary care clinics and medical practices may apply for designation as federally-qualified health centers (FQHCs) or rural health centers (RHCs). Among other federal requirements, FQHCs must be public or non-profit agencies, and must serve all uninsured applicants with incomes below 200 percent of the federal poverty level on a sliding-fee basis. RHCs differ from FQHCs in that they must be located in a designated rural area; may be organized on a for-profit basis; and are not required to serve low-income uninsured applicants on a sliding-fee basis. In 2009 Washington paid 27 FQHCs and 116 RHCs for services to Medicaid patients.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Special payment rules apply to FQHCs and RHCs under the Medicare and Medicaid programs. Under these rules, the federal Medicare and the state/federal Medicaid programs pay FQHCs and RHCs an all-inclusive rate per patient visit. This encounter rate or enhancement is often greater than the state and federal governments would pay other primary care providers for the same service. For example, in 2009, Washington's Medicaid program paid FQHCs 2.7 times as much, and RHCs an estimated twice as much, as the program would have paid a non-FQHC/RHC medical provider for the same service. The policy rationale for this differential payment is that, by covering the reasonable and allocable costs of care for Medicare and Medicaid patients, the federal and state governments can support the FQHC mission of providing primary care to uninsured persons, and the RHC mission of maintaining access to primary medical care in rural areas. In 2009 FQHC and RHC differential payments under Washington's Medicaid program totaled approximately \$190 million. Due to payment rate increases and caseload growth since then, such encounter and enhancement differential payments are expected to total approximately \$263 million this year. Of that total, approximately \$225 million is expected to be paid to FQHCs, and approximately \$38 million to RHCs.

In recent years, Washington's Medicaid program has paid FQHCs the higher encounter/enhancement rate for pre-natal and well-child visits, but has paid RHCs only the standard rate for such visits.

Summary of Bill: Effective January 2011, the state medical assistance program must pay RHCs the enhanced encounter rate for pre-natal and well-child visits. In reconciling 2009 and 2010 managed care enhancement payments to RHCs, the state medical assistance program must treat well-child and pre-natal visits provided in those years as encounters eligible for the RHC's encounter rate.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: Rural health centers provide vital medical care for Medicaid and other low-income people who live in rural areas in 37 of the state's 39 counties. Their financial viability could be threatened if they are required to pay back funds they have received for Medicaid managed care services, because they aren't allowed to count pediatric and obstetric care that they have provided. FQHCs receive benefits that rural health centers do not, such as free malpractice insurance and hundreds of thousands of dollars for federal grants. It is only fair and equitable that rural health centers should be paid the encounter rate for pre-natal and well-child visits, the way FQHCs are.

Persons Testifying: PRO: Senator Honeyford, prime sponsor; Pamela Schlauderaft, Rural Health Clinic Association of Washington; Michael Bell, Rural Health Clinic Association of Washington; Darla Westenberg, Swofford & Halma Clinic.