



State of Vermont
Agency of Human Services
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Waterbury, VT 05671-1000
www.humanservices.vermont.gov

Jenney Samuelson, *Secretary*
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Date: April 28, 2023

Re: Response to Public Comments for Global Commitment Register (GCR) Policy 22-106:
[Reimbursement for Federally Qualified Health Centers and Rural Health Clinics](#)

The Department of Vermont Health Access (DVHA) response to public comments on this policy change is below. DVHA received comments from Northern Counties Health Care, Inc. and Bi-State Primary Care Association, which can be found below.

State Response:

DVHA appreciates the comments on Policy 22-106: Reimbursement for Federally Qualified Health Centers and Rural Health Clinics. After carefully reviewing the comments received, DVHA will use the Medicare Economic Index (MEI) of 3.8% instead of the MEI of 2.1% that was originally proposed. The MEI of 3.8% will be effective for dates of service beginning January 1, 2023.

Comment 1:

Thank you for the opportunity to comment on Global Commitment Register (GCR) proposed policy 22-106. I would urge the Agency of Human Services (AHS) to reconsider the amount of this federally mandated rate increase.

At a minimum, AHS and the Department of Vermont Health Access (DVHA) should use CY2023 Medicare Economic Index (MEI) as the basis for 2023 rates increase rather than the CY2022 MEI. This would mean a 3.8% increase rather than a 2.1% increase. I do not know of a policy reason to use the CY 2022 MEI percentage for CY 2023. Also, it is unclear, what, if any, technical obstacle exists to making the change. DVHA routinely adjusts rates, curating multiple rate schedules and promulgating at least 10 rate change GCRs during the past year.

Failure to adopt the CY 2023 MEI makes a bad situation worse. Overall, reimbursement is not keeping pace with costs, creating financial problems for health care organizations that will ultimately affect Medicaid beneficiaries and all Vermonters. Last year the consumer price index grew by 6.8%; this year it has grown by 7.1%. The cost of medical services has grown by 4.4% over the 12 months ending in November 2022. The Social Security cost of living adjustment was set at 8.7% for 2023. Our organization's health insurance costs rose 10% this year, and our staffing costs continue to rise across all positions. AHS should grant the 3.8% increase now and engage in a serious process to ensure that reimbursements meet our costs. Vermont's FQHCs have attempted to have this dialogue with AHS for the past year, and it is

still unclear whether this is a priority for the agency. The proposed rate increase is, sadly, another data point that suggests that this process will ultimately be unsuccessful.

Thank you for your consideration, and I would urge AHS at a minimum use the CY2023 MEI inflation factor of 3.8% starting January 1, 2023, or preferably a rate increase that better reflects the cost of care. Northern Counties, and FQHCs across Vermont, stand ready to begin the discussion in earnest about an FQHC alternative payment methodology that will better align reimbursement with cost.

Sincerely,

Michael Costa, CEO, Northern Counties Health Care

Comment 2 begins on the following page.

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December 22, 2022

AHS Medicaid Policy Unit
280 State Drive, Center Building
Waterbury, VT 05671-1000

Submitted via e-mail to AHS.MedicaidPolicy@vermont.gov

Thank you for the opportunity to comment on Global Commitment Register (GCR) proposed policy 22-106. While we appreciate the proposed increase, we respectfully request a higher adjustment reflective of the CY2023 Medicare Economic Index (MEI) at a minimum and more closely aligned with overall inflation.

Established in 1986, Bi-State is a nonpartisan, nonprofit 501(c)(3) charitable organization that advances access to comprehensive primary care and preventive services for all, with special emphasis on those most in need in New Hampshire and Vermont. Today, Bi-State represents 28 member organizations across both states that provide comprehensive primary care services to over 300,000 patients at 146 locations. Our members include Federally Qualified Health Centers (FQHCs), Vermont Free and Referral Clinics, and Planned Parenthood of Northern New England. The following comment is specific to Bi-State's FQHC members and their perspective payment system (PPS) in light of rising pressures on the cost of providing care.

Federal statute established MEI as a minimum floor to increase FQHC Medicaid PPS rates; states can provide a higher adjustment as needed to support primary care in their states. The GCR proposed policy 22-106 announced that Medicaid FQHC PPS rates will increase by the MEI inflation factor of 2.1% effective January 1, 2023. This 2.1% increase is the MEI for CY2022 and is far lower than the CY2023 MEI, which is 3.8%. Vermont Medicaid has historically used the previous year's MEI (e.g., for CY2022, FQHCs received the CY2021 MEI increase of 1.4%, not the CY2022 MEI of 2.1%), further lagging behind the rising costs health centers face now.

For the past few years, FQHCs have shouldered the burden of increasing costs well above MEI. Last year the consumer price index grew by 6.8%; this year it has grown by 7.1%. The cost of medical services has grown by 4.4% over the 12 months ending in November 2022.¹ The Social Security cost of living adjustment was set at 8.7% for 2023.² Our members report substantial cost increases, particularly in labor costs across all positions, such as the costs for training, retaining, recruiting, and providing health insurance.

¹ Source: <https://www.bls.gov/news.release/cpi.nr0.htm> (Accessed 12/21/22)

² Source: <https://www.ssa.gov/cola/> (Accessed 12/22/22)

Receiving rate increases lower than the rising cost of care year after year has compounded the difference between reimbursement and health center expenditures. *Based on a third-party analysis of 2021 FQHC cost reports, the difference between reimbursement and the cost of care for that year across all FQHCs was over \$14 million dollars.*

Insufficient rates only serve to worsen the local and national health care workforce shortage and cause health centers to struggle to maintain the workforce necessary for their mission, which is to provide community-based and patient-centered primary care to Vermonters regardless of insurance status or ability to pay. Workforce shortages in both clinical and non-clinical positions have only become worse throughout the COVID-19 pandemic. The current turnover across FQHCs is 42%. These struggles around workforce are also jeopardizing the ability of FQHCs to serve as safety net providers in their communities and provide services ranging from physical health, mental health, substance use disorder treatment, oral health, care coordination, food access, and interpretation.

In addition, FQHCs operate under strict operating and reporting requirements. To receive recognition as an FQHC, health centers must meet a stringent set of requirements required by the Health Resources and Services Administration (HRSA). Further, FQHCs in Vermont are all recognized as patient-centered medical homes (PCMH) by the National Committee for Quality Assurance (NCQA). This recognition requires that health centers regularly meet NCQA standards. Meeting both HRSA and NCQA standards require substantial resources in terms of time, staff, and technology and data systems.

Finally, the state of Vermont has consistently identified robust primary care as a key part of our health care system for improving the health of Vermonters and limiting the growth in cost. At a minimum, funding for primary care needs to cover the cost of providing that care and flexibly cover clinically appropriate modalities of care. *Preferably*, funding should be sufficient for primary care to grow its capacity for improving population health and shifting health care utilization away from high-cost services, consistent with the State of Vermont's stated health care reform goals.

On behalf of our members that serve nearly one-third of all Vermonters, Bi-State Primary Care Association respectfully requests that the Agency of Human Services at a minimum use the CY2023 MEI inflation factor of 3.8% starting January 1, 2023, or preferably a rate increase that better reflects the cost of care. Bi-State and its FQHC members also hope to begin our discussions in earnest about an FQHC alternative payment methodology that will better align reimbursement with cost in a more enduring way.

Sincerely,



Mary Kate Mohlman, PhD, MS
Director, Vermont Public Policy