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

Thank you for the opportunity to comment on Global Commitment Register (GCR) proposed policy 24-006: Reimbursement for Federally Qualified Health Centers and Rural Health Clinics. Bi-State Primary Care Association is submitting these comments on behalf of Vermont's Federally Qualified Health Centers (FQHCs). We thank DVHA for its partnership and continued work with us to ensure that Vermont's FQHCs have rates compliant with the federal prospective payment system (PPS). We are hopeful that this new effort to update FQHC rates will establish PPS rates that all parties – Bi-State, FQHCs, and the state – can agree meet federal requirements.

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 FQHCs, Vermont Free and Referral Clinics, and Planned Parenthood of Northern New England.

Summary of comments:

- Bi-State and the FQHCs appreciate the state recognizing that the rates it had been paying FQHCs did not qualify as PPS rates.
- We appreciate the Department of Vermont Health Access (DVHA) and the Agency of Human Services (AHS) leadership committing to working with Vermont's FQHCs to update PPS rates, so they reflect historical changes in scope of services.
- We look forward to learning more about the retrospective change in scope process and documentation requirements for both this process and the change in scope process that will be used moving forward.
- We request clarification about the application of cost caps in 2018 in documents describing FQHC rates, as this part of the methodology was omitted in the GCR proposed policy 24-006.

Detailed Comments:

We first want to commend Vermont Medicaid for recognizing that the rates that have been paid to Vermont's FQHCs since 2018 do not meet the prospective payment system (PPS) requirements established in P.L.106-554, the Benefits Improvement and Protection Act (BIPA) of 2000. Although the state referred to these rates as PPS in rate letters sent to FQHCs and the Global Commitment Register, including in GCR 23-077 Final Policy published on September 15, 2023, we agree with DVHA's current assessment that these rates cannot be described as a PPS.

Second, we appreciate that AHS and DVHA have committed to a process that will update the FQHC's PPS rates to account for historical changes in the scope of services they provide and populations they serve. Given that the state, prior to 2017, did not have an available process in place for FQHCs to adjust these

PPS rates based on changes in scope of services, this retrospective adjustment is essential for the state to set compliant PPS rates. We are looking forward to learning more about this process, and the change in scope process that will be used prospectively, including:

- the documentation and data that will be required,
- how the state will define and measure changes in “type, duration, intensity, and amount” of services,
- how the state will calculate and apply the adjustment, and
- how the state will address variation in documentation across FQHCs given the absence of a set standard for documenting changes in scope of services.

Bi-State and Vermont’s FQHCs are committed to and enthusiastic about working with DVHA to ensure the success of a retrospective change in scope process that is consistent and feasible and produces PPS rates that all parties can agree meet federal requirements.

Third, we request clarification in the state’s documents regarding the application of cost caps in 2018. The current State Plan Amendment language implies that in 2018, FQHCs received rates reflecting their 2016 costs inflated by MEI. However, in concluding the work that occurred between 2015-2017, DVHA applied cost caps to the 2018 rates. This cap was not tied to costs but was set at three standard deviations from the mean of the previously implemented APM rate. This resulted in all but one FQHC receiving rates less than the 2016 cost of care. For more than half the FQHCs, this rate was less than 85% of their cost per visit. In some cases, it was only 67%.

FQHCs serve one in three Vermonters and have sites in every county in the state. Their mission is to provide access to care in underserved regions and to individuals and families regardless of their ability to pay. The comprehensive care available at FQHCs includes primary care, oral health, mental health, substance use disorder treatment, financial counseling, transportation, translation, and food access services. They work with community partners on creatively reducing barriers to wellness. However, many FQHCs are facing operational budget deficits, and in several cases this deficit is over \$1 million each. Historically, FQHCs have been able to use non-rate-based funding to subsidize the cost of caring for Medicaid beneficiaries. Non-rate-based funding for FQHCs is flat or declining, and FQHCs can no longer subsidize the cost of Medicaid-covered services. With these financial pressures, FQHCs have and will continue to need to cut services and staff.

Bi-State and Vermont’s FQHCs are hopeful that the retrospective change in scope process will address some of this underfunding. We will continue to work in good faith and collaborate with DVHA to align FQHC rates with federal requirements.

We thank you again for the opportunity to comment on GCR proposed policy 24-006: Reimbursement for Federally Qualified Health Centers and Rural Health Clinics.

Sincerely,



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Bi-State Primary Care Association