An Act to Update the Alternative Base Year Payment Method for Federally Qualified Health Centers

(EMERGENCY)

Reference to the Committee on Health and Human Services suggested and ordered printed.

Presented by Representative GATTINE of Westbrook.
Cosponsored by Representatives: DUCHARME of Madison, PERRY of Calais, PRINGLE of Windham.
Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, Public Law 2021, chapter 747 provides that an alternative payment method may be used for MaineCare reimbursement of services delivered by federally qualified health centers, which is based on 2018 and 2019 costs of providing services, instead of the federal system, which is based on 1999 and 2000 costs; and

Whereas, the rebased alternative payment rates described above will not continue to fairly reflect the costs of services paid for under this method unless the base year for the rates is updated regularly; and

Whereas, federally qualified health centers in the State have identified potential inadequacies in the extent to which rebased rates will fully recognize increased costs associated with workforce shortages and prevailing wage rates; and

Whereas, the inadequacy of MaineCare reimbursement rates for services delivered by federally qualified health centers will not be fully addressed unless the Department of Health and Human Services is directed to address them and any contrary provisions of existing law are revised accordingly; and

Whereas, to preserve and improve the advanced primary care model pioneered by federally qualified health centers in Maine, MaineCare payments for those services must be increased in order to reflect the current costs of providing services, as a foundation for developing a value-based payment model for federally qualified health centers; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 22 MRSA §3174-V, sub-§3, as enacted by PL 2021, c. 747, §2, is amended to read:

3. Updated base year option. No later than March 1, 2023, the department shall provide an alternative, updated prospective payment method for each federally qualified health center that is the same as the prospective payment system set forth in 42 United States Code, Section 1396a(bb)(3), except that the base year for determining the costs of providing services must be the average of the reasonable costs incurred in the center's fiscal years ending in 2018 and 2019, adjusted for any changes in scope approved since the base year and for inflation measured by the federally qualified health center market basket percentage published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services. Each federally qualified health center must be given the option to be reimbursed under the method provided by this subsection or under the method provided by federal law. After December 31, 2023, no later than June 30, 2026, and no less frequently than every 3 years thereafter, the department may update the base year described in this subsection to a more recent base year. In selecting the fiscal years to be averaged to update the base year, the department shall exclude years affected by a declared public health emergency or shall adjust the actual costs...
and volume in a year affected by a public health emergency to correct for the impact of the
emergency on cost and volume of services.

Sec. 2. 22 MRSA §3174-V, sub-§3-A is enacted to read:

3-A. Wage costs and workforce conditions. The department may increase rates
established in accordance with subsection 3 to reflect prevailing wage rates to the extent
that prevailing wage rates are not adequately included in rates established in accordance
with subsection 3, through inflation adjustments or updated base years or both, and to
reflect additional expenditures needed to address workforce shortages.

Emergency clause. In view of the emergency cited in the preamble, this legislation
takes effect when approved.

SUMMARY

This bill provides that:

1. After implementing the alternative payment method for federally qualified health
centers similar to the prospective payment system required by federal law but using an
updated base year, the Department of Health and Human Services must further update the
base year of that alternative system no later than June 30, 2026, and no less frequently than
every 3 years thereafter; and

2. The department may also adjust rates determined under the alternative payment
method as needed to reflect prevailing wage rates and workforce shortages.