FQHC Rate Calculation Changes
September 1, 2009

To meet budget-balancing goals, the Department proposed reducing Medicaid expenditures through a series of initiatives. These initiatives include a combination of rate reductions, service restrictions, elimination of certain programs and financial efficiencies. Medicaid program expenditures will be reduced by approximately $93.2 million General Fund in FY 2009-10.

As part of the budget-balancing goals, the method that is used to calculate rates for FQHCs will be changed. The Department will reduce rates paid to FQHCs by 50 percent of the difference between each provider's current rate and the rate required under BIPA.

- Federally Qualified Health Centers (FQHCs) are HRSA designated facilities that provide physical, mental and oral health services to the uninsured, underinsured and publically insured populations.

- General Fund reduction: **$1.5 million**
- Total fund reduction: **$3.9 million**

- For many FQHCs, the Department pays a per visit rate that is above the minimum required under federal law set in the Benefits Improvement and Protection Act of 2000 (BIPA). The minimum rate required under BIPA is based upon FQHCs costs from 1999 and 2000, inflated forward to the current year. While this rate serves as a floor for the Department's rate methodology, the Department also calculates an alternative FQHC rate that is based upon more current FQHC costs.

- For example, an FQHC is currently receiving a per visit rate of $160 which is based upon current costs. The FQHC's minimum rate required by BIPA is $145 per visit. The FQHC's new rate will be $152.50.

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