## 2008 Special Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 1065 STATUS: Original

**SUBJECT:** Rural Health Clinic Reimbursements

**GOVERNMENT UNIT AFFECTED:** Department of Human Services

**PREPARED BY:** John F. Borden **REVIEWED BY:** John C. Britton

**DATE:** February 08, 2008

	2007-2009		2009-2011
EXPENDITURES:			
Personal Services – General Fund	\$ 37,117	\$	63,628
Personal Services – Federal Funds	\$ 37,114	\$	63,627
Services and Supplies – General Fund	\$ 12,051	\$	17,059
Services and Supplies – Federal Funds	\$ 12,045	\$	17,054
Special Payments- General Fund	\$ 185,294	\$	
Special Payments- Federal Funds	\$ 295,739	\$	
General Fund	234,462	_	80,687
Federal Funds	344,898		80,681
Total Funds	\$ 579,360	\$	161,368
	2007-2009		2009-2011
REVENUES:			
Federal Funds – Title XIX – Medicaid	\$ 344,898	\$	80,681
POSITIONS / FTE:			
Fiscal Analyst 2	1/0.58		1/1.00

**EFFECTIVE DATE:** On passage

**INTERIM JOINT COMMITTEE ON WAYS AND MEANS:** The budgetary impact of this bill was neither reviewed nor approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** This measure requires a prepaid managed care health services organization that contracts with the Department of Human Services (DHS) to report, within 30 days, all claims paid to a rural health clinic for services provided to a person eligible for health services under the Oregon Health Plan. By administrative rule, DHS is to define "rural health clinic," consistent with federal law, and then specify the form requirements of the report. Within 45 days of the Department's receipt of the report, the Department shall pay to an identified rural health clinic the any difference between the rate paid to the rural clinic by a DHS-contracted prepaid managed care health services organization and the rate adopted by the Department by administrative rule for services provided by a rural clinic. If DHS is unable to calculate the difference in the 45 day time period, then the Department shall pay the full amount of the rural clinic's claim with an financial adjustment occurring in subsequent claims for over- or

underpayments. The measure applies to rural health clinic claims on or after the effective date of this measure. The measure also allows the exchange of protected health information by a rural health clinic.

Under current federal law, the Department reimburses rural health clinics on a quarterly basis for the difference between what they are paid by prepaid health plans and what they would have been paid had the rural clinic had the rural health clinic been reimbursed directly by the Department. These payments are typically made nine months in arrears. This measure would reduce this arreage from nine months to two months.

DHS estimates the fiscal impact of this measure at \$579,360 Total Funds for the remainder of the 2007-09 biennium and \$161,368 for the 24 months of the 2009-11 biennium. Of these amounts, the General Fund requirement would be \$234,462 for the 2007-09 biennium and \$80,687 for the 2009-11 biennium. Federal Funds would be \$344,898 and \$80,681, respectively.

DHS states that it would require an additional permanent full-time Fiscal Analyst 2 position (0.58 FTE for 2007-09 and 1.00 FTE for 2009-11) to accommodate the increased workload associated with the auditing and reconciling of submitted reports and the timely processing of payments. DHS currently has an automated process for the receipt of information, but reconciliation of data issues, they believe, requires a new position. This would add a second position to DHS staff dedicated primarily to processing rural health clinic payments. The position would be hired in May of 2008. The federal match rate for position costs is 50% federal title XIX Medicaid funds.

The estimated payments to rural health clinics is based on an average monthly supplemental payment of \$68,719 and has a total cost of \$781,033 over the seven months of arrears during the 2007-09 biennium. The Department does not anticipate a fiscal impact related to payments to rural health clinics after the 2009-11 biennium. The Department's payments will adhere to the measure requirements and be only 45 days in arrears. The federal match rate is approximate 62% for these payments and whose source is federal title XIX Medicaid funds.

This measure currently has a subsequent referral to the Joint Committee on Ways and Means. This is appropriate at this time given the General Fund requirements of this measure and the Department's stated need for a new position.