

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 arrearage 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.