



amount of payment and unable to make payment to a rural health clinic within the aforementioned timeframes. The measure applies to rural health clinic claims on or after the effective date of this measure.

Under current federal law, the Department reimburses rural health clinics on a quarterly basis for the difference between what they are paid by MCOs and what they would have been paid had the rural 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 thereby accelerating DHS payments to rural health clinics. Of note is that MCOs are not required, either statutorily or administratively, to submit to DHS information about payments to rural health clinics. Therefore, DHS relies on rural health clinics to provide accurate reporting of such payments when determining the appropriate level of reimbursement.

DHS states that rural health clinics are designated by the U.S. Department of Health and Human Services, Center for Medicare and Medicaid Services.

DHS estimates the fiscal impact of this measure at \$579,360 Total Funds for 16 months 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 the Department would require one 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 at which time 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 authority.