

**2009 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
Prepared by the Oregon Legislative Fiscal Office

**MEASURE NUMBER:** SB 37 **STATUS:** Original  
**SUBJECT:** Rural Health Clinics Reimbursements  
**GOVERNMENT UNIT AFFECTED:** Department of Human Services  
**PREPARED BY:** Kim To  
**REVIEWED BY:** John Britton  
**DATE:** March 3, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
<b>EXPENDITURES:</b>		
General Funds		
Personal Services	\$ 48,940	\$ 65,253
Services and Supplies	\$ 13,946	\$ 12,357
Special Payments	\$ 153,104	\$ 0
<b>Total General Funds</b>	<b>\$ 215,990</b>	<b>\$ 77,610</b>
Federal Funds		
Personal Services	\$ 48,535	\$ 64,713
Services and Supplies	\$ 13,940	\$ 12,355
Special Payments	\$ 257,362	\$ 0
<b>Total Federal Funds</b>	<b>\$ 319,837</b>	<b>\$ 77,068</b>
Total Funds		
Personal Services	\$ 97,475	\$ 129,966
Services and Supplies	\$ 27,886	\$ 24,712
Special Payments	\$ 410,466	\$ 0
<b>Total Funds</b>	<b>\$ 535,827</b>	<b>\$ 154,678</b>
<b>REVENUES:</b>		
Federal Funds – Title XIX Medicaid	\$ 319,837	\$ 77,068
<b>POSITIONS / FTE:</b>		
Fiscal Auditor 2	1/0.75	1/1.00

**EFFECTIVE DATE:** On Passage

**GOVERNOR’S BUDGET:** This bill is not anticipated by the Governor’s recommended budget.

**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:** Senate Bill 37 requires the Department of Human Services to ensure that rural health clinics (RHC) receive full reimbursement within 45 days for health services provided to persons enrolled in prepaid managed care health services organizations. This bill is effective January 2, 2010.

Under current federal law, the Department reimburses rural health clinics on a quarterly basis for the difference between what they are paid by managed care health services organizations (MCO) and what they would have been paid had the rural clinic been reimbursed directly by the Department according to the Medicaid Prospective Payment System encounter rate. These payments are typically made nine months in arrears of the date of service. Senate Bill 37 would reduce this time from nine months to two months, thereby requiring DHS to process two settlements, an initial settlement for interim payment and a final reconciliation payment, after all records are submitted for audit to ensure proper payments. 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 Centers for Medicare and Medicaid Services by the U.S. Department of Health and Human Services.

DHS estimates the fiscal impact of this measure at \$535,827 Total Funds for the 18 months of the 2009-11 biennium and \$154,678 for the 24 months of the 2011-13 biennium. Of these amounts, the General Fund requirement would be \$215,990 for the 2009-11 biennium and \$77,610 for the 2011-13 biennium. Federal Funds would be \$319,837 and \$77,068, respectively.

DHS reports that the Department would require one additional permanent full-time Fiscal Auditor 2 position (0.75 FTE for 2009-11 and 1.00 FTE for 2011-13) 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 the Department states that reconciliation of data issues requires a new position. This would add a second position to DHS staff dedicated primarily to processing rural health clinic payments. This position would be hired in January 2010. The federal match rate for position costs is 50% federal title XIX Medicaid funds.

The estimated payments to rural health clinics is based on a average monthly supplemental payment of \$58,638 and has a total cost of \$410,466 over the seven months of arrears during the 2009-11 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 approximately 60% for these payments and whose source is federal title XIX Medicaid funds.

Note: This measure contains General Fund requirements and stated need for a new position authority.