

Senate Bill 456

Senator Richard Pan

April 3, 2018



OVERVIEW

Senate Bill 456 (Pan) will improve the health of California's most vulnerable people by allowing Federally Qualified Health Centers (FQHCs) to participate in programs that promote wellness and care coordination in ways that are not covered by the Prospective Payment System (PPS).

Without this bill, FQHCs who participate in innovative care improvement programs could face after-the-fact recoupment of reimbursement or incentives provided under the program. Programs included under this bill include the Medi-Cal 2020 1115 Waiver Whole Person Care pilots, the Medicare Chronic Care Management program, the Hub and Spoke System for Medication Assisted Treatment, and county and managed care organization (MCO)-based case management programs, among others.

THE PROBLEM

FQHC services are paid as a bundled PPS rate that is designed to reflect the services that an FQHC furnishes. However, not all FQHC costs can always be included in the PPS rate development, including many of the non-face-to-face activities required to provide comprehensive, coordinated care management for high-needs beneficiaries with complex conditions. Without additional sources of support, FQHCs cannot provide extended services that are not reimbursed through PPS.

Federally, CMS recognizes that there is a payment gap in the FQHC PPS payment system, and provides FQHCs additional payment for chronic care management services and patient centered medical home services provided to Medicare beneficiaries. At this time, FQHCs are unable to be similarly reimbursed for Medi-Cal beneficiaries, even if provided funds by MCO, counties, or other entities. When FQHCs are paid for services beyond the PPS rate, often DHCS recoups that money during the annual reconciliation process, even if those funds are for services separate and distinct from services supported by PPS.

The State of California and Federal Centers for Medicare and Medicaid Services have both begun extensive investment in care management and care coordination programs, in recognition of the potential for improved health outcomes and cost savings. Without clarity in the law around FQHC ability to be reimbursed or paid outside of the PPS rate for increased or extended services provided under these programs, FQHCs are at risk of having any payment recouped by DHCS.

During the development of Section 2703 Health Homes program, DHCS, recognizing this issue, included in the State Plan Amendment (SPA) that health centers can and should be able to keep the health home payments made under the pilot. Unfortunately, in the language governing these other important programs, FQHC-specific language was not included.

THE SOLUTION

AB 456 will authorize a FQHC or RHC to enter into a separate, additional agreement with a payer or funder for "services that follow the patient." The bill would define "services that follow the patient" as services that promote continuity of care and contribute to overall patient wellness, as specified.

The bill would specify that compensation paid to a FQHC or RHC pursuant to the agreement would be supplemental to, and separate from, the FQHC's or RHC's prospective payment rate, and not subject to reconciliation or reduction, as specified.

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