



Hawai'i Primary Care Association

Talking Points for HPCA's 2008 Legislative Agenda

The 2008 Legislative session is the second year of the biennium, a time when few new initiatives typically get introduced. The Hawai'i Primary Care Association is introducing two items which are fundamental to the financial sustainability of community health centers across the state:

- 1. Increasing funding for the uninsured; and**
- 2. Fixing key rules for the administration of the Med-QUEST Prospective Payment System (PPS).**

Issue: Fixing the Med-QUEST PPS Rules

The publicly-funded Med-QUEST program is the most important insurer for low-income families and people with disabilities and is also the most significant source of revenue for Community Health Centers. The rules that govern the payment system for CHCs need several important changes to specify when and how much CHCs will be reimbursed. These changes will ensure that the CHCs can meet the needs of their Med-QUEST clients.

HPCA and the Community Health Centers have been working with DHS and the Med-QUEST Division on rule refinement since 2004 but an agreement has not been reached. While we continue to work toward an Administrative remedy in this matter, we are also asking for Legislative attention to this pressing need. The proposed changes, subject to approval by CMS, are:

- Ensuring timely payments to Community Health Centers under the prospective payment system (PPS); and
- Providing a workable process for applying for a rate change when services are added or changed.

Because DHS is already mandated by the federal government to make these adjustments, the Department's Med-QUEST budget should already include funds to implement improved rules.

Summary of Bill

Community Health Centers seek statutory language that addresses important elements in the Med-QUEST payment system. These changes are limited to ensuring timely payment and adopting a clear process for adding or changing services.

Talking Points for Community Health Center Boards and Staff:

- Med-QUEST reimbursement is the most significant single funding source for CHCs. On average 40% of CHC funding comes from this source.
- The rules would ensure that CHCs get paid in a timely manner. Currently, the State may take up to several years to finally pay CHCs in full for their services. CHCs should not have to have their working capital tied up in this way because they need it to deliver and expand services.
- The rules would define a process for a health center to change its rate if it adds a service or has to make expensive changes to its structure or delivery model to meet new needs and regulatory requirements. Health centers need to be able to grow and change to meet their patients' needs and be compliant with regulatory and safety requirements.
- Board members/patients may not want to get caught up in the technical parts of the bill but can emphasize the importance of these rules to ensure the financial stability of your Community Health Center.
 - You can't deliver good care if the State doesn't pay you on time for services you've already delivered.
 - You can't add new services or meet changing needs if your Med-QUEST rate can't be changed to cover reasonable costs.
- CEOs or CFOs may testify to the need to address these rules legislatively.
 - Although we continue to work with the Administration to fix them, we have been working on this for more than 3 years without any resolution.
 - The State seems to be out of compliance with federal law on payment timelines (a recent court case said states need to reconcile and make FQHC payments within 4 months), and on having a viable process for changing rates based on change of scope of service.