



## COMMUNITY HEALTH CARE ASSOCIATION of New York State

### NYS Must Create a \$7M Health Center COVID-19 Rate Equity Pool

February 2022

#### Background

- 🍷 Federal law 42 U.S.C. §1396a (bb)(5)(A) requires states to make supplemental “wrap” payments to Federally Qualified Health Centers (FQHCs) for the amount that the FQHC blended Medicaid rate exceeds the rate paid by a Managed Care Organization (MCO). These rates are set annually using a cost-based methodology.
- 🍷 During the 2020 COVID-19 State of Emergency when New Yorkers were urged to remain at home, FQHCs experienced unprecedented service disruptions and shifted rapidly to telehealth visits, including audio-only, to continue providing care. However, audio-only telephonic visits are currently reimbursed at a lower rate than face-to-face visits, despite the same costs associated with providing care.
- 🍷 Because COVID-19 service disruption and shift to telehealth impacted the FQHC rate-setting cost calculation in 2020, a vast majority of health centers would have experienced catastrophic rate cuts beginning October 1, 2021.

#### Department of Health Efforts

- 🍷 The NYS Department of Health has rightfully decided against implementing rate adjustments to health centers based on visits conducted during the 2020 calendar year. This action recognizes that health centers should not suffer prospective rate cuts for ensuring patient access to care through lower-reimbursed telephonic visits during the pandemic.
- 🍷 However, this DOH action has the consequence of the loss of revenue for a minority of health centers. A small contingent of health centers anticipated rate increases unrelated to and despite the pandemic impacts.
- 🍷 Providers most likely to experience this revenue loss predominantly serve rural populations upstate and operate on slim margins.

#### Full Rate Equity is needed for CHCs

- 🍷 **We request that the Legislature provide funding to these safety-net providers by creating a one-time \$7M FQHC COVID-19 rate equity pool.**
- 🍷 These funds would be distributed by the NYS Department of Health and targeted to the small number of health centers that would otherwise experience adverse financial outcomes due to the otherwise correct decision related to the 2020 rates.

**#ValueCHCs**