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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO HUMAN SERVICES -- MEDICAL ASSISTANCE

Introduced By: Senators Burke, and Lauria

Date Introduced: March 27, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 40-8-26 of the General Laws in Chapter 40-8 entitled "Medical
2 Assistance" is hereby amended to read as follows:

3 **40-8-26. Community health centers.**

4 (a) For the purposes of this section, the term community health centers refers to federally
5 qualified health centers and rural health centers.

6 (b) To support the ability of community health centers to provide high-quality medical,
7 [behavioral, and dental](#) care to patients, the executive office of health and human services
8 (“executive office”) may adopt and implement an alternative payment methodology (APM) for
9 determining a Medicaid per-visit reimbursement for community health centers that is compliant
10 with the prospective payment system (PPS) provided for in the Medicare, Medicaid, and SCHIP
11 Benefits Improvement and Protection Act of 2000. The following principles are to ensure that the
12 APM PPS rate determination methodology is part of the executive office overall value purchasing
13 approach. For community health centers that do not agree to the principles of reimbursement that
14 reflect the APM PPS, EOHHS shall reimburse such community health centers at the federal PPS
15 rate, as required per section 1902(bb)(3) of the Social Security Act, 42 U.S.C. § 1396a(bb)(3). For
16 community health centers that are reimbursed at the federal PPS rate, subsections (d) through (f)
17 of this section apply.

18 (c) The APM PPS rate determination methodology will (i) Fairly recognize the reasonable
19 costs of providing services. Recognized reasonable costs will be those appropriate for the

1 organization, management, and direct provision of services and (ii) Provide assurances to the
2 executive office that services are provided in an effective and efficient manner, consistent with
3 industry standards. Except for demonstrated cause and at the discretion of the executive office, the
4 maximum reimbursement rate for a service (e.g., medical, dental, [behavioral](#)) provided by an
5 individual community health center shall ~~not exceed~~ [equal the lesser of the actual cost or](#) one
6 hundred twenty-five percent (125%) of the median rate for all community health centers within
7 Rhode Island. [Actual cost shall be based on a Medicaid cost report.](#)

8 (d) Community health centers will cooperate fully and timely with reporting requirements
9 established by the executive office.

10 (e) Reimbursement rates established through this methodology shall be incorporated into
11 the PPS reconciliation for services provided to Medicaid-eligible persons who are enrolled in a
12 health plan on the date of service. Monthly payments by the executive office related to PPS for
13 persons enrolled in a health plan shall be made directly to the community health centers.

14 (f) Reimbursement rates established through this methodology shall be incorporated into
15 the actuarially certified capitation rates paid to a health plan. The health plan shall be responsible
16 for paying the full amount of the reimbursement rate to the community health center for each
17 service eligible for reimbursement under the Medicare, Medicaid, and SCHIP Benefits
18 Improvement and Protection Act of 2000. If the health plan has an alternative payment arrangement
19 with the community health center the health plan may establish a PPS reconciliation process for
20 eligible services and make monthly payments related to PPS for persons enrolled in the health plan
21 on the date of service. The executive office will review, at least annually, the Medicaid
22 reimbursement rates and reconciliation methodology used by the health plans for community health
23 centers to ensure payments to each are made in compliance with the Medicare, Medicaid, and
24 SCHIP Benefits Improvement and Protection Act of 2000.

25 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HUMAN SERVICES -- MEDICAL ASSISTANCE

1 This act would require reimbursement for medical, dental, and behavioral health services
2 provided at community health care centers to equal the lesser of the actual cost, based on Medicaid
3 reports, or one hundred twenty-five percent (125%) of the median rate for all community health
4 centers within Rhode Island.

5 This act would take effect upon passage.

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