



Louisiana Rural Health Association
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MEMO

February 14, 2006

To: LRHA Members

From: Donna Newchurch, Executive Director

Re: New Medicaid Provision for RHCs

The President recently signed into law the Deficit Reduction Act of 2005. There were several changes made in the Medicaid program dealing with long-term care, asset tests and other things, but most significantly for RHCs, new authority for states to develop alternative benefit packages under the Medicaid program.

Section 6044 authorizes the use of a “benchmark benefit package”. This new authority would allow the state to offer an alternative benefit package but would limit that alternative to certain “benchmark” benefit packages. Examples of so-called benchmark benefit packages would be:

- Federal Employee Health Benefit Package (BC/BS standard option)
- State Employee Health Benefit Package
- State Approved HMO Benefit packages (tied to benefit package of state’s largest HMO)
- A Benefit package approved by the Secretary of HHS

HOWEVER, the legislation also includes language that protects Rural Health Clinics and the patients you serve. Subsection 4 of Section 6044 stipulates that, no alternative benefit package can be approved unless individuals enrolled in that alternative plan have access to rural health clinic or federally qualified health center services AND payment for such services is made in accordance with the federal requirements for RHC and FQHC reimbursement. This provision was strongly supported by the National Association of Rural Health Clinics and the National Association of Community Health Centers.

State authority to develop an alternative benefit package begins this year. Although the Secretary of HHS is prohibited from approving a plan that does not provide the above protections for RHCs or FQHCs, you are encouraged to monitor developments in your state to ensure that the state does not inadvertently attempt to get an alternative benefit package approved that does not include RHCs or ensure you are appropriately compensated for the care you deliver.