



North Dakota Legislative Council

Prepared for the Human Services Committee
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STUDY OF FEDERALLY QUALIFIED HEALTH CENTERS EXPANSION - BACKGROUND MEMORANDUM

Section 2 of Senate Bill No. 2155 (2023) ([appendix](#)) provides for a study of the expansion of federally qualified health care centers. The study must include consideration of increasing the number of federally qualified health care centers in the state and improving federally qualified health care center collaboration with local public health units.

PREVIOUS STUDIES AND REPORTS 2011-12 Interim Health Services Committee

The Legislative Management assigned the 2011-12 interim Health Services Committee the duty to review the public health model of the federally qualified health center (FQHC) established by the Coeur d'Alene Tribe in Idaho. The review included services, governance, and funding of the center.

The Coeur d'Alene Tribe and the City of Plummer, Idaho, collaborated in a joint venture to address the health care needs on the Coeur d'Alene Reservation and in 1987 planned and developed a community-based rural health outpatient care delivery system. A commitment was made by the Coeur d'Alene Tribal Health Authority and the Coeur d'Alene Tribal Council to provide health care services to both the Indian and non-Indian population and the clinic would serve all persons in the community regardless of their ability to pay.

Medical services include treatment for general health care needs, including diabetes, arthritis, and high blood pressure; other health care treatment services relating to adult, geriatric, women's health, pediatric, and obstetric care; physicals, family planning, minor skin procedures, spirometry/audiometry, laboratory, x-ray, breathing treatments, and pharmacy counseling; and urgent care treatment and referrals.

Idaho has seven independent health districts that work closely with the Idaho Department of Health and Welfare and other state and local agencies. Each district has a board of health appointed by county commissioners within the region. The Coeur d'Alene Reservation is part of the Panhandle Health District in northern Idaho. The tribe partners with the Panhandle Health District in areas of public health where it lacks expertise, such as emergency preparedness. Except for occasional grants for projects or for flood protection or homeland security, the tribe does not receive any ongoing support for public health services from the state.

State Health Care Delivery Plan Study

The 2011-12 interim Health Care Reform Review Committee studied the state's health care delivery plan. As part of the study, the committee received an overview of how community health centers (CHCs) operate in North Dakota. A community health center is a nonprofit entity that exists in areas where health care is scarce. Community health centers are governed by county boards, and North Dakota has five community health center sites--Migrant Health Services, Fargo Family Health Center, Valley Community Health Center, Coal County Community Health Center, and Northland Community Health Center.

The committee received testimony that approximately 31 percent of the North Dakota CHC patients are uninsured. Under the Affordable Care Act, CHCs received funds to expand the program. The Affordable Care Act provision relating to CHCs has the potential to add 20 million new CHC patients nationwide.

OVERVIEW OF NORTH DAKOTA COMMUNITY HEALTH CENTERS

The mission of CHCs is to provide high-quality, affordable, comprehensive primary and preventive health care, including medical, dental, and behavioral health services regardless of their insurance status or ability to pay. Community health centers are nonprofit, community-driven clinics with a unique FQHC designation. Federally qualified health centers are entities that receive federal funds to provide services for low-income residents on a sliding fee scale basis.

Community health centers are all governed by community- and patient-led boards. In some cases, they collaborate with local health and service providers. North Dakota has five CHCs in 19 communities with 21 delivery sites. They serve approximately 36,000 medical and behavioral health care patients and nearly 13,000 dental patients. In 2021, about 20 percent of health center patients were uninsured, 12 percent were best served in a language other than English, and nearly half lived in families with an income below the federal poverty level. Community health centers are located in rural and urban communities across North Dakota as shown on the map below. They offer dental services, focusing on the unmet needs of Medicaid patients.



Community health centers offer sliding fee discounts based on income of uninsured and underinsured patients. Each health center's sliding fee discount amount is reported to the federal government. The centers reported in 2020 and 2021 providing total sliding fee discounts of \$5.4 million to patients by North Dakota CHCs and total uncompensated care of \$11 million, which is sliding fee discounts plus patient balances that were written off due to patients being unable to pay.

PREVIOUS LEGISLATION

The Legislative Assembly approved House Bill No. 1417 (2011) which provided for a study of exempting purchases by FQHCs from sales and use tax. The 2011-12 interim Taxation Committee conducted the study and made no recommendation regarding its study of sales tax exemptions for FQHCs.

FUNDING HISTORY

The Legislative Assembly, pursuant to Section 1 of Senate Bill No. 2155, provided \$2 million from the general fund to the Department of Health and Human Services (DHHS) to provide grants to FQHCs during the 2023-25 biennium. The Department of Health and Human Services is to award grants to FQHCs in North Dakota to continue, expand, and improve FQHC services to low-income populations. The grant amount for each center must be proportional to the amount of discounts granted to patients of the center for the most recent calendar year to the total amount of discounts granted by all centers in North Dakota during the most recent calendar year as reported on the federal uniform data system report in conformance with the Bureau of Primary Health Care program

expectations policy information note 98-23, except one FQHC may receive no more than 50 percent of the total amount of grants awarded under this section.

The Department of Health and Human Services provides funding to FQHCs for services provided to Medicaid-eligible patients. The following schedule provides the funding budgeted by the department for FQHCs for the 2005-07 biennium through the 2023-25 biennium:

Biennium	Budget	Increase (Decrease)
2005-07	\$1,745,228	N/A
2007-09	\$2,237,118	\$491,890
2009-11	\$2,939,309	\$702,191
2011-13	\$5,169,468	\$2,230,159
2013-15	\$7,921,657	\$2,752,219
2015-17	\$10,103,340	\$2,181,683
2017-19	\$8,012,737	(\$2,090,603)
2019-21	\$11,563,270	\$3,550,533
2021-23	\$10,461,194	(\$1,102,076)
2023-25	\$9,117,992	(\$1,343,202)

PROPOSED ACTION PLAN

The committee may wish to proceed with this study as follows:

1. Gather and review information regarding the services provided by FQHCs in the state and the needs for FQHC services in locations throughout the state;
2. Gather and review information regarding the collaboration between FQHCs and local public health units;
3. Receive updates from DHHS regarding progress and outcomes of the 2023-25 biennium appropriation to provide grants to FQHCs;
4. Receive updates from DHHS regarding Medicaid spending for FQHC services;
5. Receive comments by interested persons regarding the study of the expansion of FQHCs in the state;
6. Develop committee recommendations and prepare any legislation necessary to implement the committee recommendations; and
7. Prepare the final report for submission to the Legislative Management.

ATTACH: 1