



CMS NEWS

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CMS Finalizes a Medicare Prospective Payment System for Federally Qualified Health Centers

Federally Qualified Health Centers will Transition to a New Medicare Payment System; Higher Medicare Reimbursements Projected

Today, the Centers for Medicare & Medicaid Services (CMS) issued a final rule that could increase Medicare payments to Federally Qualified Health Centers (FQHC) by as much as 32 percent. The new payment system, as outlined in the Affordable Care Act, establishes a Medicare prospective payment system for FQHCs, which provide access to medical services to patients in or from medically underserved areas.

FQHCs provide vital primary and preventive care services to millions of people nationwide. Medicare currently pays them based on reasonable costs subject to established payment limits for covered services furnished to people with Medicare. The Affordable Care Act requires that the new Medicare Prospective Payment System (PPS) account for a number of factors, including the type, intensity, and duration of services provided in this setting. The new payment system will be implemented beginning on October 1, 2014. FQHCs will be transitioned to the new payment system throughout 2015.

“The new payment system helps increase the ability and capacity of federally qualified health centers to provide essential and affordable services for even more patients who need care,” said CMS Administrator Marilyn Tavenner. “These FQHCs are essential to countless patients in local communities who depend on them for getting their primary and preventive care.”

Under the new PPS, Medicare will pay FQHCs a single encounter rate per beneficiary per day for all services provided, with some exceptions. The rate will be adjusted for geographic variation in costs. The rate will also be adjusted for the higher costs associated with furnishing care to a patient that is new to the FQHC and when the FQHC furnishes an initial preventive physical examination or an annual wellness visit to a Medicare beneficiary. The same services that have been paid for by Medicare in the past will continue to be covered under the new system.

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CMS worked on the proposed and final rules in close collaboration with the Health Resources and Services Administration, which administers the Health Center Program.

The final rule will be published in the Federal Register on May 2, 2014. In the final rule, CMS seeks comments on modifications of a few proposals including: a simplified method for calculating coinsurance when a preventive and non-preventive service is on the same claim; the establishment of Medicare-specific payment codes to be used for Medicare encounter-based payment under the new PPS; and ways in which payment for chronic care management services could be adapted for FQHCs and rural health clinics. CMS will accept comments until July 1, 2014, and will respond to them in a final rule to be issued in 2014.

For more information about the Medicare prospective payment system for FQHCs see:

<http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2014-Fact-sheets-items/2014-04-29.html>.

For more information, see: www.federalregister.gov/inspection.aspx#special

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