

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

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

Health Centers will Transition to a New Medicare Payment System and Higher Medicare Reimbursements

Later today, the Centers for Medicare & Medicaid Services (CMS) will issue a proposed rule to establish a Medicare prospective payment system (PPS) for Federally Qualified Health Centers (FQHCs), as outlined in the Affordable Care Act. The proposed, updated payment system, which is scheduled to begin October 1, 2014, would increase Medicare payments to these health centers by approximately 30 percent for services furnished to Medicare beneficiaries in medically underserved areas.

Federally Qualified Health Centers, which are generally required to treat all patients regardless of their ability to pay, provide vital primary and preventive care services to more than 21 million people nationwide. Medicare currently pays them based on reasonable costs and subject to established payment limits for covered services furnished to people with Medicare. The Affordable Care Act requires that the new Medicare PPS account for a number of factors, including the type, intensity, and duration of services provided in this setting, without payment limits that exist under the current system, and be implemented beginning on October 1, 2014. Federally Qualified Health Centers will be transitioned to the new payment system throughout Fiscal Year 2015.

“The new payment system will help even more patients get care in federally-supported health centers,” said CMS Administrator Marilyn Tavenner. “The services provided by these centers help ensure patients get important primary and preventive care that lowers costs and improves health outcomes.”

Under the new PPS, Medicare proposes to pay Federally Qualified Health Centers a single encounter rate per beneficiary per day for all services provided. The rate would be adjusted for geographic variation in costs and for the higher costs associated with furnishing care to a patient that is new to the health center or is receiving a comprehensive initial Medicare visit (that is, an initial preventive physical examination or an initial annual wellness visit). There is no change to the

Federally Qualified Health Center covered services for beneficiaries. The same services that have been paid for by Medicare in the past will continue to be covered under the new system.

CMS developed the proposed rule in close collaboration with the Health Resources and Services Administration (HRSA), which administers the Health Center Program.

Additionally, last week HRSA announced awards of approximately \$67 million to these health centers as part of the administration's ongoing commitment to increase access to quality health care, including \$19 million in Affordable Care Act funding to establish 32 new health service delivery sites that will increase access to preventive and primary health care to more than 130,000 additional people.

"These health centers serve some of our most vulnerable populations," said HRSA Administrator, Dr. Mary Wakefield. "We are excited about our collaboration with CMS to create a payment system that enables these vital health centers to keep doing such important work."

The proposed rule will be published in the September 23 Federal Register. CMS will accept comments on the proposed rule until November 18, 2013, and will respond to them in a final rule to be issued in 2014.

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