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National Provider Call

New Medicare Prospective Payment System (PPS) for Federally Qualified Health Centers (FQHCs)

Centers for Medicare and Medicaid Services
Center for Medicare
Hospital and Ambulatory Policy Group
Division of Ambulatory Services
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New Medicare PPS for FQHCs - Agenda

- Affordable Care Act – Key Requirements for the FQHC PPS
- FQHC PPS Timeline
- Payment Rate and Adjustments
  - Geographic Adjustment
  - New Patient, IPPE, AWV Adjustments
  - Use of G Codes
  - Annual Rate Update
- Multiple Same-Day Visits
- Coinsurance and Preventive Services
- Medicare Advantage Wrap-around Payment
- Transition
- Additional Information

Affordable Care Act – Key Requirements for the FQHC PPS

Affordable Care Act – Key Requirements for the FQHC PPS

- System must establish a payment rate that accounts for the type, intensity, and duration of services furnished by FQHCs
- May include adjustments such as a geographic adjustment
- Medicare payment for FQHC services must be 80 percent of the lesser of the actual charge or the PPS amount
- System must include a process for appropriately describing services and establish payment rates for specific payment codes

Affordable Care Act – Key Requirements for the FQHC PPS

- Initial PPS rate must equal in the aggregate 100% of the estimated amount of reasonable costs that would have occurred for the year if the PPS had not been implemented, and without the application of copayments, per-visit limits, or productivity adjustments

Affordable Care Act - Key Requirements for the FQHC PPS

- After the first year of implementation, the PPS payment rates must be increased by the percentage increase in the Medicare Economic Index (known as the MEI)
- After the second year of implementation, PPS rates must be increased by either the MEI or a market basket of FQHC goods and services

FQHC PPS Timeline

FQHC PPS - Timeline

- March 23, 2010 - Affordable Care Act signed into law requiring the development and implementation of a Medicare PPS for FQHCs
- January 1, 2011 – FQHCs required to use HCPCS coding on claims for use in the development of the PPS
- September 23, 2013 – CMS published proposed rule for Medicare PPS for FQHCs
- May 2, 2014 – CMS published final rule for Medicare PPS for FQHCs
- October 1, 2014 – FQHCs begin transitioning to the new Medicare PPS
- December 31, 2015 – All FQHCs expected to be transitioned to the new Medicare PPS

FQHC PPS Payment Rate

FQHC PPS Payment Rate

- The proposed rule proposed that FQHCs would be paid an encounter-based payment, based on an average cost per encounter estimated to be $155.90, subject to change in the final rule based on more current data
- The final rate is **$158.85**

FQHC PPS Payment Rate – Geographic Adjustment

- The proposed rule proposed that the PPS rate would be adjusted for geographic differences in the cost of services by using an adaption of the Geographic Practice Cost Indices used to adjust payment under the physician fee schedule (FQHC PPS Geographic Adjustment Factor)
- Finalized as proposed with updated values. (Note: The values in these tables are subject to change due to the recent enactment of Pub. L. 113-93, Protecting Access to Medicare Act of 2014.)

FQHC PPS Payment Rate – New/Initial Patient Adjustment

- The proposed rule proposed that the rate would be increased by approximately 33% for greater intensity and resource use when an FQHC furnishes care to a patient that is new to the FQHC or to a beneficiary receiving an initial preventive physical examination (IPPE) or an initial annual wellness visit (AWV)
- The final adjustment is **34%** for new patients, IPPE, initial **and subsequent** AWV

FQHC PPS Payment Rate – Use of G Codes

- Medicare payment for FQHC services must be 80 percent of the lesser of the actual charge or the PPS amount
- Payment Codes – FQHCs will be required to use new payment codes ("G-codes") to bill for a FQHC visit, reflecting the sum of the regular rates charged for a typical bundle of services that would be furnished per diem to a Medicare beneficiary
- Payment to be determined by the MAC based on the lesser of the FQHC's charge for the payment code or applicable PPS rate

FQHC PPS Payment Rate – Use of G Codes

- 5 new G codes:
  - G0466 - FQHC visit, new patient
  - G0467 - FQHC visit, established patient
  - G0468 - FQHC visit, IPPE or AWV
  - G0469 - FQHC visit, mental health, new patient
  - G0470 - FQHC visit, mental health, established patient
- Comments sought on G codes

FQHC PPS Payment Rate – Annual Rate Update

- 2016 – MEI
- 2017 – MEI or Market Basket
- Commenters requested that we develop a FQHC market basket for annual payment rate adjustments instead of using the MEI

Multiple Same Day Visits

FQHC PPS - Multiple Same Day Visits

- Proposed rule proposed not to allow exceptions to the single payment per day for subsequent illness or injury, mental health, IPPE, and DSMT/MNT
- Final – Separate billing allowed for subsequent illness or injury, and/or mental health visit that occurs on the same day as a medical visit
- Comments sought on ways in which payment for chronic care management (CCM) services could be adapted for FQHCs and rural health clinics to promote integrated and coordinated care

Coinsurance and Preventive Services

FQHC PPS - Coinsurance & Preventive Services

- Proposed rule proposed a complex methodology for calculating coinsurance when preventive and non-preventive services are on the same claim
- Final – Simpler methodology based on the current system for determining coinsurance that subtracts the dollar value of the line-item charge for the preventive service from the full payment amount
- Comments sought on revised methodology

Medicare Advantage Wrap-around Payment

Medicare Advantage Wrap-Around Payment

- Commenters requested clarification that the wrap-around payment is based on the PPS rate, and not the charges
- Final - confirms that the wrap-around payment is based on the difference between the PPS rate and the MA contracted rate

Transition

FQHC PPS - Transition

- Proposed rule proposed that FQHCs would be transitioned to the new PPS based on their cost reporting period
- Finalized as proposed

FQHC PPS - Additional Information

- Plans for future National Provider Call to review billing and claims processing
- FQHC Center Page:

  http://www.cms.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html
- FQHC PPS Page:
  http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/index.html

Question and Answer Session

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