CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 1426	**Date: February 1, 2008**
	Change Request 5896

Subject: Announcement of Medicare Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) Payment Rate Increases

I. SUMMARY OF CHANGES: This Recurring Update Notification provides instructions for the calendar year (CY) 2008 Payment Rate Increases for Rural Health Clinics (RHC) and Federally Qualified Health Centers (FQHC) services. The attached Recurring Update Notification applies to chapter 9, section 20.1.

New / Revised Material
Effective Date: January 1, 2008
Implementation Date: February 1, 2008

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	9/20.1/Payment Rate for Independent and Provider Based RHCs and FQHCs

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Manual Instruction

Recurring Update Notification

Unless otherwise specified, the effective date is the date of service.

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1426	Date: February 1, 2008	Change Request: 5896

SUBJECT: Announcement of Medicare Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) Payment Rate Increases

Effective Date: **January 1, 2008**

Implementation Date: February 12, 2008

I. GENERAL INFORMATION

This Recurring Update Notification provides instructions for the calendar year (CY) 2008 Payment Rate Increases for Rural Health Clinics (RHC) and Federally Qualified Health Centers (FQHC) services.

A. Background:

RHCs:

The RHC upper payment limit per visit is increased from $74.29 to $75.63 effective January 1, 2008, through December 31, 2008 (i.e., CY 2008). The 2008 rate reflects a 1.8 percent increase over the 2007 payment limit in accordance with the rate of increase in the Medicare Economic Index (MEI) as authorized by §1833(f) of the Social Security Act.

FQHCs:

The FQHC upper payment limit per visit for urban FQHCs is increased from $115.33 to $117.41 effective January 1, 2008, through December 31, 2008 (i.e., CY 2008), and the maximum Medicare payment limit per visit for rural FQHCs is increased from $99.17 to $100.96 effective January 1, 2008, through December 31, 2008 (i.e., CY 2008). The 2008 FQHC rates reflect a 1.8 percent increase over the 2007 rates, in accordance with the rate of increase in the MEI.

B. Policy: This effective date of January 1, 2008, is necessary in order to update RHC and FQHC payment rates in accordance with §1833(f) of the Social Security Act. To avoid unnecessary administrative burden, the contractor shall <u>not</u> retroactively adjust individual RHC/FQHC bills paid at previous upper payment limits.

The contractor does, however, retain the discretion to make adjustments to the interim payment rate or a lump sum adjustment to total payments already made to take into account any excess or deficiency in payments to date.

II. BUSINESS REQUIREMENTS TABLE

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
5896.1	Contractors shall increase the RHC upper payment limit per visit to $75.63 to reflect CY 2008 rate increase of 1.8 percent.	X		X							
5896.2	Contractors shall increase the FQHC upper payment limits per visit to reflect CY 2008 rate increase of 1.8 percent for urban ($117.41) and rural ($100.96) areas.	X		X							
5896.3	Contractors need not search their files to either retract payment for claims already paid or to retroactively pay claims. However, contractors shall adjust claims brought to their attention.	X		X							

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
5896.4	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X							

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Glenn McGuirk, (410) 786-5723, Glenn.McGuirk@cms.hhs.gov

Post-Implementation Contact(s): Appropriate Regional Office

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Carriers (RHHIs)*:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *For Medicare Administrative Contractors (MACs)*:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

20.1 - Payment Rate for Independent and Provider Based RHCs and FQHCs

(Rev. 1426; Issued: 02-01-08; Effective: 01-01-08; Implementation: 02-14-08)

Payment to independent provider-based RHCs and FQHCs for covered RHC/FQHC services furnished to Medicare patients is made by means of an all-inclusive rate for each visit. (Prior to January 1, 1998, provider based RHCs were paid on a reasonable cost basis.) The encounter rate includes covered services provided by an RHC/FQHC physician, physician assistant, nurse practitioner, clinical nurse midwife, clinical psychologist, clinical social worker or visiting nurse; and related services and supplies. The rate does not include services that are not defined as RHC/FQHC services. *These rates will be updated annually via Recurring Update Notifications.*

The term "visit" is defined as a face-to-face encounter between the patient and a physician, physician assistant, nurse practitioner, nurse midwife, visiting nurse, clinical psychologist, or clinical social worker during which an RHC/FQHC service is rendered. (See the Medicare Benefit Policy Manual, Chapter 13, for definitions of these personnel. See also the Medicare Benefit Policy Manual, Chapter 13, for conditions of coverage for visiting nurse services).

Encounters with more than one health professional and multiple encounters with the same health professionals which take place on the same day and at a single location constitute a single visit, except when one of the following conditions exist: (a) after the first encounter, the patient suffers illness or injury requiring additional diagnosis or treatment; (b) the patient has a medical visit and a clinical psychologist or clinical social worker visit.