CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2123	**Date: December 21, 2010**
	Change Request 7101

NOTE: Transmittal 2063, dated October 8, 2010 is being rescinded and replaced by Transmittal 2123, dated December 21, 2010, to correct the 2011 RHC and FQHC payment rates, which were based on the 0.3% MEI update that was published in the Physician Fee Schedule Proposed Rule, instead of the 0.4% MEI update which was published in the Physician Fee Schedule Final Rule. The rate for RHCs is $78.07, the rate for urban FQHCs is $126.22, and the rate for rural FQHCs is $109.24.

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) 2011 Payment Rate Increases for Rural Health Clinics (RHC) and Federally Qualified Health Centers (FQHC) services that can be found in Chapter 9, section 20 of the IOM.

EFFECTIVE DATE: January 1, 2011
IMPLEMENTATION DATE: January 3, 2011

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-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

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:

Recurring Update Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 2123	Date: December 21, 2010	Change Request: 7101

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

Effective Date: January 1, 2011

Implementation Date: January 3, 2011

I. GENERAL INFORMATION

This Recurring Update Notification provides instructions for the calendar year (CY) 2011 Payment Rate Increases for Rural Health Clinics (RHC) and Federally Qualified Health Centers (FQHC) services that can be found in Chapter 9, section 20 of the IOM.

A. Background:

RHCs:

The RHC upper payment limit per visit is increased from $77.76 to $78.07 effective January 1, 2011, through December 31, 2011 (i.e., CY 2011). The 2011 rate reflects a 0.4 percent increase over the 2010 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 $125.72 to $126.22 effective January 1, 2011, through December 31, 2011 (i.e., CY 2011), and the maximum Medicare payment limit per visit for rural FQHCs is increased from $108.81 to $109.24 effective January 1, 2011, through December 31, 2011 (i.e. CY 2011). The 2011 FQHC rates reflect a 0.4 percent increase over the 2010 rates in accordance with the rate of increase in the MEI.

B. Policy:

This effective date of January 3, 2011, 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 not 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	
7101.1	Contractors shall increase the RHC upper payment limit per visit to $78.07 to reflect CY 2011 rate increase of 0.4 percent.	X		X							
7101.2	Contractors shall increase the FQHC upper payment limits per visit to reflect CY 2011 rate increase of 0.4 percent, for urban ($126.22) and rural ($109.24) areas.	X		X							
7101.3	Contractors shall **not** retroactively adjust individual RHC/FQHC bills paid at previous upper payment limits.	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	
7101.4	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 one 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): Corinne Axelrod, (410) 786-5620, corinne.axelrod@cms.hhs.gov

Post-Implementation Contact(s): Appropriate Regional Office

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), 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.