Medicare Learning Network
MLN Matters
CMS Centers for Medicare & Medicaid Services
Information for Medicare Fee-for-Service Health Care Professionals

MLN Matters Number: MM3886
Related Change Request (CR) #: 3886
Related CR Release Date: December 29, 2005
Effective Date: January 1, 2006
Related CR Transmittal #: R794CP
Implementation Date: April 3, 2006

MMA - Announcement of Medicare Supplemental Payments to Federally Qualified Health Centers (FQHCs) Under Contract with Medicare Advantage (MA) Plans

Note: This article was revised to contain Web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

FQHCs under contract with Medicare Advantage (MA) Plans

Provider Action Needed

FQHCs should be aware of the instructions for calculating and billing the new supplemental payments due to FQHCs who contract with the MA program effective for services furnished on or after January 1, 2006.

Background

This article and related CR3886 provide details regarding the calendar year (CY) 2006 supplemental payments that augment the direct payments made by the MA organization to FQHCs for all covered FQHC services. Title II of the Medicare Modernization Act (MMA) established the MA program. The MA program replaces the Medicare + Choice (M+C) program established under Part C.

The MA program retains many of the key features of the M+C program and includes several new features, such as the introduction of regional MA plans that will be organized as preferred provider organizations.

Section 237 of the MMA requires the Centers for Medicare & Medicaid Services (CMS) to provide supplemental payments to FQHCs that contract with MA organizations to cover the difference, if any, between the payment received by the FQHC for treating MA enrollees and the payment to which the FQHC would be entitled to receive under the cost-based all-inclusive payment rate as set forth in 42 CFR, Part 405, Subpart X.

The Medicare all-inclusive payment, which continues to be made for all covered FQHC services furnished to Medicare beneficiaries participating in the original Medicare program, is based on the FQHC's unique cost-per-visit as calculated by the Medicare fiscal intermediary (FI) based on the Medicare cost report.

FQHCs seeking payment under Section 237 of the MMA must submit to their FI copies of their contracts under each MA plan.

To implement this new supplemental payment provision, CMS must determine if the Medicare cost-based payments that the FQHC would be entitled to exceed the amount of payments received by the FQHC from the MA organization and, if so, pay the difference to the FQHC at least quarterly. In determining the supplemental payment, the statute also excludes in the calculation of the supplemental payments any financial incentives provided to FQHCs under their MA arrangements, such as risk pool payments, bonuses, or withholds.

Following are the basic instructions for calculating the supplemental payments for FQHCs under contract with MA Plans.

- The FQHC supplemental payment is based on the per visit calculation, subject to a yearly reconciliation.
- Supplemental payments are calculated by determining the difference between 100 percent of the FQHC's all inclusive cost-based per visit rate and the average per visit rate received by the FQHC from the MA organization for payment under the MA Plan, less the co-pay the FQHC charges the MA enrollees. Also, the FI will not apply the original Medicare deductible and coinsurance in calculating the interim supplemental payment rate.
- Each eligible FQHC seeking the supplemental payment is required to submit (for the first two rate years) to the FI an estimate of the average MA payments (per visit basis) for covered FQHC services.
- Every eligible FQHC seeking the supplemental payment is required to submit a documented estimate of their average per visit payment for their MA enrollees for each MA plan they contracted with and any other information as may be required to enable the FI to accurately establish an interim supplemental payment, *e.g., cost sharing amounts set forth in the formal contract with the MA plan.*
- Expected payments from the MA organization will be used until actual MA revenue and visits collected on the FQHC's cost report can determine the amount of the supplemental payment.
- Effective January 1, 2006, eligible FQHCs will report actual MA revenue and visits on their cost reports. At the end of each cost reporting period the FI will

use actual MA revenue and visit data along with the FQHC's final all-inclusive payment rate, to determine the FQHC's final actual supplemental per visit payment.

This amount (per visit basis) will serve as the interim rate for the subsequent rate year. Actual aggregated supplemental payments will then be reconciled with aggregated interim supplemental payments, and any underpayment or overpayment will then be accounted for in determining final Medicare FQHC program liability at cost settlement.

- An FQHC is only eligible to receive this supplemental payment when FQHC services are provided during a face-to-face encounter between an MA enrollee and one or more of the following FQHC covered core practitioners: physicians, nurse practitioners, physician assistants, certified nurse midwives, clinical psychologists, or clinical social workers. The supplemental payment is made directly to each qualified FQHC through the FI.
- Each FQHC seeking the supplemental payment is responsible for submitting a claim for each qualifying visit to the FI on type of bill (TOB) 73x with revenue code 0519.

  Also, FQHCs must not report revenue codes 0520 and/or 0900 on the same claim that contained revenue code 0519 when submitting claims for these qualifying visits by MA enrollees. Healthcare Common Procedure Coding System (HCPCS) coding is not required.

Implementation

The implementation date for the instruction is April 3, 2006.

Additional Information

The official instruction issued to your intermediary regarding this change may be found by going to http://cms.hhs.gov/transmittals/downloads/R794CP.pdf on the CMS web site.

For additional information relating to this issue, please refer to your intermediary. To find their toll free phone numbers go to http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.pdf on the CMS web site.