



NATIONAL ASSOCIATION OF
Community Health Centers

FQHC Prospective Payment System ESSENTIAL TO THE HEALTH CENTER MODEL

Through a unique Medicaid prospective payment system (PPS) rate, health centers are able to consistently provide high quality, cost-effective health care services. Also integral to the health center model are care-coordination and primary care and preventive services for vulnerable populations that otherwise may not have access to services such as immunizations, mammograms, dental care, and chronic disease management. Health centers are true health care homes where individuals can access a broad array of both primary and specialty care, and without the PPS rate health centers would not be able to fill this vital role for millions of Medicaid patients.

Fair Payment for Health Center Services

- Health Centers currently receive fair payment for Medicaid and CHIP patients, known as a prospective payment system (PPS), which reimburses FQHCs at approximately 81 percent of their cost associated with treating Medicaid patients.
- The PPS reimburses for comprehensive “Health Center Services,” which include dental, mental health, pharmacy, primary care, immunizations, chronic care management, and more, thereby keeping patients out of the emergency room and preventing hospitalization.
- Health centers’ all-inclusive service package and unique payment methodology allows them to be a true health care home, driving systemwide savings through a coordinated care model.

Essential to Health Center Solvency

- Medicaid represents 37% of total revenue for FQHCs, and the Medicaid program is the single largest source of revenue for FQHCs.
- Each individual health center’s PPS rate ensures that FQHC grant revenues can be dedicated to care for the uninsured rather than subsidizing care for Medicaid patients.
- Overall, the number of Medicaid patients seen at FQHCs continues to grow. In fact, the number of health center Medicaid patients is growing more than twice as fast as the number of Medicaid beneficiaries nationally.
- Health centers currently care for 14% of the Medicaid population with 1% of the Medicaid dollars.

Without the unique PPS rate, inadequate payment for the 37% of the health center patients covered by Medicaid and CHIP, combined with extremely limited payment for the 38% of health center patients who are uninsured, would quickly cause health centers to lose viability and be unable to serve as a health care home for over twenty million patients nationwide or save the health care system \$24 billion annually in reduced emergency, hospital, and specialty care costs.