

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1126</b>	<b>Date: DECEMBER 8, 2006</b>
	<b>Change Request 5435</b>

**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) 2007 Payment Rate Increases for RHC and FQHC services.

**New / Revised Material**

**Effective Date: January 1, 2007**

**Implementation Date: January 2, 2007**

*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:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

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

# Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1126	Date: December 8, 2006	Change Request 5435
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**SUBJECT (Change Request Title):** Announcement of Medicare Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) Payment Rate Increases.

**Effective Date:** January 1, 2007

**Implementation Date:** January 2, 2007

## I. GENERAL INFORMATION

This Recurring Update Notification provides instructions for the calendar year (CY) 2007 Payment Rate Increases for RHC and FQHC services.

RHCs:

The RHC upper payment limit per visit is increased from \$72.76 to \$74.29 effective January 1, 2007, through December 31, 2007 (i.e., CY 2007). The 2007 rate reflects a 2.1 percent increase over the 2006 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 \$112.96 to \$115.33 effective January 1, 2007, through December 31, 2007 (i.e., CY 2007), and the maximum Medicare payment limit per visit for rural FQHCs is increased from \$97.13 to \$99.17 effective January 1, 2007, through December 31, 2007 (i.e. CY 2007). The 2007 FQHC rates reflect a 2.1 percent increase over the 2006 rates, in accordance with the rate of increase in the MEI.

This effective date of January 1, 2007, 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 intermediary shall not retroactively adjust individual RHC/FQHC bills paid at previous upper payment limits.

The intermediary 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

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)							
		A	D	F	C	D	R	Shared- / M I A M H System	OTHER
		B	E		R	E	H	Maintainers	



**IV. SUPPORTING INFORMATION**

**A. For any recommendations and supporting information associated with listed requirements, use the box below:**

*Use "Should" to denote a recommendation.*

<b>X-Ref Requirement Number</b>	<b>Recommendations or other supporting information:</b>

**B. For all other recommendations and supporting information, use the space below:**

**V. CONTACTS**

**Pre-Implementation Contact(s):** Glenn McGuirk/Glenn.McGuirk@cms.hhs.gov

**Post-Implementation Contact(s):** Appropriate Regional Office

**VI. FUNDING**

A. No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts specified 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.