



NATIONAL ASSOCIATION OF
Community Health Centers

2015 Update on the Implementation of the FQHC Prospective Payment System (PPS) in the States

Results from NACHC's 2015 Annual Primary
Care Association (PCA) Policy Assessment

State Policy Report #57

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Introduction

The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) replaced the traditional cost-based reimbursement system for federally qualified health centers (FQHCs) with a new prospective payment system (PPS).¹ The PPS reestablishes the Federal requirement that FQHCs be reimbursed at a minimum rate for services provided to Medicaid patients. This payment baseline is not nationwide but rather is based on the average of each FQHC's FY1999 and FY2000 reasonable costs per visit rates - therefore, it is a unique payment rate for each FQHC. For existing FQHCs, a baseline per visit rate was established for services provided between January 1, 2001 and September 30, 2001, and then adjusted to take into account any change in the scope of services during that year. For FY2002 and the years thereafter, the per visit rate equals the previous year's per visit rate, adjusted by the Medicare Economic Index (MEI) for primary care and any change in the FQHC's scope of services.² While the PPS establishes a Medicaid per visit payment rate floor, it does not require states to reimburse FQHCs using the PPS methodology. States may choose to implement an alternative payment methodology (APM), including continuation of reasonable cost reimbursement, as long as it does not pay less than what FQHCs would have received under PPS and the affected FQHCs agree to the APM.

Methods

Every year since 2003³, the NACHC State Affairs Department conducts an assessment via surveymonkey.com of the Primary Care Associations across all fifty states and DC to determine the landscape on a variety of issues including PPS. A total of forty-five states and DC completed the survey in 2015. This year's report includes a look at the use of PPS and APM across states, cost limiting devices, dual eligibles, same-day visits, and service specific rates.

FQHC PPS Overview

Currently, twenty-four states⁴ and DC use solely the PPS rate for health center reimbursement while eleven states employ APM⁵ and twelve states⁶ utilize both (Table 1). In calculating a center's PPS rate, states often impose limits on allowable cost categories⁷. Twenty⁸ states and DC do not employ any type of cost limitation device. Twenty-six⁹ states use some type of cost limiting device while twenty-one¹⁰ states apply the use of either Medicare cost rate,

¹ Public Law No. 106-554.

² NACHC Medicare/Medicaid Technical Assistance Issue Brief #69 "Understanding the Medicaid Prospective Payment System for Federally Qualified Health Centers (FQHCs)". January 2001.

³ For previous reports, go to: <http://www.nachc.com/Medicaid-Prospective-Payment-System.cfm>.

⁴ AK, AZ, AR, CA, CT, DC, FL, GA, HI, ID, KY, LA, ME, MS, MT, NE, NV, NM, OH, OK, PA, WV, WY,

⁵ CO, MA, MN, MO, NJ, RI, SC, TN, VT, VA, and WA.

⁶ IL, IN, IA, KS, MI, NH, NY, NC, OR, TX, UT, and WI.

⁷ A cost ceiling is not allowed if it effectively excludes reasonable and related costs from the rate computation and thereby excludes reasonable and related costs from the rate computation and thereby decreases the per-visit rate without any prior determination as to whether the above-ceiling costs is in face unreasonable. For more details

⁸ AZ, AR, GA, HI, IA, LA, ME, MI, MS, MT, NE, NV, NM, OK, OR, TN, UT, WA, and WV.

⁹ AL, AK, CA, CO, CT, FL, ID, IL, IN, KY, MD, MA, MI, MN, MO, NH, NY, NC, OH, PA, RI, SC, TX, VT, VA, and WI.

¹⁰ AL, CO, CT, FL, IL, IN, MD, MA, MI, MN, MO, NY, NC, OH, PA, RI, SC, VT, VA, WA, and WI.

caps, or screens. Fourteen¹¹ states of use caps, eight¹² use screens, and five¹³ use Medicare cost rate.

Table 1. Health Center Reimbursement Methodology across the States	
PPS	25
APM	11
Both PPS & APM	12
n=48	

Table 2. Use of Cost Limiting Devices	
Application of caps	14
Application of screens	8
Medicare cost rate	5
n=21	

Application of PPS

The application of PPS varies from state-to-state on a variety of issues such as: reimbursement for dual eligibles¹⁴, allowance of same-day visits, which providers can generate a reimbursable encounter, and service specific rates.

FQHCs serve a number of dual-eligible patients, and states vary on how they reimburse costs incurred during an encounter (Table 3), because of the individual’s eligibility for both Medicare and Medicaid. This dual status leads states to either reimburse at the Medicare rate, the Medicaid PPS rate, or another variation on the rate. Nineteen states¹⁵ reimburse the Medicaid the PPS rate, three¹⁶ reimburse only the Medicare FQHC rate, and eleven¹⁷ pay the Medicare copayment amount for the beneficiary while thirteen¹⁸ states employ a variety of different reimbursement methods.

Table 3. Health Center Reimbursement for Dual Eligibles	
Reimburses the full Medicaid PPS, same as a traditional Medicaid beneficiary	19
Only reimburses the Medicare FQHC rate	3
Only pays the Medicare copayment amount for the beneficiary	11
Other	12
n=45	

The majority of states permit FQHCs to bill Medicaid for more than one medical, mental/behavioral health, or dental encounter per day. Forty states allow for same-day billable visits while five states¹⁹ and DC²⁰ do not allow (Table 4). Thirty-eight²¹ states allow dental visits on the same day

¹¹ AL, CT, IL, MA, MI, MN, MO, NY, NC, OH, RI, VA, WA, and WI.
¹² CO, IL, MA, MN, OH, PA, RI, and SC.
¹³ FL, IN, MD, MN, and VT.
¹⁴ Dual eligibles are individuals who are eligible for both Medicare Part A and/or Part B and some form of Medicaid benefit.
¹⁵ CA, CT, HI, ID, IL, IN, IO, LA, ME, MD, MT, NV, NM, OR, PA, RI, TN, UT, and WI.
¹⁶ AR, MO, and WA.
¹⁷ AK, GA, KS, KY, MN, MS, NE, OH, OK, SC, and WV.
¹⁸ AL, AZ, CO, DC, FL, MA, MI, NH, NY, NC, TX, and VA.
¹⁹ IO, KY, NV, NY, and UT.
²⁰ DC is expecting this to change in 2016.
²¹ AL, AK, AZ, AR, CA, CO, CT, FL, HI, ID, IL, IN, KS, LA, ME, MA, MI, MN, MS, MO, MT, NE, NH, NM, NC, OH, OK, OR, PA, RI, SC, TN, TX, VT, VA, WA, WV, and WI.

as a medical visit while thirty-six²² allow mental/behavioral. Other visits allowed on the same-day are optometry (MA), podiatry (MA), emergency visits²³ (ID, ME), and maternity support services (WA). Medical group visits which are extended appointments with a health care provider which bring together patients with similar medical needs or conditions (i.e. asthma, diabetes, cancer, HIV, insomnia, and stress) are allowed for same-day billing in ten²⁴ states.

Table 4. Number of States that Allow Same-Day Billable Visits	
Dental	38
Mental/Behavioral	36
Other	9
n=40	

Section 1902(bb) of the Social Security Act (SSA) sets the minimum list of providers that can generate a PPS²⁵. States have the option to add providers that can generate a PPS encounter. Table 5 lists several types of providers that can generate a PPS encounter outside of the five core providers.

Table 5. Providers that Can Generate a PPS Encounter.	
Nurse Practitioner (NP) ²⁶	45
Dentist (DMD) ²⁷	40
Dental Hygienist ²⁸	22
Licensed Professional Counselors ²⁹	19
Marriage and Family Therapist ³⁰	14
Physical, Occupational, Speech Therapist ³¹	11
Nurse (RN, BSN, etc.) ³²	9
Nutritionist or Registered Dietitian ³³	6
n=46	

States take a variety of different approaches to reimbursing for health center services such as including it in the PPS rate or paying for it with an FFS rate or carving it out of the PPS/APM. Figure 1 provides specifics on the five health center services that are most commonly included in the PPS rate

²² AL, AK, AZ, AR, CO, CT, FL, HI, ID, IL, IN, KS, ME, MA, MI, MN, MS, MO, MT, NE, NH, NM, NC, OH, OK, OR, PA, RI, SC, TN, TX, VT, VA, WA, WV, and WI.

²³ Both states allow billing for an emergency visit and a medical visit on the same day. However, ID has a stipulation that the emergency must be unrelated to the medical visit.

²⁴ CT, GA, MD, MI, MO, OH, OR, PA, WA, and WV.

²⁵ The core provider types are physicians (MD or DO), physician assistants (PA), certified nurse midwives (CNM), psychologists, and clinical social workers.

²⁶ AL, AK, AZ, AR, CA, CO, CT, DC, FL, GA, HI, ID, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NM, NY, NC, OH, OK, OR, PA, RI, SC, TN, TX, UT, VA, WA, WV, and WI.

²⁷ AK, AZ, AR, CA, CO, CT, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, MA, MI, MN, MS, MO, MT, NV, NM, NY, NC, OH, OK, OR, PA, RI, SC, TN, TX, UT, VA, WA, WV, and WI.

²⁸ AK, AZ, AR, CA, CO, FL, ID, IA, MD, MA, MI, MT, NV, NY, NC, OH, OR, RI, TX, WA, WV, and WI.

²⁹ AZ, FL, GA, ID, KY, ME, MD, MA, MI, MT, NM, NC, OH, OK, OR, SC, TX, VA, and WA.

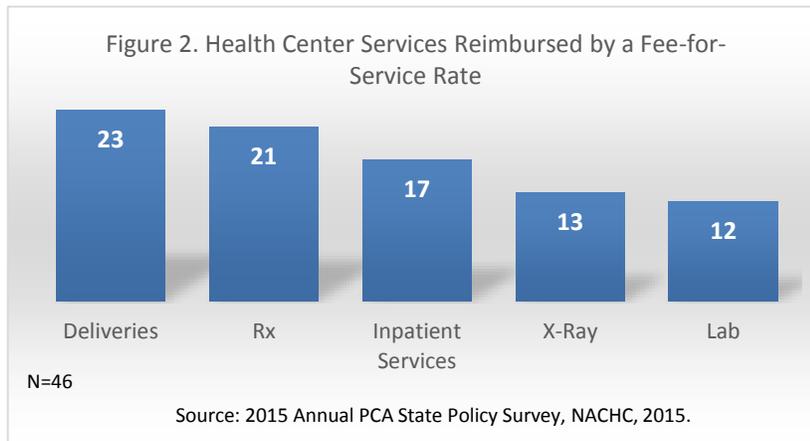
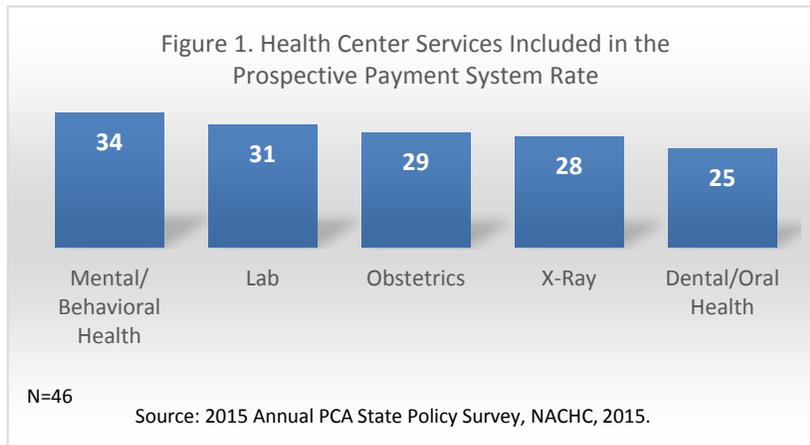
³⁰ FL, GA, ID, IL, KY, MI, NM, NC, OK, OR, RI, TX, VA, and WA.

³¹ AK, AZ, FL, IN, MI, NV, NY, OH, OR, UT, and WI.

³² AK, CT, FL, IN, MD, MA, OH, OK and OR.

³³ CA, CT, HI, NC, SC, and WA.

which include mental/behavioral health³⁴, lab³⁵, obstetrics³⁶, x-ray³⁷, and dental/oral health³⁸. Figure 2 shows the five health center services most commonly paid for by a FFS rate: deliveries³⁹, prescriptions⁴⁰, inpatient services⁴¹, x-ray⁴², and labs⁴³.



³⁴ AL, AK, AZ, CA, CO, CT, DC, FL, HI, ID, IN, IA, KS, KY, LA, ME, MD, MI, MN, MS, MO, NE, NY, OH, OK, OR, PA, RI, SC, TN, TX, VT, WV, and WI.

³⁵ AL, AK, AZ, AR, CA, CO, FL, GA, HI, ID, IL, IN, IA, KY, LA, MD, MI, MN, MS, MO, MT, NM, NY, OH, OR, PA, SC, TN, TX, UT, and WA.

³⁶ AL, AZ, AR, CA, NT, FL, GA, HI, IL, IN, IA, KY, LA, MI, MO, MT, NE, NV, NY, OH, OK, OR, RI, SC, TN, TX, UT, and WI.

³⁷ AL, AK, AZ, AR, CA, CO, GA, HI, ID, IL, IN, IA, KY, LA, MI, MN, MS, MO, MT, NM, NY, OH, OR, PA, TN, TX, UT, and WA.

³⁸ AL, AK, AZ, CA, CO, CT, DC, FL, GA, IN, IA, KS, KY, LA, MS, MO, NY, OH, OK, OR, SC, TX, UT, WV, and WI.

³⁹ AK, AR, CT, DC, FL, GA, HI, ID, IL, IN, KS, MD, MI, MS, MT, NV, NH, NY, OH, OK, SC, TX, and WV.

⁴⁰ AK, DC, HI, ID, IA, KS, KY, MI, MS, NV, NH, NY, NC, OH, OK, OR, RI, SC, VT, VA, and WV.

⁴¹ AR, FL, HI, ID, IL, IN, KS, MD, MI, MS, MT, NV, NH, OK, SC, TX, and WV.

⁴² DC, KS, ME, MD, MA, NV, NH, NC, OK, RI, SC, VT, and WV.

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