



## **HEALTH CENTERS AND HEALTH CARE REFORM: MEDICARE REIMBURSEMENT FOR HEALTH CENTERS**

*The Reconciliation Act of 2010 makes changes to Patient Protection and Affordable Care Act (PPACA). Together, the Reconciliation Act and PPACA are considered the final health care reform package.*

The Medicare Federally Qualified Health Center (FQHC) program was created in 1990 to ensure that America's medically underserved populations have access to a number of services, including Medicare-covered preventive and primary health care benefits. In 1992, regulations established a cap on Medicare FQHC payments. This cap has not been reviewed since its implementation 15 years ago. A 2003 NACHC analysis found that the payment cap adversely affects nearly 75% of all FQHCs.

### **PREVENTIVE SERVICES EXPANSION**

Section 5502 of the Patient Protection and Affordable Care Act expands the scope of services provided at FQHCs to include all preventive services covered under Medicare, for services provided on or after January 1, 2011.

### **DEVELOPMENT AND IMPLEMENTATION OF PROSPECTIVE PAYMENT SYSTEM (PPS)**

The Secretary *shall* develop a prospective payment system for payment for FQHC services furnished by FQHCs. This system shall include a process for appropriately describing the services furnished by FQHCs and shall establish payment rates for specific payment codes based on such appropriate descriptions of services. This system *shall* take into account the type, intensity, and duration of services furnished by FQHCs. Such system may include adjustments, including geographic adjustments, determined appropriate by the Secretary. In addition, both the outdated Medicare payment cap on FQHC payments and provider productivity screens are eliminated.

### **COLLECTION OF DATA AND EVALUATION**

*By not later than January 1, 2011*, the Secretary *shall* require FQHCs to submit to the Secretary such information as the Secretary may require in order to develop and implement the prospective payment system, including the reporting of services using HCPCS codes.

### **IMPLEMENTATION**

The Secretary *shall* provide, for cost reporting periods *beginning on or after October 1, 2014*, for payments of prospective payment rates for FQHCs furnished by FQHCs under this title in accordance with the prospective payment system developed by the Secretary.

### **INITIAL PAYMENTS**

The Secretary *shall* implement such prospective payment system so that the estimated aggregate amount of prospective payment rates, determined prior to the application of section, FQHC services in the first year that such system is implemented is equal to 100 percent of the estimated amount of reasonable costs determined without the application of a per visit payment limit or productivity screen that would have occurred for such services under this title in such year if the system had not been implemented.

### **PAYMENTS IN SUBSEQUENT YEARS**

Payment rates in subsequent years shall be the payment rates in the previous year increased, in the first year after implementation by the percentage increase in the MEI for the year, and in subsequent years by the percentage increase in a market basket of FQHC goods and services as promulgated through regulations, or if such an index is not available, by the percentage increase in the MEI for the year involved.

For more information contact NACHC's Division of Federal and State Affairs | [www.nachc.org](http://www.nachc.org).