

Summary of FQHC Provision in H.R. 6331

Background

Federally Qualified Health Centers (FQHCs) currently serve more than 1 million Medicare beneficiaries. Congress created the Medicare FQHC program in 1990 to ensure that America's medically underserved populations would have access to Medicare-covered preventive and primary health care benefits. According to statute, health centers were to be reimbursed for the reasonable cost of providing care to their Medicare patients. This payment methodology was intended to guarantee health centers could appropriately dedicate their federal grant dollars to providing care to the uninsured.

Problem

Over 15 years ago, the Centers for Medicare and Medicaid Services (then the Health Care Financing Administration) issued regulations establishing a per visit payment limit on the Medicare FQHC reimbursement (also known as the payment cap). This "cap" was based on limited data, with the intent to review and update as more data became available. The review never occurred, despite broad bipartisan requests in the form of sign-on letters in recent years from Congress.

Currently, over 75 % of FQHCs serving Medicare beneficiaries are at or exceed the payment cap, resulting in total financial losses today of more than \$50 million annually to centers nationwide. Because of the cap, FQHCs are forced to use valuable funds intended for the provision of care to the uninsured and other revenue sources to help subsidize the cost of care to Medicare beneficiaries. As the number of people served by Medicare continues to grow, the overall proportion of FQHC Medicare beneficiaries is likely to increase along with the total annual operating shortfall of the 75% of FQHCs serving these beneficiaries.

Provision in H.R. 6331

Section 151 of H.R. 6331 is an important first step in addressing the Medicare FQHC payment cap. The provision would increase the payment cap by \$5 in 2010, providing FQHCs with much needed relief from the outdated cap. This financial relief will allow FQHCs to dedicate more funds to providing much needed care to thousands of additional uninsured patients. It also calls for the GAO to study the adequacy of the Medicare FQHC payment structure, specifically the effects of the Medicare cap and the essential primary and preventive care services that FQHCs provide to their Medicare beneficiaries.

FQHCs currently serve over 1 million Medicare beneficiaries and that number is quickly growing. It represents the fastest growing population at health centers. As Congress continues to debate Medicare legislation, it is important to see this relief included in the final package in order to ensure FQHCs can continue to fulfill their mission of providing high quality primary and preventive care to their Medicare patients.