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Update to Rural Health Clinic (RHC) Payment Limits

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Note: We revised this article to reflect a revised CR 12185. In the article, we made minor changes to clarify the AIR is also the payment per visit (pages 1 and 2), added reference to a technical correction to section 1833 (f) of the Social Security Act (page 2), and we replaced the entire section on PB RHCs in a hospital with less than 50 beds (pages 2-4). We also changed the CR release date, transmittal number, and the web address of the CR.

Provider Types Affected

This MLN Matters Article is for Rural Health Clinics (RHCs) billing Medicare Administrative Contractors (MACs) for services provided to Medicare patients.

Provider Action Needed

This article tells you about the payment limit for RHCs effective April 1, 2021. Please be sure your billing staffs are aware of these updates.

Background

As Section 1833(f) of the Social Security Act (the Act) authorizes, Medicare makes Part B payment to independent RHCs at 80% of the All-Inclusive Rate (AIR). This is subject to a payment limit for medically necessary medical, mental, and qualified preventive face-to-face visits with an RHC practitioner and a Medicare patient for RHC services. CMS increases the payment limits for subsequent years using the rate of increase in the Medicare Economic Index (MEI).

Also, under Section 1833(f) of the Act, an RHC that is Provider-Based (PB) to a hospital with fewer than 50 beds is exempt from the national payment limit per visit. That is, a PB RHC's AIR (also referred to as payment per visit) is based on their average allowable costs determined at cost report settlement.

In the interim final rule with comment, published in the May 8, 2020, Federal Register (85 FR 27550-27529), we implemented a policy that excludes temporarily added surge capacity beds due to the Public Health Emergency (PHE) for the COVID-19 pandemic (defined at Section

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400.200) from a hospital's bed count (discussed at Section 412.105(b)) for the purposes of determining whether an RHC that's provider-based to that hospital is exempt from the national payment limit per visit.

Effective January 1, 2021, the RHC payment limit per visit for Calendar Year (CY) 2021 is $87.52. This payment limit applies to independent RHCs and RHCs that are provider-based to a hospital with 50 or more beds. We implemented this payment limit in CR 12035.

The Consolidated Appropriations Act of 2021, signed December 27, 2020, updated Section 1833(f) of the Act, by restructuring the payment limits for RHCs beginning April 1, 2021. Section 2 of H.R.1868 (P. L. 117-7), signed April 14, 2021, provided a technical correction to section 1833(f). The amendments made by this technical correction take effect as if included in the enactment of the Consolidated Appropriations Act of 2021(P. L. 116-260).

RHCs (except those with an exception to the payment limit as described below)

Beginning April 1, 2021, under Section 1833(f)(2) of the Act, RHCs will begin to receive an increase in their payment limit per visit over an 8-year period, with a prescribed amount for each year from 2021, through 2028. Then, in subsequent years, we update the limit by the percentage increase in MEI applicable to primary care services you furnish as of the first day of that year.

The RHC payment limit per visit over an 8-year period is as follows:

- In 2021, after March 31, at $100 per visit
- In 2022, at $113 per visit
- In 2023, at $126 per visit
- In 2024, at $139 per visit
- In 2025, at $152 per visit
- In 2026, at $165 per visit
- In 2027, at $178 per visit
- In 2028, at $190 per visit

PB RHCs in a hospital with less than 50 beds

A. Provider-based RHCs that are Determined to be Grandfathered

Beginning April 1, 2021, provider-based RHCs that meet the criteria in section 1833(f)(3)(B) of the Act are entitled to special payment rules, as described in Section 1833(f)(3)(A) of the Act. We consider PB RHCs that meet the criteria in Section 1833(f)(3)(B) of the Act to be "grandfathered" into the establishment of their payment limit per visit. Meaning, those PB RHCs that meet the following criteria will have a payment limit per visit established (beginning with services furnished 4/1/2021) based on their AIR. A "grandfathered provider-based RHC" is an RHC that --

- As of December 31, 2020, was in a hospital with less than 50 beds and after December 31, 2020, in a hospital that continues to have less than 50 beds (not taking into account

any increase in the number of beds pursuant to a waiver during the COVID-19 PHE); and 1 of the following circumstances:

- As of December 31, 2020, was enrolled in Medicare (including temporary enrollment during the COVID-19 PHE)
- Submitted an application for enrollment in Medicare (or a request for temporary enrollment during the COVID-19 PHE) that was received not later than December 31, 2020

With regard to the reference of the waiver during the COVID-19 PHE, we will take into account the policy we finalized in the interim final rule with comment, published in the May 8, 2020 Federal Register (85 FR 27550-27529). PB RHCs that were exempt from the statutory payment limit per visit pursuant to Section 1833(f)(3)(B) whose associated hospitals have experienced temporarily added surge capacity beds will be considered "grandfathered" in accordance with the policy set out in the May 8, 2020 IFC.

A grandfathered PB RHC will lose this designation if the hospital doesn't continue to have less than 50 beds. If this occurs, the PB RHC will be subject to the statutory payment limit per visit applicable for such year for RHCs (that is, section B.1. of CR 12185).

PB RHCs that are new beginning January 1, 2021, and after are subject to the statutory payment limit per visit applicable for such year for RHCs (that is, section B.1. of CR 12185).

B. Establishing payment limits for Grandfathered Provider-Based RHCs

In accordance with Section 1833 (f)(3)(A) of the Act, grandfathered PB RHCs will have a payment limit per visit based on their AIR and established in the following manner:

For provider-based RHCs that had a per visit payment amount (or AIR) established for services furnished in 2020, the payment limit per visit shall be at an amount equal to the greater of:

1. the per visit payment amount applicable to the provider-based RHC for services furnished in 2020, increased by the percentage increase in the MEI applicable to primary care services furnished as of the first day of 2021 (that is, CY 2021 MEI of 1.4 percent), or
2. the payment limit per visit applicable to RHCs ($100 as stated in section B.1. of CR 12185

Then, in a subsequent year (that is, after 2021), the PB RHC's payment limit per visit will be the greater of:

1. the payment limit per visit established for the previous year, increased by the percentage increase in MEI applicable to primary care services furnished as of the first day of such subsequent year, or
2. the payment limit per visit applicable to each year for RHCs (as stated in section B.1. of CR 12185

For PB RHCs that did not have a per visit payment amount (or AIR) established for services

furnished in 2020, the payment limit per visit shall be at an amount equal to the greater of:

1. the per visit payment amount applicable to the provider-based RHC for services furnished in 2021, or
2. the payment limit per visit applicable to RHCs (as stated in section B.1. of CR 12185

Then, in a subsequent year (that is, after 2022), the provider-based RHC's payment limit per visit will be the greater of:

1. the payment limit per visit established for the previous year, increased by the percentage increase in MEI applicable to primary care services furnished as of the first day of such subsequent year, or
2. the payment limit per visit applicable for such subsequent year for RHCs (as stated in section B.1. of CR 12185).

CMS plans to discuss certain policies and processes we used in establishing PB RHC's per visit payment amount in the CY 2022 Physician Fee Schedule rules.

More Information

We issued CR 12185 to your MAC as the official instruction for this change.

For more information, contact your MAC.

Document History

Date of Change	Description
May 4, 2021	Note: We revised this article to reflect a revised CR 12185. In the article, we made minor changes to clarify the AIR is also the payment per visit (pages 1 and 2), added reference to a technical correction to section 1833 (f) of the Social Security Act (page 2), and we replaced the entire section on PB RHCs in a hospital with less than 50 beds (pages 2-4). We also changed the CR release date, transmittal number, and the web address of the CR.
March 16, 2021	Initial article released.

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