Update to the Federally Qualified Health Center (FQHC) Prospective Payment System (PPS) for Calendar Year (CY) 2019 - Recurring File Update

MLN Matters Number: MM10990
Related Change Request (CR) Number: 10990

Related CR Release Date: October 25, 2018
Effective Date: January 1, 2019

Related CR Transmittal Number: R4155CP
Implementation Date: January 7, 2019

PROVIDER TYPES AFFECTED

This MLN Matters Article is intended for Federally Qualified Health Centers (FQHCs) billing Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

CR10990 informs MACs about the updates to the Prospective Payment System (PPS) base payment rate and the Geographic Adjustment Factors (GAFs) for the Federally Qualified Health Centers (FQHCs). Make sure that your billing staffs are aware of these changes.

BACKGROUND

Section 10501(i)(3)(A) of the Affordable Care Act added Section 1834(o) to the Social Security Act (the Act) to establish a payment system for the costs of FQHC services under Medicare Part B based on prospectively set rates. In the PPS for FQHC Final Rule published in the May 2, 2014, Federal Register (79 FR 25436), the Centers for Medicare & Medicaid Services (CMS) implemented a methodology and payment rates for FQHCs under the PPS beginning on October 1, 2014.

Under the FQHC PPS, Medicare pays FQHCs based on the lesser of their actual charges or the PPS rate for all FQHC services furnished to a beneficiary on the same day when the FQHC furnishes a medically necessary face-to-face FQHC visit to a Medicare beneficiary. Section 1834(o)(2)(B)(ii) of the Act requires that the payment for the first year after the implementation year be increased by the percentage increase in the Medicare Economic Index (MEI). In subsequent years, the FQHC PPS base payment rate is increased by the percentage increase in a market basket of FQHC goods and services, or if such an index is not available, by the percentage increase in the MEI.

Beginning in 2017, the FQHC PPS rate is updated annually by the FQHC market basket. Based
on historical data through second quarter 2018, the FQHC market basket for Calendar Year (CY) 2019 is 1.9 percent. From January 1, 2019 through December 31, 2019, the FQHC PPS base payment rate is $169.77. The 2019 base payment rate reflects a 1.9 percent increase above the 2018 base payment rate of $166.60.

In accordance with Section 1834(o)(1)(A) of the Act, the FQHC PPS base rate is adjusted for each FQHC by the FQHC Geographic Adjustment Factor (GAF), based on the Geographic Practice Cost Indices (GPCIs) used to adjust payment under the Physician Fee Schedule (PFS). The FQHC GAF is adapted from the work and practice expense GPCIs, and are updated when the work and practice expense GPCIs are updated for the PFS. For CY 2019, the FQHC PPS GAFs have been updated in order to be consistent with the statutory requirements.

**ADDITIONAL INFORMATION**


If you have questions, your MACs may have more information. Find their website at [http://go.cms.gov/MAC-website-list](http://go.cms.gov/MAC-website-list).

**DOCUMENT HISTORY**

<table>
<thead>
<tr>
<th>Date of Change</th>
<th>Description</th>
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<tbody>
<tr>
<td>November 21, 2018</td>
<td>Initial article released.</td>
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