

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 3147</b>	<b>Date: December 12, 2014</b>
	<b>Change Request 8980</b>

**SUBJECT: Calendar Year (CY) 2015 Rural Health Clinic (RHC) and Federally Qualified Health Centers (FQHC) Updates: Payment Rate Increases for RHCs and FQHCs Billing Under the All-Inclusive Rate System (AIR) and Urban and Rural Designations for FQHCs Billing Under the AIR**

**I. SUMMARY OF CHANGES:** This recurring update notification provides instructions for calendar year (CY) 2015 payment rate increases for RHCs and FQHCs billing under the AIR and updates to the urban and rural designations for FQHCs billing under the AIR.

**EFFECTIVE DATE: January 1, 2015**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: January 5, 2015**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

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**SUBJECT: Calendar Year (CY) 2015 Rural Health Clinic (RHC) and Federally Qualified Health Centers (FQHC) Updates: Payment Rate Increases for RHCs and FQHCs Billing Under the All-Inclusive Rate System (AIR) and Urban and Rural Designations for FQHCs Billing Under the AIR**

**EFFECTIVE DATE: January 1, 2015**

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**IMPLEMENTATION DATE: January 5, 2015**

## I. GENERAL INFORMATION

**A. Background:** This Recurring Update Notification provides instructions to the Medicare Administrative Contractors (MACs) for the CY 2015 payment rate increases for RHCs and FQHCs billing under the AIR. As authorized by §1833(f) of the Social Security Act (the Act), the payment limits for a subsequent year shall be increased in accordance with the rate of increase in the Medicare Economic Index (MEI). The RHC upper payment limit per visit for CY 2015 is \$80.44 effective January 1, 2015, through December 31, 2015. The 2015 RHC rate reflects a 0.8 percent increase above the 2014 payment limit of \$79.80. The FQHC upper payment limit per visit for urban FQHCs for CY 2015 is \$130.05 and the upper payment limit per visit for rural FQHCs is \$112.56 effective January 1, 2015, through December 31, 2015. The 2015 FQHC rates reflect a 0.8 percent increase above the 2014 rates of \$129.02 and \$111.67 in accordance with the rate of increase in the MEI.

This notification also provides instructions to the MACs regarding the urban and rural designations for FQHCs that are authorized to bill under the AIR system. Each FQHC site is designated as an urban or rural entity based on the urban and rural definitions in §1886(d)(2)(D) of the Act, which defines urban and rural for hospital payment purposes. If the FQHC is located within a Metropolitan Statistical Area (MSA), then the urban upper payment limit applies. If the FQHC is not in an MSA and cannot be classified as a large or other urban area, the rural upper payment limit applies. Rural FQHCs cannot be reclassified into an urban area for FQHC payment limit purposes.

The definition of urban and rural is based upon the most recent available data from the Bureau of Census and is issued by the Office of Management and Budget (OMB). OMB reviews its statistical area standards and delineations preceding each decennial census. On February 28, 2013, OMB issued "*OMB Bulletin No. 13-01*," which established revised delineations for its statistical areas and provided guidance on the use of these delineations. OMB defines an MSA as a Core-based Statistical Area (CBSA) associated with at least one urbanized area that has a population of at least 50,000, and defines a Micropolitan Statistical Area as a CBSA associated with at least one urban cluster that has a population of at least 10,000 but less than 50,000 (75 FR 37252).

On August 22, 2014, CMS published the FY 2015 Hospital Inpatient Prospective Payment System (IPPS) Final Rule (79 FR 49952). This final rule states CMS's policy for using OMB's revised CBSA delineations based on the 2010 Census data for updating the definitions of labor market or geographic areas for purposes of payment under the IPPS, effective October 1, 2014. For the IPPS, MSAs are defined as urban, and Micropolitan Statistical Areas and other non-urban areas are defined as rural. In addition, the IPPS definition of rural and urban is used to determine the rural or urban status of FQHC sites.

**B. Policy:** The effective date of January 1, 2015 for the RHC and FQHC payment rate increases to the AIR is necessary in order to update the payment rates in accordance with 1833(f) of the Act. To avoid unnecessary administrative burden, the contractor shall not retroactively adjust individual RHC/FQHC bills paid at previous upper payment limits. However, the contractor retains the discretion to make adjustments to the interim payment rate or a lump sum adjustment to total payments already made to take into account any

excess or deficiency in payments to date.

The MACs shall implement, effective January 1, 2015, the urban and rural designations as adopted in the August 22, 2014, FY 2015 IPPS final rule, for FQHCs that are authorized to bill under the AIR system. The *County to CBSA Crosswalk File* has been forwarded to the appropriate MACs for their use and can be accessed at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/FY2015-IPPS-Final-Rule-Home-Page-Items/FY2015-Final-Rule-Data-Files.html?DLPage=1&DLSort=0&DLSortDir=ascending>.

## II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
8980.1	Contractors shall increase the RHC upper payment limit per visit to (80.44) to reflect CY 2014 rate increase of (0.8) percent.	X								
8980.2	Contractors shall increase the FQHC upper payment limits per visit to reflect CY 2014 rate increase of (0.8) percent, for urban (\$130.05) and rural (\$112.56) areas.	X								
8980.3	Contractors shall not retroactively adjust individual RHC/FQHC bills paid at previous upper payment limits.	X								
8980.4	Contractors shall implement the urban and rural designations as adopted in the August 22, 2014, FY 2015 IPPS final rule, for FQHCs that are authorized to bill under the AIR system.	X								

## III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
8980.5	MLN Article : A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters"	X				

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H	M A C	
	listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.					

#### IV. SUPPORTING INFORMATION

##### Section A: Recommendations and supporting information associated with listed requirements:

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information: N/A**

#### V. CONTACTS

**Pre-Implementation Contact(s):** Corinne Axelrod, 410-786-5620 or corinne.axelrod@cms.hhs.gov , Simone Dennis, 410-786-8409 or simone.dennis@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

#### VI. FUNDING

##### Section A: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 0**