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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-04 Medicare Claims Processing | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 3627 | Date: October 14, 2016 |
| | Change Request 9829 |

NOTE: This Transmittal is no longer sensitive and is being re-communicated November 09, 2016. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.

SUBJECT: Announcement of Payment Rate Increases for Rural Health Clinics (RHCs) for Calendar Year (CY) 2017

I. SUMMARY OF CHANGES: This recurring update notification provides instructions for calendar year (CY) 2017 payment rate increases for RHCs.

EFFECTIVE DATE: January 1, 2017

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

IMPLEMENTATION DATE: January 3, 2017

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.*

| R/N/D | CHAPTER / SECTION / SUBSECTION / TITLE |
|--------------|---|
| 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 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.

IV. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

| | | | |
|-------------|-------------------|------------------------|----------------------|
| Pub. 100-04 | Transmittal: 3627 | Date: October 14, 2016 | Change Request: 9829 |
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SUBJECT: Announcement of Payment Rate Increases for Rural Health Clinics (RHCs) for Calendar Year (CY) 2017

EFFECTIVE DATE: January 1, 2017

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IMPLEMENTATION DATE: January 3, 2017

I. GENERAL INFORMATION

A. Background: This recurring update notification provides instructions to the Medicare Administrative Contractors for the CY 2017 payment rate increase for RHCs. 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). Based on historical data through second quarter 2016, CY 2017 MEI is 1.2 percent. The RHC upper payment limit per visit for CY 2017 is \$82.30 effective January 1, 2017 through December 31, 2017. The CY 2017 RHC rate reflects a 1.2 percent increase above the CY 2016 payment limit of \$81.32

B. Policy: The effective date of January 1, 2017 for the RHC payment rate increase is necessary in order to update the payment rate in accordance with 1833(f) of the Act. To avoid unnecessary administrative burden, the contractor shall not retroactively adjust individual RHC bills paid at a previous upper payment limit. 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.

II. BUSINESS REQUIREMENTS TABLE

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

| Number | Requirement | Responsibility | | | | | | | | | |
|--------|--|----------------|---|-------------|-------------|----------------------------------|-------------|-------------|-------------|-------|--|
| | | A/B MAC | | | D M E | Shared- System Maintainers | | | | Other | |
| | | A | B | H H H | | F I S S | M C S | V M S | C W F | | |
| 9829.1 | Contractors shall increase the RHC upper payment limit per visit to \$82.30 to reflect CY 2017 rate increase of 1.2 percent. | X | | | | | | | | | |
| 9829.2 | Contractors shall not retroactively adjust individual RHC bills paid at previous upper payment limits. | X | | | | | | | | | |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility | | | | |
|--------|---|----------------|---|-------------|-------------|------------------|
| | | A/B MAC | | | D M E | C E D I |
| | | A | B | H H H | M A C | |
| 9829.3 | MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" 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 5 business days after receipt of the notification from CMS announcing the availability of the 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. | X | | | | |

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