
CMS Manual System

Pub. 100-04 Medicare Claims Processing

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 390

Date: DECEMBER 10, 2004

CHANGE REQUEST 3575

SUBJECT: Announcement of Medicare Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) Payment Rate Increases – Skilled Nursing Facility (SNF) Consolidated Billing (CB) as it Applies to RHC and FQHC Service

I. SUMMARY OF CHANGES: This Recurring Update Notification provides instructions for the calendar year 2005 RHC and FQHC Payment Rate Increase as well as the coverage and payment of RHC/FQHC visits within the SNF setting.

NEW/REVISED MATERIAL - EFFECTIVE DATE*: January 1, 2005

IMPLEMENTATION DATE: January 3, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)

(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

III. FUNDING: Medicare contractors shall implement these instructions within their current operating budgets.

IV. ATTACHMENTS:

<input type="checkbox"/>	Business Requirements
<input type="checkbox"/>	Manual Instruction
<input type="checkbox"/>	Confidential Requirements
<input type="checkbox"/>	One-Time Notification
<input checked="" type="checkbox"/>	Recurring Update Notification

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

Attachment – Recurring Update Notification

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SUBJECT: Announcement of Medicare Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) Payment Rate Increases – Skilled Nursing Facility (SNF) Consolidated Billing (CB) as it Applies to RHC and FQHC Services

I. GENERAL INFORMATION

A. Background: This Recurring Update Notification provides instructions for the calendar year (CY) 2005 Payment Rate Increase for RHC and FQHC services as well as for the coverage and payment of RHC/FQHC visits furnished within the SNF setting.

Change in RHC and FQHC Payment Rates

RHCs:

The RHC upper payment limit per visit is increased from \$68.65 to \$70.78 effective January 1, 2005 through December 31, 2005 (i.e., CY 2005). The 2005 rate reflects a 3.1 percent increase over the 2004 payment limit in accordance with the rate of increase in the Medicare Economic Index (MEI) as authorized by §1833(f) of the Social Security Act.

FQHCs:

The FQHC upper payment limit per visit for urban FQHCs is increased from \$106.58 to \$109.88 effective January 1, 2005 through December 31, 2005 (i.e., CY 2005), and the maximum Medicare payment limit per visit for rural FQHCs is increased from \$91.64 to \$94.48 effective January 1, 2005 through December 31, 2005 (i.e., CY 2005). The 2005 FQHC rates reflect a 3.1 percent increase over the 2004 rates, in accordance with the rate of increase in the MEI.

The effective date of January 1, 2005, is necessary in order to update FQHC and RHC payment rates in accordance with §1833(f) of the Act. To avoid unnecessary administrative burden, the intermediary should not retroactively adjust individual RHC/FQHC bills paid at previous upper payment limits.

The intermediary does, however, retain 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.

RHC/FQHC Visits within the SNF Setting:

Prior to the enactment of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) Public Law 108-173, RHC and FQHC services were not on the list of services excluded from the SNF CB requirement. Consequently, when a SNF resident receives RHC or FQHC services during a covered Part A stay, the services were bundled into the SNF's comprehensive per diem payment for the covered stay itself, and are not separately billable as RHC or FQHC services to the Fiscal Intermediary (FI). This means that rather than submitting a separate bill to the FI for these services, the RHC or FQHC looked to the SNF for its payment.

However, Section 410 of the MMA of 2003 has amended the law (Section 4432 of the Balanced Budget Act of 1997 amended the statute to add a consolidated billing for SNFs in section 1862 (a) (18) of the Act) to specify that when a SNF Part A resident receives the services of a physician (or another type of practitioner that the law identifies as being excluded from SNF consolidated billing) from an RHC or FQHC, those services are not subject to CB merely by virtue of being furnished under the auspices of the RHC or FQHC. In accordance with this section of the MMA, services included within the scope of RHC and FQHC services that are also described in clause (ii) of section 1888(e)(2)(A) are excluded from the SNF consolidated billing provision. These services are limited to physicians, physician assistant, and nurse practitioner services. Only this subset of RHC/FQHC services may be covered and paid through the RHC/FQHC benefit when furnished to RHC/FQHC patients in a covered Part A SNF stay.

The MMA amendment enables such RHC and FQHC services to retain their separate identity as excluded “practitioner” services. As such, these RHC and FQHC services remain separately billable to the FI when furnished to a SNF resident during a covered Part A stay. The MMA specifies that this provision becomes effective with services furnished on or after January 1, 2005.

B. Policy: N/A

C. Provider Education: A Medlearn Matters provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.

II. BUSINESS REQUIREMENTS

“Shall” denotes a mandatory requirement

“Should” denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3575.1	Intermediaries shall increase the RHC upper payment limit to \$70.78 per visit to reflect FY '05 rate increase of 3.1 percent									All RHCs and intermediaries

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
F I S S	M C S					V M S	C W F			
3575.2	Intermediaries shall increase the FQHC upper payment limit per visit to reflect FY '05 rate increases of 3.1 percent for urban (\$109.88) and rural (\$ 94.48) areas.									All FQHCs and intermediaries
3575.3	Intermediaries shall not retroactively adjust individual RHC/FQHS bills paid at previous upper payment limits.									All FQHCs/RHCs and intermediaries

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: January 1, 2005</p> <p>Implementation Date: January 3, 2005</p> <p>Pre-Implementation Contact(s): Roechel Kujawa 410-786-9111 rkujawa@cms.hhs.gov</p> <p>Post-Implementation Contact(s): Roechel Kujawa 410-786-9111 rkujawa@cms.hhs.gov</p>	<p>Medicare Contractors shall implement these instructions within their current operating budgets.</p>
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