



Update to the Federally Qualified Health Center (FQHC) Prospective Payment System (PPS) for Calendar Year (CY) 2021 - Recurring File Update

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Related Change Request (CR) Number: 12046

Related CR Release Date: December 4, 2020

Effective Date: January 1, 2021

Related CR Transmittal Number: R10498CP

Implementation Date: January 4, 2021

PROVIDER TYPES AFFECTED

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

PROVIDER ACTION NEEDED

This article informs you about updates to the Prospective Payment System (PPS) base payment rate and the Geographic Adjustment Factors (GAFs) for the Federally Qualified Health Center (FQHC) Pricer. Make sure your billing staffs are aware of these changes.

BACKGROUND

Section 10501(i)(3)(A) of the Affordable Care Act (Pub. L. 111–148 and Pub. L. 111–152) added Section 1834(o) of 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 a medically necessary face-to-face FQHC visit is furnished to a Medicare beneficiary.

Beginning in 2017, CMS updates the FQHC PPS rate annually by the FQHC market basket. Based on historical data through the second quarter of 2020, the FQHC market basket for Calendar Year (CY) 2021 is 1.7 percent. **From January 1, 2021, through December 31, 2021, the FQHC PPS base payment rate is \$176.45. The 2021 base payment rate reflects a 1.7 percent increase above the 2020 base payment rate of \$173.50.**

Per Section 1834(o)(1)(A) of the Act, the FQHC PPS base rate is adjusted for each FQHC by

the FQHC 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 is updated when the work and practice expense GPCIs are updated for the PFS. For CY 2021, the FQHC PPS GAFs have been updated in order to be consistent with the statutory requirements.

ADDITIONAL INFORMATION

The official instruction, CR 12046, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10498cp.pdf>.

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

DOCUMENT HISTORY

Date of Change	Description
December 4, 2020	Initial article released.

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