



## Update to the Payment for Grandfathered Tribal Federally Qualified Health Centers (FQHCs) for Calendar Year (CY) 2021

MLN Matters Number: MM12202

Related Change Request (CR) Number: 12202

Related CR Release Date: March 31, 2021

Effective Date: July 1, 2021

Related CR Transmittal Number: R10684CP

Implementation Date: July 6, 2021

### PROVIDER TYPES AFFECTED

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This MLN Matters Article is for Tribal Federally Qualified Health Centers (FQHCs) billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients.

### PROVIDER ACTION NEEDED

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This article updates the FQHC Prospective Payment System (FQHC PPS) grandfathered tribal FQHC base payment rate. Make sure your billing staffs are aware of this update.

### BACKGROUND

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

Effective for dates of service on or after January 1, 2016, the following organizations may seek to become certified as grandfathered tribal FQHCs:

- Indian Health Service (IHS) and tribal facilities and organizations that met the conditions of 42 CFR [413.65\(m\)](#) on or before April 7, 2000, and:
  - Have changed their status on or after April 7, 2000, from IHS to tribal operation, or vice versa, or
  - Have realigned as a facility from one IHS or tribal hospital to another IHS or tribal hospital such that the organization no longer meets the Medicare Conditions of Participation (CoPs).

CMS requires that grandfathered tribal FQHCs meet all FQHC certification and payment requirements. The grandfathered PPS rate equals the Medicare outpatient per visit payment rate paid to them as a provider-based department, as set annually by the IHS.

We pay grandfathered tribal FQHCs the lesser of their charges or a grandfathered tribal FQHC PPS rate for all FQHC services furnished to a beneficiary during a medically necessary, face-to-face FQHC visit.

From January 1, 2021, through December 31, 2021, the grandfathered tribal FQHC PPS rate is \$414.00. FQHC claims (Type of Bill (TOB) 77X) for grandfathered tribal FQHCs you submitted with dates of service on or after January 1, 2021, through June 30, 2021, that we paid at the Calendar Year (CY) 2020 rate of \$427.00 will be adjusted and paid at the CY 2021 rate of \$414.00.

We will pay grandfathered tribal FQHC claims with dates of service on or after January 1, 2021, through December 31, 2021, at the CY 2021 rate of \$414.00 until we provide an updated payment rate for CY 2022.

The grandfathered tribal FQHC PPS rate won't be:

- Adjusted by the FQHC Geographic Adjustment Factors (GAFs)
- Eligible for the special payment adjustments under the FQHC PPS for new patients, patients receiving an Initial Preventive Physical Examination (IPPE) or an Annual Wellness Visit (AWV).

The rate is also ineligible for exceptions to the single per diem payment that's available to FQHCs paid under the FQHC PPS. Also, the FQHC market basket adjustment that Medicare applies annually to the FQHC PPS base rate won't apply to the grandfathered tribal FQHC PPS rate.

## ADDITIONAL INFORMATION

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The official instruction, CR 12202, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10684CP.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
March 31, 2021	Initial article released.

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