



## Update to the Federally Qualified Health Center (FQHC) Prospective Payment System (PPS) for Calendar Year (CY) 2020 - Recurring File Update

MLN Matters Number: MM11500

Related Change Request (CR) Number: 11500

Related CR Release Date: September 27, 2019 Effective Date: January 1, 2020

Related CR Transmittal Number: R4403CP Implementation Date: January 6, 2020

### PROVIDER TYPES AFFECTED

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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

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CR 11500 informs MACs 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

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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 FQHC furnishes a medically necessary face-to-face FQHC visit to a Medicare beneficiary.

Beginning in 2017, the FQHC PPS rate has been updated annually by the FQHC market basket. Based on historical data through second quarter 2019, the FQHC market basket for Calendar Year (CY) 2020 is 2.2 percent. **From January 1, 2020, through December 31, 2020, the FQHC PPS base payment rate is \$173.50. The 2020 base payment rate reflects a 2.2 percent increase above the 2019 base payment rate of \$169.77.**

In accordance with 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 are updated when the work and practice expense GPCIs are updated for the PFS. For CY 2020, the FQHC PPS GAFs have been updated to be consistent with the statutory requirements.

## ADDITIONAL INFORMATION

The official instruction, CR 11500, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/R4403CP>.

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
November 25, 2019	Initial article released.

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