

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



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## Federally Qualified Health Center

### RURAL HEALTH SERIES

The Hyperlink Table, at the end of this document, provides the complete URL for each hyperlink.

Learn about these Medicare-certified Federally Qualified Health Center (FQHC) topics:

- ❖ FQHC background
- ❖ FQHC certification
- ❖ FQHC services
- ❖ FQHC visits
- ❖ FQHC payment
- ❖ FQHC cost reports
- ❖ Lists of helpful websites and Regional Office Rural Health Coordinators

**Note:** The information in this publication does not necessarily apply to [Grandfathered Tribal FQHCs](#).



### FQHC BACKGROUND

The FQHC benefit under Medicare was added effective October 1, 1991, when [Section 1861\(aa\) of the Social Security Act](#) (the Act) was amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990. FQHCs are safety net providers that primarily provide services typically furnished in an outpatient clinic. FQHCs include community health centers, migrant health centers, health care for the homeless health centers, public housing primary care centers, and health center program “look-alikes.” They also include outpatient health programs or facilities operated by a tribe

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or tribal organization or by an urban Indian organization. FQHCs are paid based on the FQHC Prospective Payment System (PPS) for medically-necessary primary health services and qualified preventive health services furnished by a FQHC practitioner.

## FQHC CERTIFICATION

To be certified as an FQHC, an entity must meet **one** of these requirements:

- ❖ Is receiving a grant under Section 330 of the Public Health Service (PHS) Act ([42 United States Code Section 254a](#)) or is receiving funding from such a grant and meets other requirements
- ❖ Is not receiving a grant under Section 330 of the PHS Act but is determined by the Secretary of the Department of Health & Human Services (HHS) to meet the requirements for receiving such a grant (qualifies as a “FQHC look-alike”) based on the recommendation of the Health Resources and Services Administration
- ❖ Was treated by the Secretary of HHS for purposes of Medicare Part B as a comprehensive Federally-funded health center as of January 1, 1990
- ❖ Is operating as an outpatient health program or facility of a tribe or tribal organization under the Indian Self-Determination Act or as an urban Indian organization receiving funds under Title V of the Indian Health Care Improvement Act as of October 1991

For certification as an FQHC, the entity must meet **all** of these requirements:

- ❖ Provide comprehensive services and have an ongoing quality assurance program
- ❖ Meet other health and safety requirements
- ❖ Not be concurrently approved as a Rural Health Clinic

FQHCs that receive a Section 330 grant or are determined to be a FQHC look-alike must meet **all** requirements contained in Section 330 of the PHS Act, including:

- ❖ Serve a designated medically-underserved area or medically-underserved population
- ❖ Offer a sliding fee scale to persons with incomes below 200 percent of the Federal poverty level
- ❖ Be governed by a board of directors, of whom a majority of the members receive care at the FQHC

## FQHC SERVICES

FQHC services include:

- ❖ Physician services
- ❖ Services and supplies incident to the services of physicians
- ❖ Nurse practitioner (NP), physician assistant (PA), certified nurse-midwife (CNM), clinical psychologist (CP), and clinical social worker (CSW) services
- ❖ Services and supplies incident to the services of NPs, PAs, CNMs, CPs, and CSWs
- ❖ Medicare Part B-covered drugs furnished by and incident to services of a FQHC practitioner
- ❖ Visiting nurse services to the homebound in an area where CMS determined there is a shortage of home health agencies
- ❖ Outpatient diabetes self-management training (DSMT) and medical nutrition therapy (MNT) for patients with diabetes or renal disease furnished by qualified practitioners of DSMT and MNT

## FQHC VISITS

A FQHC visit is a medically-necessary face-to-face medical or mental health visit or a qualified preventive health visit between the patient and a physician, NP, PA, CNM, CP, or CSW during which time one or more qualified FQHC services are furnished. Transitional Care Management and Advance Care Planning can also be a FQHC visit. In certain limited situations, a FQHC visit may also include a visit by a registered professional nurse or a licensed practical nurse to a homebound patient.

FQHC visits may take place in **any** of these locations:

- ❖ The FQHC
- ❖ The patient's residence (including an assisted living facility)
- ❖ A Medicare-covered Part A Skilled Nursing Facility
- ❖ The scene of an accident

FQHC visits may **not** take place in either of these locations:

- ❖ An inpatient or outpatient hospital (including a Critical Access Hospital)
- ❖ A facility that has specific requirements that preclude FQHC visits

## FQHC PAYMENT

### *Medicare FQHC PPS*

Section 10501(i)(3)(A) of the Affordable Care Act (Public Law 111-148 and 111-152) added [Section 1834\(o\)\(2\) of the Act](#) to establish the FQHC PPS for cost reporting periods beginning on or after October 1, 2014. FQHCs transitioned to the FQHC PPS between October 1, 2014, and December 31, 2015.

FQHCs must include a FQHC payment code on their claim for payment. They are paid 80 percent of the lesser of their charges based on the FQHC payment codes or the FQHC PPS rate (a national encounter-based rate with geographic and other adjustments). Beginning on January 1, 2017, the FQHC PPS base payment rate is updated annually using the FQHC market basket. For calendar year 2017, the market basket update under the FQHC PPS is 1.8 percent.

### *Per-Diem Payment and Exceptions*

Encounters with more than one FQHC practitioner on the same day, regardless of the length or complexity of the visit or multiple encounters with the same FQHC practitioner on the same day, constitute a single visit, except when the patient has one of these:

- ❖ An illness or injury requiring additional diagnosis or treatment subsequent to the first encounter (for example, the patient sees the practitioner in the morning for a medical condition and later in the day has a fall and returns to the FQHC)
- ❖ A qualified medical visit and a qualified mental health visit on the same day

### *Payment Adjustments*

These adjustments apply to the FQHC PPS payment rate:

- ❖ FQHC Geographic Adjustment Factor
- ❖ New patient adjustment
- ❖ Initial Preventive Physical Examination (IPPE) or Annual Wellness Visit (AWV) adjustment

## ***Charges and Payment***

FQHCs set their own charges for the services they provide and determine which services to include in the bundle of services associated with each FQHC G code. Charges must be uniform for all patients.

To find the specific FQHC payment codes to use when submitting claims under the PPS and a list of billable visits, visit the [FQHC webpage](#).

Payment is for professional services only. Laboratory tests (excluding venipuncture) and the technical component of billable visits are paid separately. Procedures are included in the payment of an otherwise qualified visit and are not separately billable. If a procedure is associated with a qualified visit, include the charges for the procedure on the claim with the visit.

## ***Coinsurance***

Coinsurance is 20 percent of the lesser of the FQHC's charge for the specific payment code or the PPS rate, except for certain preventive services. There is no Part B deductible in FQHCs for FQHC-covered services. Patient cost-sharing requirements for most Medicare-covered preventive services are waived, and Medicare pays 100 percent of the costs for these services. No coinsurance is required for the IPPE, AWV, and any covered preventive services recommended with a grade of A or B by the United States Preventive Services Task Force. For a complete list of preventive services and their coinsurance requirements, refer to the [Federally Qualified Health Center \(FQHC\) Preventive Services Chart](#).

## ***Influenza and Pneumococcal Vaccine***

Influenza and pneumococcal vaccines and their administration are paid at 100 percent of reasonable cost through the cost report. The cost is included in the cost report and no visit is billed. FQHCs must include these charges on the claim if they are furnished as

part of an encounter. If the administration of the vaccine is the only service furnished on that day, no claim is filed. The beneficiary coinsurance is waived.

## ***Hepatitis B Vaccine (HBV)***

The HBV and its administration are included in the FQHC visit and are not separately billable. If a qualifying FQHC visit is furnished on the same day as the HBV, report the charges for the vaccine and related administration on a separate line item to ensure that coinsurance is not applied.

## ***Telehealth Services***

FQHCs are authorized to serve as an originating site for telehealth services if the FQHC is located in a qualifying area. An originating site is the location of an eligible Medicare patient at the time the service being furnished via a telecommunications system occurs. FQHCs that serve as an originating site for telehealth services are paid an originating site facility fee.

FQHCs are not authorized to serve as a distant site for telehealth consultations. A distant site is the location of the practitioner at the time the telehealth service is furnished. The cost of a visit may not be billed or included on the cost report.

## ***Chronic Care Management (CCM) Services***

As of January 1, 2016, FQHCs may receive an additional payment for the costs of CCM services when a minimum of 20 minutes of qualified CCM services are furnished to a Medicare patient who has two or more chronic conditions that:

- ❖ Are expected to last at least 12 months or until his or her death
- ❖ Place him or her at significant risk of death, acute exacerbation/ decompensation, or functional decline

CCM payment is based on the Medicare Physician Fee Schedule national average non-facility payment rate when Current Procedural Terminology (CPT) code 99490 is billed alone or with other payable services on a FQHC claim. Coinsurance is applied and the FQHC face-to-face requirements are waived for CCM services.

## FQHC COST REPORTS

FQHCs must file a cost report annually and are paid for the costs of graduate medical education, bad debt, and influenza and pneumococcal vaccines and their administration through the cost report. FQHCs use [Form CMS-224-14](#), Federally Qualified Health Center Cost Report, to file a cost report.

Provider-based FQHCs must complete the appropriate worksheet designated for FQHC services within the parent provider's cost report.

## RESOURCES

This table provides FQHC resource information.

### FQHC Resources

For More Information About...	Resource
FQHCs	<a href="https://www.cms.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html">CMS.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html</a> <a href="#">Chapter 13 of the Medicare Benefit Policy Manual (Publication 100-02)</a> <a href="#">Chapter 9 of the Medicare Claims Processing Manual (Publication 100-04)</a>
FQHC PPS	<a href="https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS">CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS</a>
CCM Services	<a href="#">Chronic Care Management (CCM) Services for Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs)</a> <a href="#">Chronic Care Management Services</a>
All Available Medicare Learning Network® (MLN) Products	<a href="#">MLN Catalog</a>
Provider-Specific Medicare Information	<a href="#">MLN Guided Pathways: Provider Specific Medicare Resources</a>
Medicare Information for Patients	<a href="https://www.Medicare.gov">Medicare.gov</a>

## Hyperlink Table

Embedded Hyperlink	Complete URL
Grandfathered Tribal FQHCs	<a href="https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/Grandfathered-Tribal-FQHCs.html">https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/Grandfathered-Tribal-FQHCs.html</a>
Section 1861(aa) of the Social Security Act	<a href="https://www.ssa.gov/OP_Home/ssact/title18/1861.htm">https://www.ssa.gov/OP_Home/ssact/title18/1861.htm</a>
42 United States Code Section 254a	<a href="https://www.gpo.gov/fdsys/pkg/USCODE-2015-title42/pdf/USCODE-2015-title42-chap6A-subchapII-partD.pdf">https://www.gpo.gov/fdsys/pkg/USCODE-2015-title42/pdf/USCODE-2015-title42-chap6A-subchapII-partD.pdf</a>
Section 1834(o)(2) of the Act	<a href="https://www.ssa.gov/OP_Home/ssact/title18/1834.htm">https://www.ssa.gov/OP_Home/ssact/title18/1834.htm</a>
FQHC webpage	<a href="https://www.cms.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html">https://www.cms.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html</a>
Federally Qualified Health Center (FQHC) Preventive Services Chart	<a href="https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/Downloads/FQHC-Preventive-Services.pdf">https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/Downloads/FQHC-Preventive-Services.pdf</a>
Form CMS-224-14	<a href="https://www.cms.gov/Regulations-and-Guidance/Legislation/PaperworkReductionActof1995/PRA-Listing-Items/CMS-224-14.html">https://www.cms.gov/Regulations-and-Guidance/Legislation/PaperworkReductionActof1995/PRA-Listing-Items/CMS-224-14.html</a>
Chapter 13 of the Medicare Benefit Policy Manual	<a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c13.pdf">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c13.pdf</a>
Chapter 9 of the Medicare Claims Processing Manual	<a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c09.pdf">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c09.pdf</a>
Chronic Care Management (CCM) Services for Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs)	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9234.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9234.pdf</a>
Chronic Care Management Services	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/ChronicCareManagement.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/ChronicCareManagement.pdf</a>
MLN Catalog	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MLNCatalog.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MLNCatalog.pdf</a>
MLN Guided Pathways: Provider Specific Medicare Resources	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Provider_Specific_booklet.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Provider_Specific_booklet.pdf</a>

## HELPFUL WEBSITES

### American Hospital Association Rural Health Care

<http://www.aha.org/advocacy-issues/rural>

### Critical Access Hospitals Center

<https://www.cms.gov/Center/Provider-Type/Critical-Access-Hospitals-Center.html>

### Disproportionate Share Hospitals

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/dsh.html>

### Federally Qualified Health Centers Center

<https://www.cms.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html>

### Health Resources and Services Administration

<https://www.hrsa.gov>

### Hospital Center

<https://www.cms.gov/Center/Provider-Type/Hospital-Center.html>

### Medicare Learning Network®

<http://go.cms.gov/MLNGenInfo>

### National Association of Community Health Centers

<http://nachc.org>

### National Association of Rural Health Clinics

<http://narhc.org>

### National Rural Health Association

<https://www.ruralhealthweb.org>

### Rural Health Clinics Center

<https://www.cms.gov/Center/Provider-Type/Rural-Health-Clinics-Center.html>

### Rural Health Information Hub

<https://www.ruralhealthinfo.org>

### Swing Bed Providers

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/SwingBed.html>

### Telehealth

<https://www.cms.gov/Medicare/Medicare-General-Information/Telehealth>

### U.S. Census Bureau

<http://www.census.gov>

## REGIONAL OFFICE RURAL HEALTH COORDINATORS

To find contact information for CMS Regional Office Rural Health Coordinators who provide technical, policy, and operational assistance on rural health issues, refer to [CMS.gov/Outreach-and-Education/Outreach/OpenDoorForums/Downloads/CMSRuralHealthCoordinators.pdf](https://www.cms.gov/Outreach-and-Education/Outreach/OpenDoorForums/Downloads/CMSRuralHealthCoordinators.pdf).



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