



FEDERALLY QUALIFIED HEALTH CENTER

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Learn about Federally Qualified Health Center (FQHC) topics:

- Background
- FQHC services
- Certifying as an FQHC
- FQHC visits
- FQHC payments
- Cost reports
- Resources
- Helpful websites and Regional Office Rural Health Coordinators

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

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Background

[Social Security Act \(SSA\) § 1861\(aa\)](#) provides additional Medicare payments to FQHCs. FQHCs are safety net providers that provide services typically given in an outpatient clinic.

FQHCs include:

- Community health centers
- Migrant health centers
- Health care for the homeless health centers
- Public housing primary care centers
- Health center program “look-alikes”
- Outpatient health programs or facilities operated by a tribe or tribal organization or by an urban Indian organization

Medicare pays FQHCs based on the FQHC Prospective Payment System (PPS) for medically necessary primary health services and qualified preventive health services given by an FQHC practitioner.

FQHC Patient Services

FQHCs provide:

- Physician services
- Services and supplies “incident to” physician services
- Nurse practitioner (NP), physician assistant (PA), certified nurse-midwife (CNM), clinical psychologist (CP), and clinical social worker (CSW) services
- Services and supplies given “incident to” NP, PA, CNM, CP or CSW services
- Medicare Part B-covered drugs given “incident to” FQHC practitioner services
- Visiting nurse services to the homebound in an area where the Centers for Medicare and Medicaid Services (CMS) certified 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 given by qualified practitioners of DSMT and MNT and when provided in a one-on-one, face-to-face visit
- Certain care management services, such as transitional care management (TCM), chronic care management (CCM), general behavioral health integration (BHI), and psychiatric collaborative care model (CoCM) services
- Certain [virtual communication](#) services such as communications-based technology and remote evaluation services

Certifying as an FQHC

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

- Get a grant under Section 330 of the Public Health Service (PHS) Act ([42 United States Code \[U.S.C.\] § 254a](#)) or is funded by the same grant contracted to the recipient
- **Not** getting a grant under Section 330 of the PHS Act but the Secretary of the Department of Health & Human Services (HHS) allows such a grant, which qualifies the entity as an “FQHC look-alike” based on a Health Resources and Services Administration (HRSA) recommendation
- Treated by the Secretary of HHS as a comprehensive Federally funded health center as of January 1, 1990, for purposes of Medicare Part B
- 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 getting funds under Title V of the Indian Health Care Improvement Act as of October 1991

FQHC certification requires the entity to meet **all** these requirements:

- Provide comprehensive services and have an ongoing quality assurance program including an annual review
- Meet all health and safety requirements
- Not concurrently approved as a Rural Health Clinic
- Meet **all** requirements in Section 330 of the PHA, including:
 - Serve a designated Medically-Underserved Area (MUA) or Medically-Underserved Population (MUP)
 - Offer a sliding fee scale to persons with incomes below 200 percent of the Federal poverty guidelines
 - Governed by a board of directors, where the majority of members get care at the FQHC

FQHC Visits

FQHC visits **must**:

- Be medically necessary
- Be face-to-face medical or mental health visits or qualified preventive health visits between the patient and an FQHC practitioner (physician, NP, PA, CNM, CP, or CSW), and the practitioner gives one or more qualified FQHC services
- In certain limited situations, include a registered nurse or a licensed practical nurse visit to a homebound patient
- Under certain conditions, a qualified practitioner gives outpatient DSMT or MNT services when the FQHC meets the relevant program requirements to provide these services

FQHC visits **may** take place:

- In the FQHC
- At the patient's home, including an assisted living facility
- In a Medicare-covered Part A Skilled Nursing Facility (SNF)
- At the scene of an accident

FQHC visits **cannot** take place at:

- An inpatient or outpatient hospital department, including a Critical Access Hospital
- A facility with specific requirements that exclude FQHC visits

FQHC Payments

Medicare FQHC PPS

[SSA § 1834\(o\)\(2\)](#) established the FQHC PPS for cost reporting periods beginning October 1, 2014. FQHCs transitioned to the FQHC PPS between then and December 31, 2015.

- FQHCs must include an FQHC payment code on their claim.
- Medicare pays claims at 80 percent of the lesser of the FQHC charges based on their payment codes or the FQHC PPS rate (a national encounter-based rate with geographic and other adjustments).
- CMS annually updates the FQHC PPS base payment rate using the FQHC market basket. For calendar year 2019, the market basket update under the FQHC PPS is 1.9 percent and the FQHC PPS base payment rate is \$169.77.
- 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.
- Medicare waives Part B coinsurance and deductible for the U.S. Preventive Services Task Force-recommended grade A or B preventive services, such as the Initial Preventive Physical Examination (IPPE), and Annual Wellness Visit (AWV). For more information, refer to [FQHC Preventive Services Chart](#) and learn about preventive services, including [coinsurance and deductible requirements](#).
- There is no payable Part B deductible for services under the FQHC benefit, except for telehealth services.

Per-Diem Payment and Exceptions

More than one visit with an FQHC practitioner on the same day, or multiple visits with the same FQHC practitioner on the same day, counts as a single visit, except when:

- The patient suffers an illness or injury that requires additional diagnosis or treatment on the same day. For example, a beneficiary sees their practitioner in the morning for a medical condition and later in the day falls and returns to the FQHC.
- A patient has a qualified medical visit and a qualified mental health visit on the same day.
- A patient has an IPPE and a separate medical and/or 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
- An IPPE or AWW adjustment

Charges and Payment

FQHCs set their own charges for their services and determine which services to include with each FQHC G code. Patient charges must be uniform.

For more information about FQHC payment codes when submitting claims under the PPS and a list of billable visits, refer to the [FQHC webpage](#).

Payment is for professional services only. Medicare pays laboratory tests (excluding venipuncture) and the technical component of billable visits separately. Medicare includes procedures in the payment of an otherwise qualified visit not separately billable. If a procedure is associated with a qualified visit, include the charges for the procedure on the claim with the visit.

Chronic Care Management Services (CCM) or General Behavioral Health Integration (BHI)

January 1, 2016–December 31, 2017: Medicare paid CCM or general BHI services based on the **PFS national average non-facility payment rate** when CPT code 99490 (30 minutes or more of CCM services) was billed alone or with other payable services on an FQHC claim.

January 1, 2018–December 31, 2018: Medicare pays CCM or general BHI services at the **average of the national non-facility PFS payment rate** for CPT codes 99490 (30 minutes or more of CCM services), 99487 (60 minutes or more of complex CCM services), and 99484 (20 minutes or more of general behavioral health integration services), when general care management HCPCS code G0511 is on an FQHC claim, either alone or with other payable services.

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January 1, 2019, and after: Medicare pays CCM or general BHI services at the **average of the national non-facility PFS payment rate** for CPT codes 99490, 99487, 99484, and 99491 (30 minutes or more of CCM furnished by a physician or other qualified health care professional), when general care management HCPCS code G0511 is on an FQHC claim, either alone or with other payable services.

Coinsurance for care management services is 20 percent of lesser of submitted charges or the payment rate for G0511. Report care management costs in the non-reimbursable section of the cost report and do not determine the FQHC PPS rate.

You can bill G0511 once per month per patient when you give at least 20 minutes of CCM services or at least 20 minutes of general BHI services and your services meet all other requirements. The FQHC can only count services from an FQHC practitioner or auxiliary personnel within the scope of service elements toward the 20 minute minimum for billing general care management services and **does not** include administrative activities such as transcription or translation services.

Psychiatric Collaborative Care Model (CoCM)

Beginning January 1, 2019, Medicare pays at the national non-facility physician fee schedule (PFS) payment rate for CPT code 99492 (70 minutes or more of initial psychiatric CoCM services) and CPT code 99493 (60 minutes or more of subsequent psychiatric CoCM services), and HCPCS code G0512 is on an FQHC claim either alone or with other payable services.

Influenza and Pneumococcal Vaccine

Medicare pays influenza and pneumococcal vaccines and their administration 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 part of a visit. If the vaccine administration is the only service given on that day, no claim is filed, and the patient coinsurance is waived.

Hepatitis B Vaccine (HBV) Administration and Payment

Medicare includes the HBV and its administration in the FQHC visit. They are not separately billable. If a qualifying FQHC visit given 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.

Payment for Telehealth Services

FQHCs can serve as telehealth services originating sites if they are in a qualifying area. An originating site is where an eligible Medicare patient is during the telehealth service. FQHCs that serve as originating sites for telehealth services get an originating site facility fee. Although FQHC services are not subject to deductible, you must apply the deductible when an FQHC bills for the telehealth originating site facility fee. This fee is not considered an FQHC service.

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

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Virtual Communication Services

Starting January 1, 2019, Medicare pays FQHCs for Virtual Communication Services when an FQHC practitioner gives a patient at least 5 minutes of a billable FQHC communication technology-based or remote evaluation service. The patient must have had a billable visit within the previous year, and the services must meet **both** the following requirements:

- The patient did not get any FQHC-related services within the previous 7 days of the virtual medical discussion or remote evaluation
- The patient needs no FQHC service within the next 24 hours or at the soonest available appointment

Medicare requires FQHCs submit Virtual Communication Services claims for HCPCS code G2012 (communication technology-based services), and HCPCS code G2010 (remote evaluation services), when the virtual communication HCPCS code, G0071, is on an FQHC claim, either alone or with other payable services.

When an FQHC practitioner gives a patient Virtual Communication Services, Medicare waives the FQHC face-to-face requirements and applies the coinsurance. For more information, refer to the [Virtual Communication Services Frequently Asked Questions](#).

Cost Reports

FQHCs must file an annual cost report using [Form CMS-224-14](#), Federally Qualified Health Center Cost Report, to determine their payment rate and reconcile interim payments, including payment for graduate medical education adjustments, bad debt, and influenza and pneumonia vaccines and their administration.

Provider-based FQHCs must complete the appropriate worksheet for FQHC services within the parent provider's cost report. To find more cost reports and forms, refer to the [Provider Reimbursement Manual – Part 2](#).

Resources

Table 1. Resources

For More Information About...	Resource
Care Management Services in Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) Frequently Asked Questions	CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/Downloads/FQHC-RHC-FAQs.pdf
CCM Services	CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9234.pdf CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/ICN909188.html
Connected Care: The Chronic Care Management Resource Webpage	Go.CMS.gov/ccm
FQHCs	CMS.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c13.pdf CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c09.pdf
FQHC PPS	CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS
FQHC PPS Update	CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM10990.pdf

Table 2. Hyperlink Table

Embedded Hyperlink	Complete URL
42 United States Code [U.S.C.] § 254a	https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section254a&num=0&edition=prelim
Coinsurance and Deductible Requirements	https://www.medicare.gov/your-medicare-costs
FQHC Preventive Services Chart	https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/Downloads/FQHC-Preventive-Services.pdf
Form CMS-224-14	https://www.cms.gov/Regulations-and-Guidance/Legislation/PaperworkReductionActof1995/PRA-Listing-Items/CMS-224-14.html
FQHC Webpage	https://www.cms.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html
Grandfathered Tribal FQHCs	https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/Grandfathered-Tribal-FQHCs.html
Provider Reimbursement Manual – Part 2	https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021935.html
SSA § 1834(o)(2)	https://www.ssa.gov/OP_Home/ssact/title18/1834.htm
Social Security Act (SSA) § 1861(aa)	https://www.ssa.gov/OP_Home/ssact/title18/1861.htm
Virtual Communication Services Frequently Asked Questions Virtual Communication	https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/FQHCPPS/Downloads/VCS-FAQs.pdf

Helpful Websites

American Hospital Association Rural Health Care

<https://www.aha.org/advocacy/small-or-rural>

CMS Rural Health

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

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>

Federal Office of Rural Health Policy

<https://www.hrsa.gov/rural-health>

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://www.nachc.org>

National Association of Rural Health Clinics

<https://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/SNFFPS/SwingBed.html>

Telehealth

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

Telehealth Resource Centers

<https://www.telehealthresourcecenter.org>

U.S. Census Bureau

<https://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 help 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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