CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 11718	**Date: November 23, 2022**
	Change Request 12999

SUBJECT: Update to Rural Health Clinic (RHC) All Inclusive Rate (AIR) Payment Limit for Calendar Year (CY) 2023

I. SUMMARY OF CHANGES: This recurring update notification updates the payment limit for CY 2023 Rural Health Clinics (RHCs) in Chapter 9, Section 20.2 - "Payment Limit under the AIR" of the Claims Processing Manual.

EFFECTIVE DATE: January 1, 2023
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 3, 2023

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 11718	Date: November 23, 2022	Change Request: 12999

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I. GENERAL INFORMATION

A. Background:

1. As authorized by section 1833(f) of the Social Security Act (the Act), Medicare Part B payment to RHCs is 80 percent of the AIR, subject to a payment limit for medically necessary medical, and qualified preventive face-to-face visits with a practitioner and a Medicare beneficiary for RHC services.

In accordance with section 1833(f)(2) of the Act, beginning April 1, 2021, RHCs receive an increase in their payment limit per visit over an 8-year period, with a prescribed amount for each year from 2021 through 2028. Then, in subsequent years, the limit is updated by the percentage increase in the Medicare Economic Index (MEI) applicable to primary care services furnished as of the first day of that year.

In addition, beginning April 1, 2021, provider-based RHCs that meet the qualifications in section 1833(f)(3)(B) of the Act, are entitled to special payment rules that establish a payment limit based on the specified provider-based RHC's per visit payment amount (or AIR) instead of the national statutory payment limit. For entitlement to the special payment rules, a specified provider-based RHC (grandfathered RHC) is an RHC that --

-As of December 31, 2020, was in a hospital with less than 50 beds and after December 31, 2020 in a hospital that continues to have less than 50 beds (not taking into account any increase in the number of beds pursuant to a waiver during the Public Health Emergency (PHE) for Coronavirus Disease 2019 (COVID-19)); and one of the following circumstances:

--As of December 31, 2020, was enrolled in Medicare (including temporary enrollment during the PHE for COVID-19); or

--Submitted an application for enrollment in Medicare (or a request for temporary enrollment during the PHE for COVID-19) that was received not later than December 31, 2020.

Change Request (CR) 12185 implemented the increase in the RHC statutory payment limit per visit and established the specified provider-based RHC payment limits per visit, which went in effect on April 1, 2021. Note: the term "specified" is used synonymously with the term "grandfathered" for this Change Request and CR 12185.

B. Policy: For CY 2023:

1. Independent RHCs and provider-based RHCs in a hospital with 50 or more beds

The RHC payment limit per visit for CY 2023 is $126.00.

2. Specified (that is, grandfathered) provider-based RHCs with an April 1, 2021 established payment limit

For specified provider-based RHCs that continue to meet the qualifications in section 1833(f)(3)(B) of the Act, the payment limit per visit for CY 2023 is an amount equal to the greater of:

1. the payment limit per visit beginning January 1, 2022, increased by the percentage increase in MEI applicable to primary care services furnished as of the first day of CY 2023 (that is, 3.8 percent*), or

2. the RHC national statutory payment limit per visit for CY 2023 (that is, $126 per visit).

For specified provider-based RHCs that no longer meet the qualifications in section 1833(f)(3)(B) of the Act, the payment limit per visit for CY 2023 is national statutory payment limit per visit for CY 2023 (that is, $126 per visit)

3. Specified provider-based RHCs that do not have an April 1, 2021 established payment limit due to a pending final settled cost report.

In accordance with section 1833(f)(3)(A) of the Act, specified provider-based RHCs that did not have a per visit

payment amount (or AIR) established for services furnished in CY 2020 will have a payment limit per visit

based on their AIR and established at an amount equal to the greater of:

1. the per visit payment amount applicable to the provider-based RHCs for services furnished in 2021,

or

2. the RHC national statutory payment limit per visit for CY 2023 (that is, $126 per visit).

Cost Report Data Requirements and Applicability of the 2021 MEI Percentage Increase

This CR is providing clarification regarding the timing of cost reports that should be used to establish the payment limit for specified provider-based RHCs. That is, MACs shall use 12-consecutive month final settled cost reports and not final settled short period cost reports (less than 12-consecutive months).

For purposes of establishing the payment limit effective April 1, 2021 for specified provider-based RHCs defined in section 1833(f)(3)(A)(i)(I) of the Act, that is, ***had an AIR established*** for services furnished in 2020, MACs shall use the cost report ending in 2020 that reports costs for 12-consecutive months. If the RHC does not have a 12-consecutive month cost report ending in 2020, the MACs shall use the next available 12-consecutive month cost report that reports costs for RHC services furnished in 2020, (for example, a cost reporting period October 1, 2020 through September 30, 2021 would be acceptable).

For purposes of establishing the payment limit effective April 1, 2021 for specified provider-based RHCs defined in section 1833(f)(3)(A)(i)(II) of the Act (that is, those that ***did not have an AIR established*** for services furnished in 2020), the MACs shall use the cost report ending in 2021 that reports costs for 12 consecutive months. If the RHC does not have a 12-consecutive month cost report ending in 2021, the MACs shall use the next most-recent final settled cost report that reports cost for 12 consecutive months. In addition, when determining the per visit payment amount applicable to the provider-based RHCs for services furnished in 2021, the 2021 MEI percentage increase update would not be applied (as stated in section B.3 of this CR).

Note: MACs should not combine cost report data to equal a 12-consecutive month cost report.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME	Shared-System Maintainers				Other
		A	B	HHH	MAC	FISS	MCS	VMS	CWF	
12999.1	Contractors shall increase the RHC payment limit per visit for independent RHCs and provider-based RHCs in a hospital with 50 or more beds to $126.00 to reflect CY 2023 rate.	X								
12999.2	Contractors shall confirm the specified provider-based RHC continues to meet the qualifications in section 1833(f)(3)(B) of the Act as discussed in the Background.	X								
12999.2.1	Contractors shall increase the specified provider-based RHC payment limit per visit as described in section B.2. of this change request, if the specified provider based RHC continues to meet the qualifications.	X								
12999.2.2	Contractors shall set the provider-based RHC's payment limit per visit as $126.00 to reflect CY 2023 rate, if the specified provider based RHC does not continue to meet the qualifications.	X								
12999.3	Contractors shall establish the payment limit per visit for specified provider-based RHCs as described in section B.3 of this Change Request.	X								
12999.4	Contractors shall use a 12-consecutive month final settled cost report for establishing specified provider-based payment limits effective April 1, 2021.	X								
12999.5	Contractors shall not retroactively adjust individual RHC bills paid at previous	X								

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	upper payment limits. However, contractors should make adjustments to the interim payment rate or a lump sum adjustment to total payments already made to take into account any excess or deficiency in payments to date.									
12999.6	Contractors shall complete these updates during their scheduled rate review.	X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
12999.7	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the "MLN Connects" listserv to get MLN content notifications. You don't need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.	X				

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Michele Franklin, 410-786-9226 or michele.franklin@cms.hhs.gov , Lisa Parker, 410-786-4949 or Lisa.Parker1@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
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ATTACHMENTS: 0