Federally Qualified Health Centers (FQHC) Provider Guide

March 12, 2015

Washington State Health Care Authority

About this guide*

This publication takes effect March 12, 2015, and supersedes earlier guides to this program.

Washington Apple Health means the public health insurance programs for eligible Washington residents. Washington Apple Health is the name used in Washington State for Medicaid, the children's health insurance program (CHIP), and state-only funded health care programs. Washington Apple Health is administered by the Washington State Health Care Authority.

What has changed?

Subject	Change	Reason for Change
Reimbursement	Change of scope in services rate adjustments	Policy changes to chapter 182-548 WAC effective March 12, 2015

How can I get agency provider documents?

To download and print agency provider notices and provider guides, go to the agency's Provider Publications website.

* This publication is a billing instruction.

Table of Contents

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Resources Available

Topic	Contact
Information on becoming a provider or submitting a change of address or ownership	See the agency's Resources Available web page.
Information about payments, denials, claims processing, or agency managed care organizations	
Electronic or paper billing	
Finding agency documents (e.g., provider guides, provider notices, fee schedules)	
Private insurance or third-party liability, other than agency-contracted managed care	
Who do I contact if I have questions regarding enrolling as a medical assistance-certified FQHC?	Provider Enrollment PO Box 45562 Olympia, WA 98504-5562 Ph.: 800-562-3022, ext. 16137 Fax: 360-725-2144 providerenrollment@hca.wa.gov
Who do I contact if I have a question about overall management of the program or specific payment rates?	Email: FQHCRHC@hca.wa.gov

Definitions

This list defines terms used in this provider guide. Please refer to the agency's Medical Assistance Glossary for additional definitions.

Alternative payment methodology (APM) index – A measure of input price changes experienced by Washington's federally qualified health center (FQHC) and rural health clinic (FQHC) providers. The index is derived from the federal Medicare Economic Index (MEI) and Washington-specific variable measures. The APM index is used to update the APM encounter payment rates on an annual basis.

Base year – The year that is used as the benchmark in measuring an FQHC's total reasonable costs for establishing base encounter rates.

Cost report – A statement of costs and provider usage that occurred during the time period covered by the cost report. FQHCs must complete a cost report when there is a change in scope, rebasing of the encounter rate, or when the agency sets a base rate.

Encounter rate – A cost-based, facility-specific rate for covered FQHC services, paid to an FQHC for each valid encounter it bills.

Interim rate – The rate established by the agency to pay an FQHC for covered FQHC services prior to the establishment of a permanent rate for that facility.

Medicaid certification date – The date that an FQHC can begin providing services to Medicaid clients.

Rebasing – The process of recalculating encounter rates using actual cost report data.

Mid-level practitioner – A mid-level practitioner is an advanced registered nurse practitioner (ARNP), a certified nurse midwife, a licensed midwife, a woman's health care nurse practitioner, a physician's assistant (PA), or a psychiatric ARNP. Services provided by registered nurses are not encounters.

Program Overview

What is a federally qualified health center (FQHC)?

A federally qualified health center (FQHC) is a facility that is any of the following:

- Receiving grants under Title 42, Chapter 6A, Subchapter II, Part D, subpart i, section 254b of the U.S. Code (formerly known as Section 330 of the Public Health Services Act)
- Receiving the grants referenced above based on the recommendation of the Health Resources and Services Administration within the Public Health Service, as determined by the secretary, to meet the requirements for receiving such a grant
- A tribe or tribal organization operating outpatient health programs or facilities under the Indian Self-Determination Act

An FQHC is unique only in the way it is paid for services eligible for an encounter payment, not by the scope of coverage for which it is paid.

> **Note:** A corporation with multiple sites may be designated as a single FQHC, or each site may be designated as an individual FQHC, depending on the designation by the U.S. Department of Health & Human Services (DHHS).

Participation in the FQHC program is voluntary.

The agency allows only DHHS-designated FQHCs to participate in the FQHC program.

Participating FQHCs receive an encounter payment that includes medical services, supplies, and the overall coordination of the services provided to the agency client.

Nonparticipating DHHS-designated FQHCs receive reimbursement on a fee-for-service basis.

What is the purpose of the FQHC program?

The main purpose of the FQHC program is to enhance the provision of primary care services in underserved urban and rural communities. FQHCs are "safety net" providers such as community health centers, public housing centers, outpatient health programs funded by the Indian Health Service, and programs serving migrants and the homeless.

What are the basic requirements for services provided in an FQHC?

- FQHCs must furnish all services according to applicable federal, state, and local laws.

- Unless otherwise specified, FQHC services provided are subject to the limitations and coverage requirements detailed in the Physician-Related Services/Healthcare Professional Services Provider Guide and other applicable provider guides. The agency does not extend additional coverage to clients in an FQHC beyond what is covered in other agency programs and state law.

- The FQHC must be primarily engaged in providing outpatient health services. FQHC staff must furnish those diagnostic and therapeutic services and supplies commonly furnished in a physician's office or the entry point into the health care delivery system. These include:

  - ✓ Medical history
  - ✓ Physical examination
  - ✓ Assessment of health status
  - ✓ Treatment for a variety of medical conditions

- The FQHC must provide medical emergency procedures as a first response to common life-threatening injuries and acute illness. The FQHC must have available commonly used drugs and biologicals such as:

  - ✓ Analgesics
  - ✓ Anesthetics (local)
  - ✓ Antibiotics
  - ✓ Anticonvulsants
  - ✓ Antidotes and emetics
  - ✓ Serums and toxoids

Who may provide services in an FQHC?

(WAC 182-548-1300 (3))

The following individuals may provide FQHC services:

- Physicians
- Physician assistants (PAs)
- Nurse practitioners (NPs)
- Nurse midwives or other specialized nurse practitioners
- Certified nurse midwives
- Registered nurses or licensed practical nurses
- Mental health professionals – for a list of qualified professionals eligible to provide mental health services, refer to the Mental Health Services Provider Guide
- Naturopathic physicians
- Providers approved to deliver screening, brief intervention, and referral to treatment (SBIRT) services, maternity support services/infant case management services (MSS/ICM), and chemical dependency services.

What are the FQHC staffing requirements?

(42 CFR 491.7-8)

All of the following are staffing requirements of an FQHC:

- An FQHC must be under the medical direction of a physician.
- An FQHC must have a health care staff that includes one or more physicians.
- A physician, physician's assistant (PA), advanced registered nurse practitioner (ARNP), midwife, clinical social worker, or clinical psychologist must be available to furnish patient care services within their scope of practice at all times the FQHC operates.
- The staff must be sufficient to provide the services essential to the operation of the FQHC.

A physician, PA, ARNP, midwife, clinical social worker, or clinical psychologist member of the staff may be the owner or employee of the FQHC, or may furnish services within their scope of practice under contract to the FQHC. The staff may also include ancillary personnel who are supervised by the professional staff.

How does an FQHC enroll as a provider?

(WAC 182-548-1200 (2))

To enroll as a provider and receive payment for services, an FQHC must:

- Receive FQHC certification for participation in the Title XVIII (Medicare) program according to 42 CFR 491. Go to http://www.cms.hhs.gov/home/medicare.asp for information on Medicare provider enrollment.
- Submit a signed Core Provider Agreement (CPA).
- Comply with applicable federal, state, and local laws, rules, regulations, and agreements.

When enrolling a new clinic through ProviderOne, select the *Fac/Agency/Org/Inst* option from the enrollment type menu.

When adding a new site or service, indicate on the CPA that the provider is an FQHC.

What is the effective date of the Medicaid FQHC certification?

(WAC 182-548-1200 (2))

The agency uses one of two timeliness standards for determining the effective date of a Medicaid-certified FQHC:

- **Medicare's effective date:** The agency uses Medicare's effective date if the FQHC returns a properly completed CPA and FQHC enrollment packet **within 60 calendar days** from the date of Medicare's letter notifying the center of the Medicare certification.
- **Date the agency receives the Core Provider Agreement (CPA):** The agency uses the date the signed CPA is received if the FQHC returns the properly completed CPA and FQHC enrollment packet **61 or more calendar days** after the date of Medicare's letter notifying the center of the Medicare certification.

Note: The FQHC enrollment packet includes: CPA, ownership disclosure form, debarment form, EFT form, W9, copy of business license, copy of liability insurance information, and either the Centers for Medicare and Medicaid Services (CMS) approval letter or the Health Resources and Services Administration (HRSA) approval letter.

Servicing site location certification

All servicing sites listed under a clinic's domain within ProviderOne must be certified by either CMS or HRSA depending on the kinds of services offered at the location. Site certification documents can be faxed to the agency using the correct cover sheet, which will then be automatically attached to the domain requesting a new servicing location. Document submission cover sheets can be located here. The correct cover sheet is the *Provider Information Update Requests* document. Because this is an established domain, select either the NPI or the ProviderOne ID option. The clinic's ProviderOne ID is the same number as the domain number. On the site approval document, please note which location code this approval document pertains to.

Client Eligibility

How can I verify a patient's eligibility?

Providers must verify that a patient has Washington Apple Health coverage for the date of service, and that the client's benefit package covers the applicable service. This helps prevent delivering a service the agency will not pay for.

Verifying eligibility is a two-step process:

Step 1. **Verify the patient's eligibility for Washington Apple Health.** For detailed instructions on verifying a patient's eligibility for Washington Apple Health, see the *Client Eligibility, Benefit Packages, and Coverage Limits* section in the agency's ProviderOne Billing and Resource Guide.

If the patient is eligible for Washington Apple Health, proceed to **Step 2**. If the patient is **not** eligible, see the note box below.

Step 2. **Verify service coverage under the Washington Apple Health client's benefit package.** To determine if the requested service is a covered benefit under the Washington Apple Health client's benefit package, see the agency's Health Care Coverage—Program Benefit Packages and Scope of Service Categories web page.

Note: Patients who wish to apply for Washington Apple Health clients may do so in one of the following ways:

1. By visiting the Washington Healthplanfinder's website at: www.wahealthplanfinder.org
2. By calling the Customer Support Center toll-free at: 855-WAFINDER (855-923-4633) or 855-627-9604 (TTY)
3. By mailing the application to:
   Washington Healthplanfinder
   PO Box 946
   Olympia, WA 98507

In-person application assistance is also available. To get information about in-person application assistance available in their area, people may visit www.wahealthplanfinder.org or call the Customer Support Center.

Are clients enrolled in agency-contracted managed care eligible?

(WAC 182-538-060, 095, and 182-538-063)

Yes. When verifying eligibility using ProviderOne, if the client is enrolled in an agency-contracted managed care plan, managed care enrollment will be displayed on the Client Benefit Inquiry screen. All services* must be requested directly through the client's primary care provider (PCP). Clients can contact their managed care plan by calling the telephone number provided to them.

All medical services covered under a managed care plan must be obtained by the client through designated facilities or providers. The managed care plan is responsible for both of the following:

- Payment of covered services.
- Payment of services provided by an outside provider participating with the plan.

Are clients eligible when enrolled in primary care case management (PCCM)?

If a client has chosen to obtain care with a PCCM provider, eligibility information will be displayed on the client benefit inquiry screen in ProviderOne. PCCM clients must obtain or be referred for services via a PCCM provider. The PCCM provider is responsible for coordination of care just like the PCP would be in a plan setting.

Note: To prevent billing denials, check the client's eligibility **prior** to scheduling services and at the **time of the service,** and make sure proper authorization or referral is obtained from the agency-managed care plan or the PCCM provider. See the agency's ProviderOne Billing and Resource Guide for instructions on how to verify a client's eligibility.

* Services excluded from this requirement include maternity support services/infant case management, dental, and chemical dependency. These services are covered fee-for-service and do not require PCP approval.

Encounters

What is an encounter?

An encounter is a face-to-face visit between a client and an FQHC provider exercising independent judgment when providing health care services to the client. All services must be documented in the client's file in order to qualify for an encounter. Encounters are limited to one per client per day, except in the following circumstances:

- The client needs to be seen on the same day by different practitioners with different specialties.

- The client needs to be seen multiple times on the same day due to unrelated diagnoses.

What services are considered encounters?

(WAC 182-548-1300)
Only certain services provided in the FQHC are considered encounters.

The FQHC must bill the agency for these services using HCPCS code T1015, and the appropriate HCPCS or CPT code for the service provided.

The following services qualify for FQHC reimbursement:

- Physician services specified in 42 CFR 405.241
- Nurse practitioner or physician assistant services specified in 42 CFR 405.2414
- Mental health services specified in the Mental Health Services Provider Guide
- Visiting nurse services specified in 42 CFR 405.2416
- Nurse-midwife services specified in 42 CFR 405.2401
- Preventive primary services specified in 42 CFR 405.2448
- Naturopathic physician services as specified in the Physician-Related Services Provider Guide

Services provided by other provider types (MSS/ICM, chemical dependency, and mental health) may qualify as an encounter. Refer to specific sections within this guide for additional information.

Alcohol or substance misuse counseling

The agency covers alcohol or substance misuse counseling through screening, brief intervention, and referral to treatment (SBIRT) services. SBIRT services are encounter-eligible and may be billed in a variety of clinical contexts. See the Physician-Related Services/ Health Care Professional Services Provider Guide for additional information.

Surgical procedures

Effective August 31, 2014, and retroactive to dates of service on or after January 1, 2014, surgical procedures furnished in an FQHC by an FQHC practitioner are considered FQHC services, and the FQHC is paid based on its encounter rate for the face-to-face encounter associated with the surgical procedure.

Global billing requirements do not apply to FQHCs; however, surgical procedures furnished at locations other than FQHCs may be subject to global billing requirements.

If an FQHC provides services to a patient who has had surgery elsewhere while still in the global billing period, the FQHC must determine if these services have been included in the surgical global billing. FQHCs may bill for a visit during the global surgical period if the visit is for a service not included in the global billing package. If the service provided by the FQHC was included in the global payment for the surgery, the FQHC may not also bill for the same service.

For services not included in the global surgical package, see the Physician-Related Services/ Health Care Professional Services Provider Guide.

Services and supplies incidental to professional services

Services and supplies incidental to the professional services of encounter-level practitioners are included in the encounter rate paid for the professional services when the services and supplies are:

- Furnished as an incidental, although integral, part of the practitioner's professional services (e.g. professional component of a x-ray or lab).
- Of a type commonly furnished either without charge or included in the FQHC bill.
- Of a type commonly furnished in a provider's office (e.g., tongue depressors, bandages, etc.).
- Provided by FQHC employees under the direct, personal supervision of encounter-level practitioners.

- Furnished by a member of the FQHC's staff who is an employee of the FQHC (e.g., nurse, therapist, technician, or other aide).

Incidental services and supplies described in this section that are included on the FQHC's cost report are factored into the encounter rate and will not be paid separately.

Determining whether a service is an encounter

To determine whether contact with a client meets the encounter definition, all the following guidelines apply:

1. **Services requiring the skill and ability of an encounter-level practitioner**: The service being performed must require the skill and ability of an encounter-level practitioner in order to qualify as an encounter. A service does not qualify as an encounter simply because it is performed by one of these practitioners if the service is one that is normally performed by other health care staff.

> **For example**, if a physician performs a blood draw only or a vaccine administration only, these services are not encounters since they are normally performed by registered nurses. These services must be billed as fee-for-service using the appropriate coding.

2. **Assisting:** The provider must make an independent judgment. The provider must act independently and **not assist** another provider.

> **Examples:**
>
> **Encounter:** A mid-level practitioner sees a client to monitor physiologic signs, to provide medication renewal, etc., and uses standing orders or protocols.
>
> **Not an encounter:** A mid-level practitioner assists a physician during a physical examination by taking vital signs, history, or drawing a blood sample.

3. **Concurrent care:** Concurrent care exists when services are rendered by more than one practitioner during a period of time. (Consultations do not constitute concurrent care.) The reasonable and necessary services of each practitioner rendering concurrent care are covered if each practitioner is required to play an active role in the patient's treatment.

> **For example**, concurrent care may occur because of the existence of more than one medical condition requiring distinct, specialized, medical services.

4. Each **individual** provider is limited to one type of encounter per day for each client, regardless of the services provided, except in either one the following circumstances:

   - The client needs to be seen by different practitioners with different specialties.
   - The client needs to be seen multiple times due to unrelated diagnoses.

   Note: Simply making a notation of a pre-existing condition or writing a refill prescription for the condition **is not significant enough** to warrant billing an additional encounter for the office visit.

5. **Encounter locations** - An encounter may take place in the health center or at any other location (such as mobile vans, hospitals, clients' homes, and extended care facilities) in which project-supported activities are carried out.

   Services in the FQHC
   Services performed in the FQHC (excluding those listed in 7, below) are encounters and are payable only to the FQHC.

   Services outside the FQHC
   A service that is considered an encounter when performed **in** the FQHC is considered an encounter when performed **outside** the FQHC (e.g., in a nursing facility or in the client's home) and is payable to the FQHC. A service not considered an encounter when performed **inside** the FQHC is also not considered an encounter when performed **outside** the FQHC, regardless of the place of service.

6. **Serving multiple clients simultaneously** - When an individual provider renders services to several clients simultaneously, the provider can count an encounter for each client if the provision of services is documented in **each client's** health record. This policy also applies to family therapy and family counseling sessions. **Bill services for each client on separate claim forms.**

7. **The agency determines a service to be an encounter if the following conditions are true:**

   - The claim is billed on a CMS-1500 claim form for physician claims or a 2012 ADA claim form for dental claims.

   - One line-item procedure code equals T1015 (or T1015 with the HE modifier for mental health encounters for clinics contracted with their local Regional Support Network (RSN).

- Another line-item with the code of the underlying service is billed with an amount greater than zero and a date of service matching that on the T1015 line (with the exception of mental health RSN encounters, which are billed with the T1015-HE line only). The code of the underlying service must **not** be one of the following:

  - ✓ 36400-36425
  - ✓ 36511-36515
  - ✓ 38204-38215
  - ✓ 70000-79999
  - ✓ 80000-89999
  - ✓ 90281-90749
  - ✓ D0210, D0220, D0230, D0240, D0270, D0272, D0273, D0274, D0321, D0330, D0460, D0501, D1206, D1208, and D1351
  - ✓ All J codes
  - ✓ P3000-P3001
  - ✓ All Q codes
  - ✓ All S codes - except S9436 and S9445-S9470 (inclusive)

Services provided to clients in state-only programs and reimbursed separately by the state do not qualify for a Medicaid encounter. Clients identified in ProviderOne with one of the following medical coverage group codes are enrolled in a state-only program:

- FQHC clients identified in ProviderOne with one of the following medical coverage group codes and associated recipient aid category (RAC) code(s) do **not** qualify for the encounter rate effective January 1, 2014:

Medical Coverage Group Codes	RAC Code
F06	RACs 1138, 1139 only
F07	RACs 1141, 1142 only
F99	RAC 1040
G01	RACs 1041, 1135-1137, 1145 only
I01	RAC 1050, 1051 only
K03	RACs 1056,1058, 1176-1178 only
K95	RACs 1060, 1064, 1179-1181 only
K99	RACs 1060, 1064, 1179-1181 only
L04	RACs 1077, 1078, 1081, 1082, 1158-1161, 1182-1185 only
L24	RACs 1190-1195 only
L95	RACs 1085, 1087, 1155, 1157, 1186, 1187 only
L99	RACs 1085, 1087, 1090, 1092, 1155, 1157, 1186-1189
M99	RAC 1094 (This is the only RAC for M99)
P05	RAC 1097, 1098 only
P06	All RACs (1099-1100)
S95	RACs 1125, 1127
S99	RACs 1125, 1127
W01	All RACs (1128, 1129, 1170, 1171)

Medical Coverage Group Codes	RAC Code
W02	All RACs (1130, 1131, 1172, 1173)
W03	RAC 1132 (This is the only RAC for W03)
N31	RAC 1211 (replaces 1138 and 1139)
N33	RAC 1212, 1213 (replaces 1141, 1142)
A01	RAC 1214 (replaces 1041)
A01	RAC 1215 (replaces 1137)
A05	RAC 1216 (replaces 1145)

- Services provided to clients with the following medical coverage group code and RAC code combinations **are** eligible for encounter payments effective for dates of service on or after October 1, 2009.

Medical Coverage Group Codes	RAC Code
K03	RAC 1057 (This is not the only RAC for K03.)
K95	RAC 1062 (This is not the only RAC for K95.)
K99	RAC 1062 (This is not the only RAC for K99.)
P04	RAC 1096 (This is the only RAC for P04.)
P99	RAC 1102 (This is the only RAC for P99.)

What services do not qualify as encounters?

The following are examples of services not reimbursed as an encounter. The following services are reimbursed fee-for-service:

- Blood draws, laboratory tests, x-rays, and prescriptions. These are not encounters, but these procedures may be provided in addition to other medical services as part of an encounter.

- The administration of drugs and biologicals, including pneumococcal and influenza vaccines and other immunizations.

- Delivery and postpartum services provided to pregnant undocumented alien women; global care must be unbundled. The agency does not pay for an encounter for the delivery or postpartum care.

- Health services provided to clients under state-only programs, as listed on the previous page.

Note: As client eligibility may change, bill encounter code T1015 on claims for **all** eligible services. ProviderOne will determine whether the encounter is payable when the claim is processed.

What FQHC-related activities are NOT covered by the agency?

The following circumstances are not covered by the agency and cannot be billed either as an encounter or on a fee-for-service basis:

- Participation in a community meeting or group session that is not designed to provide health services.

Examples: Informational sessions for prospective users, health presentations to community groups, high school classes, PTAs, etc., or informational presentations about available FQHC health services.

- Health services provided as part of a large-scale effort.

Examples: Mass-immunization program, a screening program, or a community-wide service program (e.g., a health fair).

Categories of encounters

Encounters may be reported for each of the permitted cost centers. Those cost centers are:

- Medical/maternity/mental health other than services meeting the access to care standards for Regional Support Networks (RSNs)
- Maternity support services/infant case management
- Dental
- Mental health – RSN services
- Chemical dependency
- Mental health – Psychiatrist/psychologist other than access to care standards for RSN services

Medical/maternity/mental health encounter

A medical/maternity/mental health encounter is a face-to-face encounter between an approved provider and a client during which services are provided for the prevention, diagnosis, treatment, or rehabilitation of illness or injury, or for prenatal care or delivery.

Services provided by approved professionals are considered eligible for an encounter payment as long as the billing code falls outside the range of eligible codes outlined on pages 19 and 20 of this guide. Specific policy regarding billing for medical/maternity/mental health services can be found in the appropriate provider guide.

An encounter code and any related fee-for-service code must be billed on the same claim form.

Maternity Support Services and Infant Case Management (MSS/ICM)

For an FQHC to submit encounters and include costs for MSS/ICM in cost reports, the FQHC must be approved by the Department of Health, and must meet the billing policy and eligibility requirements as specified in the current Maternity Support Services/Infant Case Management Provider Guide.

An MSS/ICM encounter is a face-to-face encounter between an MSS/ICM provider and a client during which MSS/ICM services are provided.

MSS/ICM includes assessment, development, implementation and evaluation of plans of care for pregnant women and their infants for up to two months postpartum. **An encounter code and its related fee-for-service code(s) must be billed on the same claim form.**

Members of the MSS/ICM interdisciplinary team must meet specific program qualifications and may include a community health nurse, behavioral health specialist, registered dietitian, or a community health worker. Refer to the current Maternity Support Services/Infant Case Management Provider Guide for specific qualifications.

> **Note:** Separate documentation must be in the client's file for each type of service provided by a mid-level practitioner.

The agency allows more than one maternity support services encounter, per day, per client, provided they are:

- Different types of services.
- Performed by different practitioners.
- Billed on separate claim forms.

Dental encounter

For an FQHC to submit encounters and include costs for dental care in cost reports, the FQHC must be approved by the agency and must meet the billing and eligibility requirements as specified in the Dental- Related Services Provider Guide and the Orthodontic Services Provider Guide.

A dental encounter is a face-to-face encounter between a dentist, dental hygienist, or orthodontist and a client for the purpose of prevention, assessment, or treatment of a dental problem, including restoration. **Only one encounter is allowed per day.**

> **Note:** A dental hygienist may bill an encounter only when providing a service independently -- not jointly with a dentist. Only one encounter per day at a dental clinic is covered.

> **Exception:** When a dental service requires multiple visits (e.g., root canals, crowns, dentures), an encounter code must be billed with the number of visits, when the dental services are complete.

When fluoride treatment and sealants are provided on the same day as an encounter-eligible service, they must be billed on the same claim. If they are not provided on the same day with an encounter-eligible service, they may be billed for fee-for-service reimbursement.

Mental health encounter – clients meeting access to care standards for Regional Support Network (RSN) services

To provide mental health services that qualify under this separate cost center, the FQHC must be a licensed community mental health center and have a contract with an RSN. Included in this category are mental health professionals, as defined by RCW 71.34.020. The mental health RSN program is mandatory for Apple Health clients who are enrolled in an RSN and meet the RSN access to care standards.

Mental health encounter – psychiatrists and psychologists

Services provided by psychiatrists and psychologists are considered eligible for an encounter payment as long as the billing code falls outside the range of eligible codes outlined in this guide. Specific policy regarding billing for mental health services is found in the Mental Health Services Provider Guide.

Chemical dependency treatment programs

An FQHC treatment facility must be approved by the agency under applicable WACs and RCW 70.96A. FQHCs may submit encounters and include costs in cost reports only for services listed in the Chemical Dependency Provider Guide.

A chemical dependency encounter is defined in WAC 182-548-1100.

Reimbursement

When does the agency pay for FQHC services?

(WAC 182-548-1300 (2))

The agency pays for FQHC services when they are:

- Within the scope of an eligible client's Apple Health program. Refer to WAC 182-501-0060 Health care coverage - Program benefits packages - Scope of service categories.

- Medically necessary as defined in WAC 182-500-0070 .

The reimbursement structure

The FQHC reimbursement structure is encounter-based. Facility-specific encounter rates are established for each FQHC and are paid for services eligible for an encounter payment. Services not eligible for an encounter payment are paid at the appropriate fee schedule amount.

Washington Apple Health bases FQHC reimbursement on Washington's CMS-approved Title XIX Medicaid State Plan. CMS only permits reimbursement based upon reasonable costs for services defined in the State Plan, or as defined in Section 1861 (aa) of the Social Security Act which lists FQHC-required core services. Reimbursement is not permitted for services not in the State Plan, or as defined in the FQHC core services.

In Washington state, FQHCs have the choice of being reimbursed under the prospective payment system as outlined in the Benefits Improvement and Protection Act of 2000 (BIPA) statutory language, or an alternative payment methodology (APM).

- For information on how the agency calculates the prospective payment system encounter rate, refer to WAC 182-548-1400 (3) and (4).

- For information on how the agency calculates the APM encounter rate, refer to WAC 182-548-1400 (5).

Payment for services eligible for an encounter

The agency pays FQHCs for services eligible for an encounter on an **encounter rate** basis rather than a fee-for-service basis.

All FQHC services and supplies incidental to the provider's services are included in the encounter rate payment (WAC 182-548-1400 (7)).

The agency limits encounters to one per client, per day, except in the following circumstances (WAC 182-1400(6)):

- The visits occur with different health care professionals with different specialties.
- There are separate visits with unrelated diagnoses.

> **Note:** The service being performed must require the skill and ability of an encounter-level practitioner as described in Cost Reporting Requirements in order to qualify for an encounter payment.

The agency pays for encounters by calculating the difference between the encounter rate and the amount reimbursed to the FQHC based on the fee-for-service method. For instance:

Example one:	$150.00	Medical Encounter Rate
	× 1	# of Medical Encounters for Claim
	$150.00	**Total Amount Due**
	$150.00	
	-$75.00	Fee-for-Service Paid
	$75.00	**Encounter Amount Paid**
Example two:	$150.00	
	-$200.00	Fee-for-Service Paid
	- $50.00	**Negative Encounter Amount**

Payment for services not eligible for an encounter

(WAC 182-548-1400 (8))

Payments for non-FQHC services provided in an FQHC are made on a fee-for-service basis using the agency's published fee schedules. **For information on fee-for-service reimbursement,** refer to the appropriate Fee Schedules.

Choice of rates

FQHCs may choose to have:

- An all-inclusive rate, which covers all encounter services.
- Individual rates for each of the permitted cost centers.
- A grandfathered rate structure consistent with the rate structure used for prospective payment system rate development.

For FQHCs choosing an all-inclusive rate, this rate will be applied to each of the cost centers. For FQHCs choosing the individual rate option, the rates will be weighted and applied according to the appropriate cost centers. The cost centers are:

- Medical/Maternity/Mental Health (Maternity encounters are reported separately from medical encounters.) This cost center includes all medical/mental health encounters for individuals not meeting the RSN access to care standards.
- Maternity support services/infant case management
- Mental health provided by a psychiatrist or psychologist
- Dental
- Mental health for FQHCs contracting with an RSN
- Chemical dependency

Managed care clients

(WAC 182-548-1400)

For clients enrolled with a Managed Care Organization (MCO), covered FQHC services are paid by the MCO. Only services provided to clients enrolled in Title XIX (Medicaid) or Title XXI (CHIP) are eligible for encounter payments. Neither the agency nor the MCO pays the encounter rate for services provided to clients in state-only medical programs. Services provided to clients in state-only medical programs are considered fee-for-service regardless of the type of service performed.

Encounter payments

For managed care clients receiving services at an FQHC, total daily reimbursement to the FQHC must equal the FQHC's specific encounter rate for qualified encounters. Guidelines for qualified encounters are the same as the fee-for-service guidelines outlined in this guide. The agency will provide each FQHC's encounter rate to the MCO. To ensure that the appropriate amounts are paid to each FQHC, the agency performs a reconciliation to compare the amount actually received by an FQHC with the amount due to the FQHC based on its encounter rate multiplied by number of qualifying encounters. If the FQHC does not receive its encounter rate from the MCO for qualified services, the agency will notify the MCO of the difference and provide for payment sufficient to ensure compliance with 42 U.S.C. 1396a (bb)(5)(A).

Are FQHCs liable for payments received?

Each FQHC is individually liable for any payments received and must ensure that it receives payment for only those situations described in these and other applicable Apple Health provider guides. FQHC claims are subject to audit by the agency, and FQHCs are responsible to repay any overpayments.

Upon request, complete and legible documentation must be made available to the agency, clearly documenting any services for which the FQHC has received payment.

How does the agency prevent duplicative payment for pharmacy and RSN services?

The agency performs monthly recoupments for pharmacy services delivered by FQHCs in order to avoid duplicate payments for pharmacy services already included in their encounter rate.

For FQHCs with RSN contracts, the agency conducts monthly recoupments based on the contracted amount, or the amount the FQHC is paid by the RSN for clients assigned to an FQHC.

The agency works with FQHCs to conduct a reconciliation of the past period to ensure that clinics were reimbursed appropriately.

What is a change in scope of service?

[WAC 182-548-1500 and 42 U.S.C. 1396a(bb)(3)(B)]

A change in scope of service occurs when the type, intensity (the total quantity of labor and materials consumed by an individual client during an average encounter), duration (the length of an average encounter), or amount of services provided by the FQHC changes. When such changes meet the criteria described below, the FQHC may qualify for a change in scope of service rate adjustment.

Note: A change in costs alone does not constitute a change in scope of service.

What are the criteria for a change in scope of service rate adjustment?

The agency may authorize a change in scope of service rate adjustment when the following criteria are met:

- The change in the services provided by the FQHC meet the definition of FQHC services as defined in section 1905(a)(2)(C) of the Social Security Act.
- Changes to the type, intensity, duration, or amount of services have resulted in an increase or decrease in the FQHC's cost of providing covered health care services to eligible clients. The cost change must equal or exceed any of the following:
  - An increase of 1.75 percent in the rate per encounter over one year
  - A decrease of 2.5 percent in the rate per encounter over one year
  - A cumulative increase or decrease of 5 percent in the cost per encounter as compared to the current year's cost per encounter
- The costs reported to the agency to support the proposed change in scope rate adjustment are reasonable under applicable state and federal law.

How is a change in scope of service rate adjustment requested?

A change in scope of service rate adjustment may be requested by the agency or by an FQHC.

When may the agency request an application for a change in scope of service rate adjustment?

At any time, the agency may require an FQHC to file an application for a change in scope of service rate adjustment. The application must include a cost report and "position statement," which is an assertion as to whether the FQHC's prospective payment system rate should be increased or decreased due to a change in the scope of service.

- The FQHC must file a completed cost report and position statement no later than ninety calendar days after receiving the agency's request for an application.
- The agency reviews the FQHC's cost report, position statement, and application for change in scope of service rate adjustment using the criteria listed under *What are the criteria for a change in scope of service rate adjustment?*
- The agency will not request more than one change in scope of service rate adjustment application from an FQHC in a calendar year.

When may an FQHC request an application for a change in scope of service rate adjustment?

Unless the agency instructs the FQHC to file an application for a change in scope of service rate adjustment, an FQHC may file only one application per calendar year. However, more than one type of change in scope of service may be included in a single application.

An FQHC may apply for a prospective change in scope of service rate adjustment, a retrospective change in scope of service rate adjustment, or both.

An FQHC must file an application for a change in scope of service rate adjustment no later than ninety days after the end of the calendar year in which the FQHC believes the change in scope of service occurred or in which the FQHC learned that the cost threshold was met, whichever is later.

What is a prospective change in scope of service?

A prospective change in scope of service is a change the FQHC plans to implement in the future. To file an application for a prospective change in scope of service rate adjustment, the FQHC must submit projected costs sufficient to establish an interim rate. If the application for a prospective change in scope of services rate adjustment is approved by the agency, an interim rate adjustment will go into effect after the change takes effect.

The interim rate is subject to a post-change in scope review and rate adjustment.

If the change in scope of service occurs fewer than ninety days after the FQHC submits a complete application to the agency, an interim rate takes effect no later than ninety days after the FQHC submits the application to the agency.

If the change in scope of service occurs more than ninety days but fewer than one hundred eighty days after the FQHC submits a complete application to the agency, the interim rate takes effect when the change in scope of service occurs.

If the FQHC fails to implement a change in service identified in its application for a prospective change in scope of service rate adjustment within one hundred eighty days, the application is void. The FQHC may resubmit the application to the agency. The agency does not consider the resubmission of a voided application as an additional application.

Supporting documentation for a prospective change in scope of service rate adjustment

To apply for a change in a prospective scope of service rate adjustment, the FQHC must include the following documentation in the application:

- A narrative description of the proposed change in scope of service
- A description of each cost center on the cost report that will be affected by the change in scope of service
- The FQHC's most recent audited financial statements, if an audit is required by federal law
- The implementation date for the proposed change in scope of service
- The projected Medicaid cost report or projected Medicare cost report with supplemental schedules needed to identify the Medicaid cost per visit for the twelve-month period following the implementation of the change in scope of service
- Any additional documentation requested by the agency

What is a retrospective change in scope of service?

A retrospective change in scope of service occurs when a change took place in the past and the FQHC is seeking to adjust its rate based on that change.

An application for a retrospective change in scope of service rate adjustment must state each qualifying event that supports the application and include twelve months of data documenting the cost change caused by the qualifying event.

If approved, a retrospective rate adjustment takes effect on the date the FQHC filed the application with the agency.

Supporting documentation for a retrospective change in scope of service rate adjustment

To apply for a retrospective change in scope of service rate adjustment, the FQHC must include the following documentation in the application:

- A narrative description of the proposed change in scope of service
- A description of each cost center on the cost report that was affected by the change in scope of service
- The FQHC's most recent audited financial statements, if an audit is required by federal law
- The implementation date for the proposed change in scope of service

- The Medicaid cost report or Medicare cost report with the supplemental schedules necessary to identify the Medicaid cost per visit and the encounter data for the twelve months or the fiscal year following implementation of the proposed change in scope of service.
- Any additional documentation requested by the agency

How does the agency process applications for a change in scope of service rate adjustment?

The agency reviews an application for a change in scope of service rate adjustment for completeness, accuracy, and compliance with program rules.

Within sixty days of receiving the application, the agency notifies the FQHC of any deficient documentation or requests any additional information that is necessary to process the application.

Within ninety days of receiving a complete application, the agency sends the FQHC:
- A decision stating it will implement a prospective payment system rate change.
- A rate-setting statement.

If the FQHC does not receive the items described above within 90 days, the agency has denied the change.

How does the agency set an interim rate for prospective changes in the scope of service?

The agency sets an interim rate for prospective changes in the scope of service by adjusting the FQHC's existing rate by the projected average cost per encounter of any approved change.

The agency reviews the projected costs to determine if they are reasonable, and sets a new interim rate based on the determined cost per encounter.

How does the agency set an adjusted encounter rate for retrospective changes in the scope of service?

The agency sets an adjusted encounter rate for retrospective changes in the scope of services by changing the FQHC's existing rate by the documented average cost per encounter of the approved change.

Projected costs per encounter may be used if there is insufficient historical data to establish the rate. The agency reviews the costs to determine if they are reasonable, and sets a new rate based on the determined cost per encounter.

If the FQHC is paid under an alternative payment methodology (APM), any change in the scope of service rate adjustment requested by the FQHC will modify the prospective payment system (PPS) rate in addition to the APM.

The agency may delegate the duties related to application processing and rate setting to a third party. The agency retains final authority for making decisions related to changes in scope of service.

When does the agency conduct a post change in scope of service rate adjustment review?

The agency conducts a post change in scope of service review within ninety days of receiving the cost report and encounter data from the FQHC. If necessary, the agency will adjust the encounter rate within ninety days of the review to ensure that the rate reflects the reasonable cost of the change in scope of services.

A rate adjustment based on a post change in scope of service review will take effect on the date the agency issues its adjustment. The new rate will be prospective.

If the application for a change in scope of service rate adjustment was based on a year or more of actual encounter data, the agency **may** conduct a post change in scope of service rate adjustment review.

If the application for a change in scope of service rate adjustment was based on less than a full year of actual encounter data, the FQHC **must** submit the following information to the agency within eighteen months of the effective date of the rate adjustment:

- A Medicaid cost report or Medicare cost report with the supplemental schedules necessary to identify the Medicaid cost per visit
- Encounter data for twelve consecutive months of experience following implementation of the change in scope
- Any additional documentation requested by the agency

If the FQHC fails to submit the post change in scope of service cost report or related encounter data, the agency provides written notice to the FQHC of the deficiency within thirty days.

If the FQHC fails to submit required documentation within five months of this deficiency notice, the agency may reinstate the encounter rate that was in effect before a change in the scope of

service rate was granted. The rate will be effective the date the interim rate was established. Any overpayment to the FQHC may be recouped by the agency.

May an FQHC appeal an agency action?

Yes. An FQHC may appeal an agency action. Appeals are governed by WAC 182-502-0220, except that any rate change begins on the date the agency received the application for a change in scope of service rate adjustment.

What are examples of events that qualify for a rate adjustment due to changes in scope of service?

The following examples illustrate events that would qualify for a rate adjustment due changes in the type, intensity, duration and/or amount of service:

- Changes in the patients served, including populations with HIV/AIDS and other chronic diseases; patients who are homeless, elderly, migrant, limited in English proficiency; or other special populations
- Changes in the technology of the FQHC, including but not limited to electronic health record and electronic practice management systems
- Changes in the FQHC's medical, dental, or behavioral health practices, including but not limited to the implementation of patient-centered medical homes, opening for extended hours, or changes in prescribing patterns
- Capital expenditures associated with a modification of any of the services provided by the FQHC, including relocation, remodeling, opening a new site, or closing an existing site
- Changes in service delivery due to federal or state regulatory requirements.

What are examples of events that do not qualify for a rate adjustment due to changes in scope of service?

The following examples illustrate events that would not qualify for a rate adjustment due changes in the type, intensity, duration and/or amount of service:

- Addition or reduction of staff members not directly related to the change in scope of service

- Expansion or remodel of an existing FQHC that are not directly related to the change in scope of service
- Changes to salaries, benefits, or the cost of supplies not directly related to the change in scope of service
- Changes to administration, assets, or overhead expenses not directly related to the change in scope of service
- Capital expenditures for losses covered by insurance
- Changes in office hours, location, or space not directly related to the change in scope of service
- Changes in patient type and volume without changes in type, duration, or intensity of services
- Changes in equipment or supplies not directly related to the change in scope of services

Reporting Requirements

The following regulations and policies are the standards applicable to the FQHC cost reports used for the alternative payment methodology (APM) rebasing:

- 42 CFR Section 413
- Agency policies and definitions, including all provider guides (billing instructions)
- Circular A-122 Cost Principles for Nonprofit Organizations
- Medicare Provider Reimbursement Manual (MPRM)

Note: Professional medical services that are not normally provided to Medicare beneficiaries are not included on the FQHC's Medicare cost report and are not used for the calculation of the FQHC's encounter rate. Therefore, they have been excluded from the agency's list of services eligible for an encounter payment. Also, as described in Services and Supplies Incidental to Professional Services, many supplies used in a provider's office are considered incidental to the professional service and are bundled within the encounter rate.

What are allowable costs?

Allowable costs are documented costs as reported after any cost adjustment, cost disallowances, reclassifications, or reclassifications to non-allowable costs which are necessary, ordinary and related to the outpatient care of medical care clients and are not expressly declared non-allowable by applicable statutes or regulations. Costs are ordinary if they are of the nature and magnitude which prudent and cost-conscious management would pay.

What are allowed direct health care costs?

Direct health care costs must be directly related to patient care and identified specifically with a particular cost center.*

All services must be furnished by providers authorized to provide Medicaid State Plan services. Services and medical supplies "incident to" professional services of health care practitioners are those commonly furnished in connection with these professional services, generally furnished in a physician or dentist's office, and ordinarily rendered without charge or included in the practice bill, such as ordinary medications and other services and medical supplies used in patient primary care services. "Incident to" services must be furnished by an FQHC employee and must be furnished under the direct, personal supervision of the health care practitioner, meaning that the health care practitioner must be physically present in the building and immediately available for consultation.

FQHC core services include those professional services provided in the office, other medical facility, the patient's place of residence (including nursing homes), or elsewhere, but not the institutional costs of the hospital, nursing facility, etc. Core services are covered for Medicaid patients. For example, the state must cover services provided in an appropriately licensed FQHC by psychologists (either under the medical mental health benefit for individuals not meeting the regional support network (RSN) access to care standards or as a mental health visit for RSN-eligible children or adults who do meet the standards) because they are core services.

The following services are covered: costs for these services provided to Washington Apple Health beneficiaries may be included in the cost report:

- **Preventive services** – To the extent covered in Washington statute and administrative code.

- **FQHC core services** –

  - ✓ Physician services, including costs for contracted physician services, to the extent covered in Washington statute and administrative code. Contracted physicians must be identified in the FQHC's Core Provider Agreement. The contracted physician must be a preferred provider and receive an identification number from the Provider Enrollment Section at the agency.

* Direct cost of minor amounts may be treated as indirect costs as described below. Because of the diverse characteristics and accounting practices of non-profit organizations, it is not possible to specify the types of cost which may be classified as direct and indirect cost in all situations. However, typical examples of indirect costs for many non-profit organizations may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administrators, and accounting staff.

- ✓ Mid-level practitioner (PAs, ARNPs and certified nurse-midwives) services – to the extent covered in Washington statute and administrative code, including costs for contracted mid-level practitioner services.

- ✓ Clinical psychologist services – per the medical mental health benefit for individuals not eligible for the RSN access to care standards or the mental health benefit for services provided through an RSN contract for individuals meeting the RSN access to care standards.

- ✓ Licensed clinical social worker services (LCSWs) – per the medical mental health benefit for individuals not eligible for the RSN access to care standards or the mental health benefit for services provided through an RSN contract for individuals meeting the RSN access to care standards.

- ✓ Visiting nurse home health services (in designated areas where there is a shortage of home health agencies) – to the extent covered in Washington statute and administrative code.

- **Hospital care** – The physician/professional component performed by FQHC practitioners in outpatient, inpatient, emergency room, or swing bed facilities of a hospital (i.e., physicians' services for obstetrics) as covered in the Washington Medicaid State Plan.

  Note: Institutional facility and overhead costs are excluded from FQHC cost reports and billed separately by the institution.

- **Nursing home care** – The professional component only as covered in Washington statute and administrative code.

- **Other ambulatory services** – Claims as submitted using the fee-for-service claim and instructions in the provider guide and FQHC reimbursement instructions for:

  - ✓ Blood draws.

  - ✓ Laboratory tests.

  - ✓ X-rays.

  - ✓ Pharmacy (**Note:** Pharmacy service costs that are not "referred services" or subcontracted services and are reimbursable under the Medicaid State Plan would be included under direct costs in the cost reports including 340B costs directly incurred by the FQHC. FQHCs should continue to claim pharmacy reimbursement under the fee-for-service pharmacy program. All pharmacy costs should be included in the medical/maternity cost center of the cost report, including PharmD prescribing).

- **Other ambulatory services** – Encounters and claims submitted through separate cost centers or as part of the all-inclusive rate per instructions in Encounters:

  ✓ Dental

  > **Note:** All policy references in this section to medical services include dental services as covered under Washington statute and administrative code.

  ✓ Other mental health practitioners eligible under the medical mental health benefit for individuals not meeting the RSN access to care standards (under the medical/maternity cost center only)

- **Diabetes self-management training services and medical nutrition therapy services** – to the extent covered in Washington statute and administrative code.

- **Early Periodic Screening, Diagnosis, and Treatment (EPSDT) Program**

- **Paper medical record costs**, including pharmacy and dental records. Because there is new funding available for electronic medical records (EMR) under the American Recovery and Reinvestment Act (ARRA stimulus package), all funds, credits and grants to pay for EMR should be reflected on the cost report and fee-for-service against appropriate costs. Only the unreimbursed portion of EMR is allowable. EMR costs that are not capitalized, such as monthly service costs, are allowable in Allowable Direct Service Costs. Hardware, software and other EMR costs meeting MPRM CMS Publication 15-1 capitalization requirements must be capitalized and depreciated (net of credits, grants, etc.). The allowable depreciation may be included in Allowable Direct Service Costs. FQHCs will place the depreciation of electronic medical records (EMR) into Allowable Direct Service Costs to result in a similar treatment of EMR to paper records and medical equipment that allows for the non-payment of costs of EMR unrelated to Medicaid.

Costs for the services provided to Washington Apple Health beneficiaries may be included in the cost report.

What are unallowable direct health services costs?

The agency pays an encounter rate only for services provided to an eligible client. Encounters for any individual other than an eligible client are not reimbursed, including any out-of-state Medicaid, Medicare, private pay, or uninsured individual. Costs for services provided to Medicaid beneficiaries that are not required by the Department of Health and Human Services or not included in state statute or administrative code, are unallowable, including:

- **Mental health services** outside of the RSN contract for individuals meeting the RSN access to care standards.

- **Women, Infants and Children (WIC) program** – the agency reimburses for nutritional assessments and/or nutritional counseling in the WIC program only when the service is part of the EPSDT program. Costs for nutritional assessment and/or nutritional counseling are allowed under the following circumstances only:

  - ✓ **Children's initial nutritional assessment:** The WIC program requires an initial assessment. If an initial health assessment is performed by an EPSDT provider, this information may be used to complete the paperwork for the WIC assessment instead of WIC repeating the process. The agency reimburses for this service when performed as part of an EPSDT screening.

  - ✓ **Children's second nutrition education contact:** The WIC program requires a second nutrition education contact that is reimbursed by WIC funds. If the child is determined to be at nutrition high-risk, WIC requires that a nutrition high-risk care plan be written. The nutrition high-risk care plan, if written by the certified dietitian through an EPSDT referral, may be used to meet the requirement of the WIC nutrition high-risk care plan. The agency reimburses for nutritional counseling only when it is part of an EPSDT referral.

  - ✓ **Pregnant woman assessment:** Pregnant women in the WIC program are required to have an initial assessment and a second nutrition education contact, which are reimbursed by WIC funds. If additional nutritional counseling is required and performed as part of maternity support services (MSS), the agency reimburses for the additional nutritional counseling.

- **Staff education**, except for training and staff development, required to enhance job performance for employees of the FQHC. Student loan reimbursements are considered unallowable education expenses.

- **Beneficiary outreach and outreach to potential clients**, except for the following type of activity: informing the target population of available services, such as via telephone yellow pages, brochures, and handouts. Excluded outreach costs include but are not limited to advertising, participation in health fairs, and other activities designed to increase the number of individuals served or the number of services received by individuals accessing services.

- **Assisting other health care professionals** in the provision of off-site training, such as dental screening, blood pressure checks, etc.

- **Public relations** dedicated to maintaining the image or maintaining or promoting understanding and favorable relations with any segment of the public. For example, costs of meetings, conventions, convocations, or other events related to non-Medicaid activities of the non-profit organization, including: costs of displays, demonstrations, and exhibits;

costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings; costs of promotional items and memorabilia, including models, gifts, and souvenirs; and costs of advertising and public relations designed solely to promote the non-profit organization.

- **Community services**, such as health presentations to community groups, PTAs, etc.
- **Environmental activities** designed to protect the public from health hazards such as toxic substances, contaminated drinking water, and toxic shellfish.
- **Research**
- **Costs associated with the use of temporary health care personnel** from any nursing pool not registered with the Department of Licensing at the time of such personnel use.
- **Costs for subcontracted services** (referred services) other than subcontracted physicians and mid-level practitioners. For example: costs for laboratory, x-ray, and pharmacy subcontracts the center has for the performance of support services. The laboratory, x-ray facility or pharmacy bills the agency directly and is reimbursed directly by the agency.
- **Institutional services** such as hospital care, skilled nursing care, home health services, rehabilitative services, inpatient or outpatient mental health services that are provided on an inpatient or outpatient basis, excluding the professional component (which may be included in the cost report).
- **Services that are not directly provided by the FQHC.**
- **Services by alternative providers** not covered in the Washington Medicaid State Plan (e.g., acupuncturists).
- **Transportation costs** – Transportation costs will not be included in the cost report and the trip does not result in an encounter being billed.

What are allowable uncapped overhead costs?

Overhead costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Overhead costs that are allocated must be clearly distinguished from other functions and identified as a benefit to a direct service. Costs that can be included in the uncapped overhead cost center are:

- **Space costs**, which are defined as building depreciation, mortgage interest, and facility lease costs. The FQHC is required to have a reasonable floor space allocation plan that adequately documents facility usage. At least 25 percent of the facility must be used for a

direct cost function (i.e., medical). Depreciation in the Medicaid cost report must be consistent with that claimed on the FQHC's Medicare cost report. Guidelines may be found in the Medicare Provider Reimbursement Manual CMS publication 15-1.

- **Billing agency costs** that are separate and distinct functions of the FQHC for the purpose of billing for medical care only. Staff must be solely dedicated to medical billing and duties must be assigned in advance.

- **Medical receptionist, program registration, and intake costs**.

- **Nonmedical supplies, telephones, Electronic Practice Management, and copy machines**.

- **Dues for personnel to professional organizations** that are directly related to the individual's scope of practice. **Limited to one professional organization per professional**.

- **Utilization and referral management costs**.

- **Credentialing**

- **Clinical management costs.**

What are allowable capped overhead costs?

The state will impose a cap for the capped overhead cost center. As determined using the method outlined below, the cap will be a certain percentage of direct health care costs. The following are examples of capped overhead costs:

- **Billing agency expenses** that do not meet the definition under uncapped overhead.

- **Space costs** that do not meet the definition under uncapped overhead. The FQHC will use its Medicare depreciation schedule for all items and maintain documentation of that schedule for Medicaid auditors.

- **Dues to industry organizations –** These are limited to:

  ✓ Dues that are not grant-funded or used by organizations for lobbying activities.
  ✓ **One industry organization per FQHC**.

Note: This includes membership in business, technical, and professional organizations.

- **Costs associated with employees** who verify fee-for-service and managed care eligibility.

- **Data processing expenses** (not including computers, software, or databases not used solely for patient care or FQHC administration purposes)

- **Finance and Audit Agency costs**

- **Human Resources Agency costs**

- **Administration and disaster recovery and preparedness costs**

- **Facility and phone costs** for out-stationed financial workers provided by Community Service Offices (CSO). Any revenues received from a CSO for facility and other costs must also be recorded as a fee-for-service to the expense in the cost report.

- **Per Circular OMB A-122, maintenance costs** incurred for necessary maintenance, repair or upkeep of buildings and equipment (including federal property, unless otherwise provided for), which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life are treated as capital expenditures.

- **Per Circular OMB A-122, security costs** and necessary and reasonable expenses incurred for routine and homeland security to protect facilities, personnel, and work products. Such costs include, but are not limited to:

  - ✓ Wages and uniforms of personnel engaged in security activities
  - ✓ Equipment
  - ✓ Barriers
  - ✓ Contractual security services
  - ✓ Consultants

What are unallowable overhead costs and other expenses?

Unallowable costs as noted in 42 CFR 413 are unallowable in the Washington cost report. Additional unallowable overhead costs and other expenses include:

- **Costs not related to patient care**

- **Indirect costs allocated to unallowable direct health service costs** – These are also unallowable per Circular OMB A-122. The costs of certain activities are unallowable as

charges to federal awards (e.g., fundraising costs). However, even though these costs are unallowable for purposes of computing charges to federal awards, a share must be allocated to the organization's indirect costs if they represent activities which:

- ✓ Include the salaries of personnel
- ✓ Occupy space
- ✓ Benefit from the organization's indirect costs

- **Entertainment** (e.g., office parties/social functions, costs for flowers, cards for illness and/or death, retirement gifts and/or parties/social functions, meals and lodging). This includes:

  - ✓ Amusement
  - ✓ Diversion
  - ✓ Social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities)

  These costs are unallowable and cannot be included as a part of employee benefits.

- **Board of director fees** – Travel expenses related to mileage, meal, and lodging for conferences; and registration fees for meetings not related to operating the FQHC (e.g., FQHC-sponsored annual meetings, retreats, and seminars). Allowable travel would include attending a standard Board of Directors' meeting. The reimbursement level for allowed travel is based on the lesser of actual costs or state travel regulations.

- **Federal, state, and other income taxes and excise taxes**

- **Medical Licenses** – Costs of medical personnel professional licenses

- **Donations, services, goods and space** except those allowed in Circular A-122 and the MPRM

- **Fines and penalties**

- **Bad debts**, including losses (whether actual or estimated), arising from uncollectable accounts and other claims, related collection costs, and related legal costs

- **Advertising,** except for the recruitment of personnel, procurement of goods and services, and disposal of medical equipment and medical supplies

- **Contributions to a contingency reserve** or any similar provision made for events, the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening. The term "contingency reserve" excludes self-insurance reserves, pension funds, and reserves for normal severance pay.

- **Over-funding contributions to self-insurance funds** that do not represent payments based on current liabilities. Self-insurance is a means by which a provider undertakes the risk of

protecting itself against anticipated liabilities by providing funds in an amount equal to anticipated liabilities, rather than by purchasing insurance coverage. Accrued liabilities related to contributions to a self-insurance program that are systematically made to a funding agency and that cover malpractice and comprehensive general liability, unemployment compensation, workers' compensation insurance losses or employee health benefits, must be liquidated within 75 days after the close of the cost reporting period.

- **Legal, accounting, and professional services** incurred in connection with hearings and re-hearings, arbitrations, or judicial proceedings against the Medicaid agency. This is in addition to the unallowable costs listed for similar costs in connection with any criminal, civil or administrative proceeding in A-122.

- **Fund raising costs**

- **Amortization of goodwill**

- **Membership dues for public relations,** except for those allowed as a direct health care covered cost or overhead cost. For example, costs of membership in any civic or community organization, country club, or social or dining club or organization are unallowable.

- **Political contributions and lobbying expenses** or other prohibited activity under A-122

- **Costs allocable to the use of a vehicle or other company equipment for personal use**, as well as any personal expenses not directly related to the provision of covered services; mileage expense exceeding the current reimbursement rate set by the federal government for its employee travel; or out-of-state travel expenses not related to the provision of covered services, except out-of-state travel expenses for training courses that increase the quality of medical care or the operating efficiency of the FQHC.

- **Costs applicable to services, facilities and supplies furnished by a related organization** in excess of the lower of cost to the related organization or the price of comparable service. Circular A-122 addresses consulting directly related to services rendered

- **Vending machine expenses**

- **Charitable contributions**

- **Personnel costs for out-stationed financial workers** provided by Community Service Offices (CSO). The CSO makes the final decision on whether or not to outstation CSO staff based on an evaluation of the level of Medicaid activity and resources available. When CSO staff are out-stationed in an FQHC, a written agreement between the CSO and the FQHC spelling out the responsibilities of each is required. Any revenues received as reimbursement for CSO staff expenses must be recorded in the cost report.

- **Interpreter services.** Do not include interpreter services costs in the cost report or bill them as an encounter.

- **Restricted grants.** Grants for specific purposes are to be ofee-for-serviceet against allowable expenses including costs paid for by specific grants or contributions (e.g., supplies, salaries, equipment, etc.) This does not include grants received under Section 330 of the Public Health Services Act. When a provider receives a payment from any source prior to the submission of a claim to the agency, the amount of the payment must be shown as a credit on the claim in the appropriate field.

- **Unallowable costs** noted in 42 CFR 413, Circular A-122 and the Medicare Reimbursement Manual (MPRM)

What are requirements for cost reports?

Complete the Washington Medicaid cost reports consistent with the Washington FQHC Cost Report Instructions. The cost report starts with the A-133 audited working trial balance and has cost centers:

- Medical/maternity
- Maternity support services/infant case management
- Dental
- Mental health
- Chemical dependency

Alternative payment methodology (APM) rates for services calculated on the basis of these cost reports are FQHC-wide and apply to all sites. The FQHC must select a rate structure that is one of the following:

- An all-inclusive rate

- A separate rate for each of the five cost-centers

- A grandfathered rate structure consistent with the rate structure used for prospective payment system rate development. Definitions of the encounters are consistent with the cost center definitions

Encounters are defined in a consistent manner with historical encounters to ensure the comparability of the APM to historic prospective payment system encounter rates (i.e., increasing the encounters in the APM calculation would cause the APM prospective payment system to deflate, allowing the FQHCs to claim the higher historic prospective payment system for a larger number of encounters).

Corporations with multiple sites may be designated as a single FQHC or each site may be an individual FQHC, depending on the designation by CMS and the Public Health Service.

Desk reviews and audits

- **Standards** – The following regulations are the audit standards applicable to the FQHC cost reimbursement program in order of precedent:

  ✓ 42 CFR Section 413
  ✓ Agency policies and definitions
  ✓ Circular A-122 Cost Principles for Nonprofit Organizations
  ✓ Medicare Provider Reimbursement Manual

- **Documentation** – Documentation must be available for the auditors in the client's medical record at the FQHC. Separate maternity and medical records must not be kept at different locations. Until a chart is established for a newborn, when a physician sees the baby, this encounter must be clearly documented in the mother's record.

- **Exceptions** – There is no standard exception audit policy, but providers are allowed to ask for case-by-case exceptions.

Submission requirements

The agency obtains a copy of the audited Medicare cost reports from the CMS- contracted firm that audits the cost reports.

- **Rebasing** – FQHCs reimbursed under the APM have the option to rebase their encounter rate in 2010. Each FQHC that chooses to rebase in 2010 is required to submit the Medicaid FQHC cost report that corresponds with the fiscal year in the most recent audited A-133 trial balance consistent with the Cost Report Instructions. Beginning in 2013 and every four years thereafter, the encounter rates of every FQHC reimbursed under the APM will be mandatorily rebased.

  At each rebasing, starting with 2013, each FQHC will submit their Medicaid cost report to the agency in a format and with content consistent with agency instructions and the agreed upon procedures (AUP). The cost report is to be based upon financial information based on an A-133 audit and specified agreed upon procedures regarding Medicaid expenditure reporting to be completed by the independent auditor. Each FQHC's A-133 audit will include necessary review and an opinion on compliance with the AUP from an independent auditor.

- **Changes in Scope of Service** – For FQHCs reimbursed under the APM, scope changes to add services are permitted. The state establishes an interim rate for any scope changes between rebasing periods. That interim rate is established through analysis on a prospective basis. Scope changes between rebasing periods related to intensity, duration, or amount of services are not allowed as rebasing corrects for these changes.

- **New FQHCs** – When a new FQHC enrolls in the Medicaid program, the first cost report period is the most current actual 12-month period coinciding with the facility's fiscal year end. Subsequent reporting periods will be based on the FQHC's fiscal year end and cost reports must be submitted no later than 120 days after the end of the FQHC's fiscal year.

- **Cost Reports**

  - ✓ For cost reports received between the first and the 15th of the month, FQHC cost reimbursement is effective the first day of that month.

  - ✓ For cost reports received after the 15th of the month, the effective date of FQHC cost reimbursement is the first day of the subsequent month.

  - ✓ A complete list of providers for all programs during the cost report period must be included with the cost report. The list must state each provider's specialty and his/her license number and expiration date.

- **Overpayments** - If the state determines that an FQHC received overpayments or payments in error, the FQHC must refund such payments to the agency within 30 days after receipt of the final letter. A monthly repayment schedule for up to one year may be requested. If this request is granted by the agency, an interest rate of 1% per month on the unpaid balance is assessed.

- **Underpayments** - If the agency determines that an FQHC received underpayments, the agency reimburses such payments within 30 days from the receipt of the letter.

Productivity, full-time equivalent (FTE), and treatment of on-call time

The state applies Washington-specific productivity standards for both physicians and mid-level practitioners (i.e., physician assistants, ARNPs, and certified nurse-midwives). Minimum medical team productivity is calculated for services only in the medical/maternity cost center. Medical team FTEs are multiplied by the appropriate productivity standards and compared to each FQHC's encounters for those professionals. Psychiatrists are medical doctors and must meet FTE requirements if included in the medical/maternity cost center. The productivity standards apply in the manner in which they have been historically applied, and are only applied to practitioners who generate Medicaid encounters. The Washington-specific productivity standards are determined using the methodology outlined below.

To determine FTEs, the total number of hours paid (excluding payouts related to employee termination) for the year is divided by 2,080. FTEs for temporary, part-time, and contracted staff, including non- paid physician time, are to be included on the cost report prior to any

determination of whether or not they are permissible, which may remove them from the Washington Medicaid encounter rate.

On-call FTEs and encounters used for determining minimum productivity for medical and maternity services are based on the specific FQHC agreement. These agreements must be documented. For the following types of on-call staff, the criteria for determining FTEs are:

- **FQHC staff who are assigned on-call as part of their normal duties and who receive no additional compensation for the on-call:** FTEs are calculated using the total hours paid. Total encounters are used in the minimum productivity calculation.

- **FQHC staff who are assigned to on-call as part of their normal duties and who receive additional compensation for on call:** FTEs are calculated using the hours paid at regular salary.

- **Contract staff who perform both regular and on-call duties:** FTEs are calculated using the hours paid for the regular duties. Only the encounters associated with the regular duties are used in the minimum productivity calculation.

Productivity standards and capped overhead methodology

The State of Washington applies productivity standards to the medical team costs and a cap to the administrative costs in the capped overhead cost category. The medical team includes physicians and mid-level practitioners (i.e., physician assistants, ARNPs, and certified nurse-midwives). The productivity standards and administrative cap are set based on valid data submitted by FQHCs and are considered valid by the state in a manner that ensures all reasonable costs are included.

The productivity standards and administrative cap are set at amounts greater than the average FQHC costs, but do not exceed a statistically determined amount (called the outlier cut-off). This ensures that only reasonable costs are included. The productivity standards and administrative cap are developed using data from the FQHCs' Medicaid cost reports.

Reasonable costs are defined as actual FQHC costs that do not exceed the average costs of similar FQHCs by more than a statistically determined amount (the outlier cut-off). Medical team costs and capped administrative expenses beyond the outlier cut-off are non-reimbursable and are excluded from the cost reports.

Using the data, the state develops a statistical model reflecting the expected level for medical team costs and capped administrative expenses. The model then compares the costs and expenses of each FQHC to the expected levels. The model recognizes variables such as variations in population size and service scope, both of which affect medical costs and administrative expenses.

The outlier cut-off is the maximum value of a cost included in the cost report. Any costs above the cut-off are excluded. The cut-off is set at a certain number of standard deviations from the mean, depending on how the costs are distributed. If FQHC costs are more widely disbursed, the State sets the outlier cutoff at a higher absolute number than if costs are more tightly distributed. If the range of costs is more tightly distributed, the outlier cut-off is a lower number.

Under this model, there is no predetermined limit on allowable costs. If all FQHC costs fall within the expected range, they are all included. This ensures that all costs that are reasonable, and only those that are reasonable, are allowed.

Encounters for all patients

Total (on-call and regular) staff expenses must be included on the cost report. The total encounters for all patients seen by staff (both regular and on-call) must be included on the cost report and used in calculating the encounter rate.

To verify the number of patients and associated number of encounters that physicians and mid-level practitioners have seen, the FQHC must maintain records that substantiate the number of encounters for physicians and mid-levels practitioners who receive additional compensation for their on-call time and contract physicians and mid-levels during on-call time.

Billing and Claim Forms

What are the general billing requirements?

Providers must follow the agency's ProviderOne Billing and Resource Guide.

What special rules are there for FQHCs to follow when billing?

- All related services performed on the same day by the same clinician or by the same provider specialty must be billed on the same claim. This includes any services performed during an encounter-eligible visit that are not encounter-eligible. For example, lab services performed at the same visit as evaluation and management.

- An encounter-eligible service must be billed with the T1015 procedure code.

  Note: The FQHC must bill a TH modifier on the same line as T1015 to generate a multiple-unit encounter payment for global maternity services.

- If reprocessing a denied service or a service that was not correctly included when the original claim was billed, the paid claim must be adjusted. If the original claim is not adjusted to add these services, the additional claim may be denied.

- If a non-encounter-eligible service is billed and paid prior to an encounter-eligible claim submission for the same date of service, adjust the paid claim and submit the services together to receive payment.

How do I bill for encounter services?

Bill the agency an encounter using the HCPCS code below:

Service Type	HCPCS Procedure Code	Fee-for-Service (FEE-FOR-SERVICE) Procedure Code	Description	Billed Charges
Medical, dental, non-RSN mental health, MSS, chemical dependency	T1015	Bill corresponding fee-for-service code of the underlying service being performed	All-inclusive FQHC visit/encounter	Bill $0.00
Mental health (community mental health centers only; must be contracted with an RSN)	T1015 with modifier HE	N/A	All-inclusive FQHC visit/encounter	Bill $0.00.

Always list an encounter code on the same claim as its related fee-for-service procedure code(s).

Exception: FQHCs licensed as community mental health centers by the Department of Health and contracted with an RSN must bill mental health encounters with only the T1015 encounter code and the modifier HE for clients who meet the RSN access to care standards.

- When billing the encounter code, bill $0.00. For services eligible for encounter payments, the system will automatically pay the difference between the FQHC's encounter rate and the fee-for-service amount paid.

- For clients in programs eligible for encounter payments, the agency denies Evaluation and Management (E&M) codes when billed without a T1015.

Exception: E&M CPT codes 99201 and 99211 can be billed without an encounter code for immunization services provided by registered nurses.

- When billing for services that do not qualify for encounter payments, do not use an encounter code on the claim form. (See the What services do not qualify as encounters? section in this guide.)

> **Note:** As client eligibility may change, bill encounter code T1015 on claims for *all* eligible services. ProviderOne will determine whether the encounter is payable when the claim is processed.

FQHC services provided to agency clients must be billed to the agency on a paper CMS-1500 claim form or on an electronic 837P claim form. This includes claims with:

- An Explanation of Benefits (EOB) attachment from an insurance carrier.
- A Medicare Explanation of Medicare Benefits (EOMB) denial.

> **Note:** For audit purposes, all encounters must have the specific procedure documented in the client's chart.

Multiple units may be billed with a single encounter code only in the following situations:

- Obstetrical care, which are billed as medical encounters.
- Dental care when a single service requires multiple visits (e.g., root canals, crowns, dentures).

How do I bill for orthodontic services performed in an FQHC?

When billing for orthodontic services, FQHCs are required to follow the same guidelines as non-FQHC providers. However, orthodontic codes that are considered "global" and therefore cover a specific length of time are billed at the end of the time indicated – except for the initial placement of the device, which is billed on the date of service. Because FQHCs are reimbursed by an encounter payment, they are allowed to bill up to the maximum number of encounters as shown in the chart below. The chart below illustrates comprehensive treatment time frames and maximum units allowed during those periods.

	Comprehensive treatment (D8080)										Total encounters allowed
Months from Appliance Placement date	0	6 *	9	12	15	18	21	24	27	30	
Number of encounters allowed	0	5**	2	2	2	2	2	2	2	2	21

* The date of service on the claim is the same as the appliance placement date.
** FQHC records must document the five separate visits.

During the first six months of the appliance placement, an FQHC may bill on the date of the appliance placement for one unit and up to a total of five units. If an FQHC chooses to bill in this manner instead of waiting the full six months, the latest paid claim must be adjusted each time, and another unit added to the line containing the T1015 code. If the claim is not adjusted, the claim will be denied as a duplicate billing.

The chart below is similar to the comprehensive treatment chart , but is for limited orthodontic treatment.

	Limited orthodontic treatment (D8030)					Total Encounters allowed
Months from appliance placement date	0	3*	6	9	12	
Number of encounters allowed	0	4**	2	2	2	10

* Use the appliance placement date for billing.
** Clinic records must document four separate visits.

An FQHC may bill on the date of the appliance placement for one unit and up to a total of four units during the first three months of the appliance placement. If a clinic choses to bill in this manner instead of waiting the full three months, the latest paid claim must be adjusted each time, and another unit added to the line containing the T1015 code. If the claim is not adjusted, the claim will be denied as a duplicate billing.

What are the rules for telemedicine?

See the Physician-Related Services/Healthcare Professional Services Medicaid Provider Guide.

How do I bill for more than one encounter per day?

Each individual provider is limited to one type of encounter per day for each client, regardless of the services provided except in the following circumstances:

- The client needs to be seen by different practitioners with different specialties.
- The client needs to be seen multiple times due to unrelated diagnoses.

Each encounter must be billed on a separate claim form. On each claim, to indicate that it is a separate encounter, enter “unrelated diagnosis” and the time of both visits in field 19 on the CMS-1500 claim form, or in the *Comments* field when billing electronically. Documentation for all encounters must be kept in the client’s file.

What procedure codes must an FQHC use?

FQHCs **must** submit claims using the appropriate procedure codes listed in one of the following provider guides, as applicable:

- Chemical Dependency Provider Guide
- Dental-Related Services Provider Guide
- Maternity Support Services/Infant Case Management Provider Guide
- Orthodontic Services Provider Guide
- Physician-Related Services/Healthcare Professional Services Provider Guide
- Prescription Drug Program Provider Guide
- Other applicable program-specific provider guides

Claims must be submitted on the appropriate claim form:

- Medical services, maternity support services, infant case management, chemical dependency, and mental health on the CMS-1500 claim form
- Dental services on the 2012 ADA Dental Form
- Pharmacy claims through the Point-of-Sale (POS) system or on the Pharmacy Statement (525-109) claim form, HCA 13-714

Can FQHCs get paid for noncovered services?

Noncovered services are not eligible for payment, including encounter payments. Specific information regarding noncovered services can be found under *"What services are noncovered?"* in the Physician-Related Services provider guide.

How do I bill taxonomy codes?

- When billing for services eligible for an encounter payment, the agency requires FQHCs to use billing taxonomy 261QF0400X at the claim level.

- A servicing taxonomy is also required as follows:

  - ✓ Community mental health centers must bill servicing taxonomy 261QM0801X or 251S00000X when billing for voluntary community health services (T1015 HE).

  - ✓ Psychologists and psychiatrists billing for mental health encounters in combination with fee-for-service codes must bill servicing taxonomy appropriate for the service performed by the performing/rendering provider.

- ✓ Dental providers must bill the servicing taxonomy appropriate for the service performed and the provider performing the service.

- ✓ Maternity Support Services/Infant Case Management provides must bill servicing taxonomy 171M00000X. Childbirth education providers must bill servicing taxonomy 174400000X.

- ✓ Outpatient chemical dependency treatment providers must bill one of the following servicing taxonomies according to the service(s) provided:

    - ➢ 261QM2800X (for Opiate Substitution Services)
    - ➢ 251B00000X (for Case Management Services)
    - ➢ 324500000X (for Acute/Sub-Acute Detox services and Room and Board)
    - ➢ 261QR0405X (for remaining published services)

- ✓ Medical and maternity services require a servicing taxonomy appropriate for the service billed by the performing/rendering provider:

    - ➢ Family planning clinics must bill servicing taxonomy 261QA0005X.
    - ➢ Health departments must bill servicing taxonomy 251K00000X.

- If the client or the service does not qualify for an FQHC encounter, FQHCs may bill regularly as a non-FQHC without T1015 on the claim.

Billing taxonomy electronically

When billing electronically:

- Billing taxonomy goes in the 2000A loop.
- Rendering taxonomy goes in the 2310B loop.
- If the rendering provider is different than that in loop 2310B, enter taxonomy in the 2420A loop.

For more information on billing taxonomy, refer to the Health Insurance Portability and Accountability Act.

How are CMS-1500 claim forms completed?

The following online Webinars give providers instructions on how to bill professional claims and crossover claims electronically:

- DDE Professional claim

- DDE Professional with Primary Insurance
- DDE Medicare Crossover Claim

Also, see Appendix I of the agency's ProviderOne Billing and Resource Guide for general instructions on completing the CMS-1500 claim form.

The following CMS-1500 claim form instructions relate to FQHCs:

Field	Name	Entry
24B	Place of Service	These are the only appropriate codes for FQHCs: **Code** — **To Be Used For** 03 School-based 11 Office or ambulatory surgery center 12 Client's residence 21 Inpatient hospital* 22 Outpatient hospital* 23 Emergency room* 31, 32 Nursing home 50 Federally Qualified Health Center 53 Community Mental Health Center 57 Non-residential Substance Abuse Treatment Facility 99 Other
24J	Rendering Provider ID#	Enter the service-specific taxonomy code (upper field) NPI (lower field)
33B	Physician's Supplier's Billing Name, Address, Zip Code and Phone #	Enter your billing NPI and FQHC taxonomy code 261QF0400X

*Services performed in this place of service are not encounter eligible.

How do I complete the UB-04 claim form?

Detailed instructions on how to complete and bill according to the official UB-04 Data Specifications Manual is available from the National Uniform Billing Committee at http://www.nubc.org/index.html.

How do I complete the 2012 ADA claim form?

Refer to the agency's ProviderOne Billing and Resource Guide for instructions on completing the 2012 ADA claim form.

How do I handle crossover claims in an FQHC setting?

See the ProviderOne Billing and Resource Guide for details on payment methods.

FQHCs do not receive an encounter payment when billing a crossover claim. These claims use the same payment methodology as a non-FQHC as spelled out in the *ProviderOne Billing and Resource Guide*.

FQHCs are required to bill crossover claims in the UB04/837I claims format. If Managed Medicare or Medicare Part C require services to be billed on a CMS1500/837P and they are paid or the money is applied to the deductible, FQHCs must switch the claim information to the UB04/837I format or the claim will not process correctly. These crossover claims must be billed to the agency using the Type of Bill 77X and the FQHC taxonomy for the Billing Provider.

How do I handle Managed Medicare or Medicare Part C crossover claims for dental billing?

Managed Medicare and Medicare Part C plans increasingly offer dental services as a covered service. If the Part C plan makes a payment, FQHCs will bill the agency in the 837D format or on the ADA 2012 form. To ensure the claim goes to Coordination of Benefits for proper pricing, indicate on the claim in the claim note field that this is a Managed Medicare or Medicare Part C service.