



## CHAPTER 522 FEDERALLY QUALIFIED HEALTH CENTER (FQHC) AND RURAL HEALTH CLINIC (RHC) SERVICES

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## CHAPTER 522 FEDERALLY QUALIFIED HEALTH CENTER (FQHC) AND RURAL HEALTH CLINIC (RHC) SERVICES

### BACKGROUND

The West Virginia Medicaid Program is administered pursuant to Title XIX of the Social Security Act and Chapter 9 of West Virginia Code. The Bureau for Medical Services (BMS) in the West Virginia Department of Health and Human Resources (DHHR) is the single State agency responsible for administering the Program. This program, therefore, must also function within federally defined parameters.

Medicaid offers a comprehensive scope of medically necessary medical and mental health services. All covered and authorized services must be provided by enrolled providers practicing within the scope of their license, utilizing professionally accepted standards of care, and in accordance with all State and Federal requirements. Enrolled providers are subject to review of services provided to Medicaid members by BMS whether or not the services require prior authorization. All providers of services must maintain current, accurate, legible, and complete documentation to justify medical necessity of services provided to each Medicaid member and made available to BMS or its designee upon request.

The Center for Medicare and Medicaid Services (CMS) requires that all services provided to Medicaid members be medically necessary, cost effective, and provided in the appropriate setting by enrolled providers. As such, covered services are subject to nationally accredited, evidence-based medical necessity guidelines, including but not limited to the medical necessity criteria utilized by the BMS' Utilization Management Contractor (UMC).

The National Correct Coding Initiative (NCCI) is used by West Virginia Medicaid as coding standards for procedures/services provided to Medicaid members. These standards, recommended by CMS and compiled by the American Medical Association (AMA), apply to Current Procedural Terminology (CPT numeric codes) and the Healthcare Common Procedure Coding System (HCPCS alpha-numeric codes). Services may also be subject to coding standards developed by BMS and/or its Fiscal Agent. Providers must use the most current CPT, HCPCS, and ICD diagnosis manuals applicable to the date of service when billing for services provided to Medicaid members. Providers are encouraged to implement Electronic Health Records (EHR). Information for EHR is available in [Chapter 100, General Administration and Information](#) or at CMS website at <http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/index.html>.

Section 6904 of Public Law 101-239 (the Omnibus Budget Reconciliation Act of 1989) amended the Social Security Act effective April 1, 1990, to add the Federally Qualified Health Center (FQHC) services under the Medicare program effective October 1, 1991, Section 1861(aa). This law established a core set of health care services. For the purposes of West Virginia Medicaid, FQHC look-a-like facilities are subject to the same requirements set forth in this policy.

FQHCs are considered "safety net" providers that successfully increase access to care, promote quality and cost-effective care, improve patient outcomes, and are uniquely positioned to spread the benefits of community-based and patient centered care.

Congress passed Public Law 95-210; the Rural Health Clinic (RHC) services Act, in December 1977. The Act authorized Medicare and Medicaid payments to certified rural health clinics for "physician



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services” and “physician-directed services” whether provided by physician, physician assistant, nurse practitioner, or certified nurse midwife. The RHC Act established a core set of health care services.

The RHC must be located in a rural area that is designated as a shortage area. A shortage area is a defined geographic area designated by the US Secretary of Health and Human Services as having either a shortage of health services or a shortage of primary medical care.

### POLICY

#### 522.1 PROVIDER PARTICIPATION REQUIREMENTS

To participate in WV Medicaid, FQHC and RHC facilities must be approved through BMS’ fiscal agent contractor enrollment process prior to billing for any services. [Chapter 300, Provider Participation Requirements](#) presents an overview of the minimum requirements that health care providers must meet to enroll in and be reimbursed by the WV Medicaid Program. Additional participation requirements may be found in other chapters of the [BMS Provider Manual](#).

To become certified, FQHC’s self-attest to their compliance with Medicare conditions for coverage [under [42 CFR §405 Subpart X](#), [42 CFR Part 491 Subpart A](#) (except §491.3)], and are only surveyed by CMS in connection with complaint investigations.

RHC’s must be certified for participation in Medicare in accordance with [Subpart S of 42 CFR part 405](#). The US Secretary of Health and Human Services will notify the State Medicaid agency of the decision to approve or deny certification under Medicare. [Subpart A of 42 CFR §491.3](#).

FQHC’s and RHC’s are required to meet the same health and safety standards, and are subject to monitoring and evaluation by all appropriate Federal and State entities and subject to all requirements outlined in this chapter. Please refer to BMS Provider Manual, [Chapter 100, General Administration and Information](#) and [Chapter 300, Provider Participation Requirements](#).

FQHC’s and RHC’s services are subject to review by the Bureau for Medical Service’s Office of Program Integrity. When disallowances are discovered, the center/clinic will be subject to recovery of payment for services provided. Medical records must substantiate that any service billed to West Virginia Medicaid was provided to an eligible West Virginia Medicaid member by an enrolled provider/practitioner. Documentation must be made available immediately to BMS’s designee upon request. For more information please refer to [Chapter 800, Program Integrity](#).

In addition to requirements established in [Chapter 300, Provider Participation Requirements](#) and in [42 CFR §405.2402](#), FQHC’s and RHC’s must meet the specific requirements from [WV State Code §16-2D-9](#) in order to participate and receive reimbursement from BMS. The following additional documentation is required to be submitted to the BMS Fiscal Agent Provider Enrollment Division and to be on file:

- Completed Medicaid Provider Enrollment application via the enrollment web portal at: <http://www.wvmmis.com/welcome.screen>
- Approved National Provider Identifier (NPI) number



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- W-9 (Request for Taxpayer Identification Number and Certification)
- EFT (Electronic Funds Transfer) Form Authorization Agreement
- Current signed and dated WV Business License
- Certificate of Need (CON) if rendering services in West Virginia OR a letter from the Health Care Cost Review Authority stating the FQHC or RHC is exempt from providing a CON.
- Newly enrolled FQHCs and RHCs must submit a projected cost report (similar to Medicare's cost reports CMS Form 222 or CMS Form 2552) to Medicaid.
- Fiscal Year End Date
- Current signed and dated DEA (Drug Enforcement Administration) Certifications, if applicable OR a signed letter stating the FQHC or RHC does not dispense drugs. (NOTE: DEA Number is required for physicians under FQHC).
- Current Clinical Laboratory Improvement Amendments (CLIA) Certificate OR a signed letter stating laboratory services are not provided.
- Current signed and dated Medicare Certification and Approval letter designating as a FQHC or RHC. Must be on Medicare Letterhead and include the Medicare provider ID number and effective date of approval.
- If a facility has multiple physical sites under the same ownership, each of these physical sites must meet the enrollment criteria and be issued its own NPI number. They may not use the provider number issued to the main facility.
- Disclosure of participation in 340B Drug Pricing Program and HRSA designated 340B Identification Number.
- A list signed and dated on provider letterhead, indicating which of the following categories of services are provided by the FQHC or RHC:
  - General Practice/Family Practice
  - Pediatric Services
  - Women's Health Services (e.g. OB/GYN, Family Planning)
  - Dental Services
  - Vision Services
  - Chiropractic Services
  - Dermatology Services
  - Pharmacy Services
  - 340B Pharmacy Services
  - Laboratory Services
  - Radiology Services
  - Behavioral Health Services
  - Other specialty services (specify service, e.g. orthopedics, podiatry)

Participating providers are responsible for familiarizing themselves with the policy manual's contents.

### 522.2 MEMBER ELIGIBILITY

It is the provider's responsibility to verify WV Medicaid eligibility and obtain appropriate authorizations before services are provided.



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For verification of member eligibility and managed care coverage (MCO), providers must verify eligibility electronically or utilize the WV Medicaid Voice Response System at 1-888-483-0793.

A FQHC or RHC may elect to make (PE) presumptive eligibility determinations for populations whose eligibility is determined using the Modified Adjusted Gross Income (MAGI) methodology described in [Chapter 10, Section 8 of the West Virginia Income Maintenance Manual](#). Refer to [Chapter 400, Member Eligibility](#) for additional information.

### 522.3 ENCOUNTERS

A billable encounter for a FQHC or RHC is defined as a face-to-face visit between an eligible practitioner and a member where the practitioner is exercising independent professional judgment consistent within the scope of their license.

Eligible practitioners include the following:

- Physician (MD or DO)
- Dentist (DDS or DDM)
- Optometrist
- Chiropractor
- Advanced Practice Registered Nurse (APRN)
  - Nurse Practitioner (NP)
  - Certified Nurse Midwife (CNM)
  - Certified Nurse Specialist (CNS)
- Physician Assistant (PA)
- Psychiatrist
- Licensed Psychologist (LP)
- Licensed Independent Clinical Social Worker (LICSW)
- Licensed Certified Social Worker (LCSW)
- Licensed Graduate Social Worker (LGSW)
- Licensed Professional Counselor (LPC)
- Dental Hygienist providing services in the school setting [outside of services identified in Chapter 538 School-Based Health Services through the West Virginia Department of Education (DOE) or a Local Education Agency (LEA)]

The following services qualify as clinic/center encounters:

1. Physician Services specified in [42 CFR §405.2412](#)
2. Advanced Practice Registered Nurse specified in [42 CFR §440.166](#)
3. Physician Assistant services specified in [42 CFR §405.2414](#);
4. Clinical Psychologist and Clinical Social Worker Services specified in [42 CFR §405.2450](#)
5. Visiting nurse services specified in [42 CFR §405.2416](#)
6. Nurse midwife services specified in [42 CFR §405.2414](#)
7. Preventive primary services specified in [42 CFR §405.2448](#)



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The specific health care encounters that constitute a federal core service are documented in [42 CFR §405.2411](#), [42 CFR §405.2463](#) and [42 CFR §440.20 \(b\) and \(c\)](#).

West Virginia includes additional Medicaid approved services in addition to federal core services such as Dental, Vision, Chiropractic and/or Behavioral Health.

An FQHC or RHC encounter can also be a visit between a homebound patient and a Registered Nurse (RN), Licensed Practical Nurse (LPN), or Licensed Vocational Nurse (LVN) under certain conditions. Refer to [Section 522.5, Visiting Nurse Services](#) for information on visiting nursing services to homebound patients.

An FQHC encounter may be provided by qualified practitioners of outpatient diabetes self-management training (DSMT) and medical nutrition therapy (MNT) when the FQHC meets the relevant program requirements for provision of these services.

**Encounters** with more than one health professional and multiple **encounters** with the same health professionals which take place on the same day and at a single location constitute a single visit, except when one of the following conditions exist:

- after the first encounter, the patient suffers illness or injury requiring an additional diagnosis or treatment; or
- the patient has a behavioral health visit with a Licensed Psychologist (LP), Licensed Independent Clinical Social Worker (LICSW), Licensed Certified Social Worker (LCSW), Licensed Graduate Social Worker (LGSW) under the supervision of the LICSW or LCSW, Licensed Professional Counselor (LPC), or
- the patient has a dental visit with the Dentist.

An Initial Preventive Physical Examination (IPPE) or an Annual Wellness Visit (AWV) is considered an FQHC or RHC encounter. However, if it is provided in conjunction with another service it may not be billed separately.

An FQHC may bill for up to three separate encounters occurring in one day: One medical encounter, one behavioral health and one dental encounter per day per member may be billed; except in cases in which the member suffers illness or injury requiring additional diagnosis or treatment.

### 522.4 PROFESSIONAL SERVICES

Professional services other than physician services must be furnished by Physician Assistant (PA), Nurse Practitioner (NP), Certified Nurse-Midwife (CNM), or Certified Nurse Specialist (CNS), Licensed Psychologist (LP), Licensed Independent Clinical Social Worker (LICSW), Licensed Certified Social Worker (LCSW), Licensed Graduate Social Worker (LGSW) under the supervision of the LICSW or LCSW, and Licensed Professional Counselor (LPC) to the WV Medicaid member and include diagnosis, therapy, and consultation. These practitioners work under the medical supervision of a physician and in accordance with any medical orders for the care and treatment of a WV Medicaid member prepared by a physician. The professional conditions are specified in [42 CFR §491.8\(b\)](#) and are to be within their scope of their license and meet requirements of WV State Law.

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Professional staff that are authorized within their scope of license and practice within the WV State Law to provide services for the FQHC's or RHC's must be directly employed or contracted with WV Medicaid prior to submitting all claims for reimbursement to WV BMS Medicaid fiscal agent.

Reimbursement is made directly to the FQHC or RHC for covered services furnished for WV Medicaid members. These services must be performed at the FQHC or RHC facility or can be performed away from the facility by an enrolled/contracted practitioner whose agreement with the FQHC or RHC provides that they will be reimbursed by the facility for such services.

**Behavioral Health Services** must be provided by a contracted or employed Licensed Psychiatrist (MD/DO), Licensed Psychologist (LP), Licensed Independent Clinical Social Worker (LICSW), Licensed Certified Social Worker (LCSW), Licensed Graduate Social Worker (LGSW) under the supervision of the LICSW or LCSW, or Licensed Professional Counselor (LPC) who is authorized to provide behavioral health services in the center/clinic. All behavioral health services must be prior authorized.

**Diabetes Self-Management Training (DSMT) and Medical Nutrition Therapy (MNT) Services** are now considered core FQHC services and are reimbursable as an encounter under the FQHC all-inclusive payment rate when rendered by qualified practitioners. DSMT and MNT services are billable FQHC encounters when the FQHC meets all program requirements for the provision of services as set forth in [42 CFR §410](#), subpart H for DSMT and in 410, subpart G for MNT. The WV Medicaid member must have a documented diagnosis of diabetes or renal disease. Current regulations only allow for FQHC reimbursement for individual, face-to-face encounters DSMT and MNT services. FQHCs cannot be reimbursed for "group" DSMT or MNT. MNT and DSMT encounters cannot be billed on the same day. Diabetes counseling or medical nutrition services provided by a registered dietician or nutritional professional at an RHC may be considered incident to a visit with an RHC provider provided all applicable conditions are met. DSMT and MNT provided under the Medicare coverage requirements are covered services when provided in an RHC. However, the actual delivery of these services does not constitute an RHC visit for purposes of billing, although the cost may be allowable on the Medicare cost report. DSMT and MNT services provided in an RHC are not eligible for payment as a visit.

Separate payment to RHCs for registered dietitians and nutritional professionals and services continues to be precluded. However, RHCs are permitted to become certified providers of DSMT services and report the cost of such services on their Medicare cost report.

**Dental services** in an FQHC or RHC are performed by general dentists, specialty dentists and dental hygienists who may provide a variety of covered services in accordance with his/her licensure and in accordance with the [WV State Code Chapter 30, Article 4, and 4A and West Virginia State Code §30-4-11](#). Coverage decisions are based upon the member's age, medical necessity, and the member's need.

Enrolled children up to 21 years of age are eligible for covered diagnostic, preventive, restorative, periodontics, prosthodontics, maxillofacial prosthetics, oral and maxillofacial surgery, and orthodontics. Covered dental services for enrolled adults 21 years of age and older are limited to emergent procedures to treat fractures, reduce pain, or eliminate infection.



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Vision services in an FQHC or RHC are performed by an optometrist or an ophthalmologist in accordance with [Chapter 525, Vision Services](#).

Chiropractic services in an FQHC or RHC are performed by a Chiropractor in accordance with [Chapter 519 Practitioner Services, Policy 519.7 Chiropractic Services](#).

### 522.5 VISITING NURSE SERVICES

Visiting nurse services are covered if the FQHC or RHC is located in an area in which the US Secretary of Health and Human Services or his or her delegate has determined that there is a shortage of home health agencies. The services are rendered to a homebound individual without access to a home health agency.

The services are furnished by a Registered Nurse (RN), Licensed Practical Nurse (LPN), or Licensed Vocational Nurse (LVN) that is employed by, or receives compensation for the services from the clinic. The LPN or LVN must work under the supervision of a Registered Nurse and the RN must work under the supervision of the enrolled or contracted Physician. [42 CFR §405.2417](#)

*Homebound* is an individual who is permanently or temporarily confined to his or her place of residence because of a medical or health condition. This individual may be considered homebound if he or she leaves their place of residence infrequently. "Place of residence" does not include a hospital or long term care facility. The WV Medicaid member is furnished nursing care on a part-time or intermittent basis by a RN, LPN, or LVN that is employed by or receives compensation for the services from the facility. [42 CFR §405.2416](#)

The services must be furnished under a written treatment plan that is established, reviewed and must be signed/dated every 60 days by a supervising physician of the RHC, advanced practice registered nurse, physician assistant, and nurse midwife. The nursing care provided must be for the safety of the patient and assure that physician orders are implemented. Communication of the team must be documented in the member's treatment plan. These homebound services include assisting with ADL's (activities of daily living), implementing a system for taking medications, accessing and maintaining central and peripheral line for medications administration and wound care are services provided by home health. Household and housekeeping services or other services that would constitute custodial care are not included in visiting nurse services.

### 522.6 INCIDENTAL SERVICES

Incidental practitioner services provided in a Federally Qualified Health Center (FQHC) or a Rural Health Clinic (RHC) are included in the facility's reimbursement and are not separately billable.

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

- Furnished as an incidental, although integral, part of the practitioner's professional services;
- Of a type commonly furnished either without charge or included in the FQHC or RHC bill;
- Of a type commonly furnished in a provider's office or center/clinic;



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- Furnished under the physician's direct supervision by a member of the FQHC or RHC staff who is an employee of the center (e.g. nurse, therapist, technician, or other aide).
- Furnished drugs and biologicals that are not usually self-administered, covered preventive injectable drugs (e.g., influenza, pneumococcal)
- Bandages, gauze, oxygen, and other supplies; or
- Assistance by auxiliary personnel such as a nurse, medical assistant, or anyone acting under the supervision of the physician.

### 522.7 SERVICE LIMITATIONS

The following limitations and requirements apply to services provided by FQHC and RHC facilities:

- If two unrelated medical encounters occur on the same day, documentation must be accompanied with the claims and mailed directly to the BMS's fiscal agent.
- If a WV Medicaid member is seen in the center/clinic and admitted to an acute care hospital on the same day as the center/clinic visit, documentation must be provided with the claims and mailed directly to the BMS's fiscal agent. FQHC services are not covered in a hospital as defined in [§1861E1 of the Social Security Act](#).
- Licensed Psychologist (LP), Licensed Independent Clinical Social Worker (LICSW), Licensed Certified Social Worker (LCSW), Licensed Graduate Social Worker (LGSW) under the supervision of the LICSW or LCSW, and Licensed Professional Counselor (LPC) services are limited to those services furnished to WV Medicaid members in or on behalf of the center/clinic. All Behavioral health visits are to be **prior** authorized by BMS UM Contractor.
- Dental services in the school setting must be provided initially by the Dentist. Subsequent visits are allowed with the dental hygienist on an alternating basis. Preventive oral health services provided by a dental hygienist with a public health practice permit ([West Virginia State Code §30-4-11-5](#)) are exempt from this requirement.
- Supplies, materials, and all drugs that are administered to the WV Medicaid member during the encounter, are considered a part of the physician's or other health care practitioner's service and are all inclusive in the per-encounter rate.
- CLIA (Clinical Laboratory Improvement Amendments) Waiver designated laboratory procedures performed by a FQHC or RHC are considered part of the practitioner's service and are included in the per-encounter rate. A list of CLIA Waived designated tests are found on CMS' website at [www.cms.hhs.gov/clia](http://www.cms.hhs.gov/clia). If additional laboratory testing is required and is not part of the encounter fee, the independent certified laboratory must be enrolled with WV Medicaid to perform any additional testing and may be reimbursed for the services.
- Radiology services have a professional and technical component. The professional component (identified by modifier 26) represents the portion of the service associated with the physician's interpretation of the test. The technical component (identified by modifier TC) represents the portion of the service associated with the performance of the test. The physician may be paid for the professional component while the facility where the radiology service is furnished may be paid for the technical component. The physician is paid for both components if they perform and interpret the service at the center/clinic. All fees are published on the web at: <http://www.dhhr.wv.gov/bms>

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### 522.8 TELEHEALTH SERVICES

Telehealth is not a telephone conversation, email, or faxed transmission between a healthcare provider and a member, or a consultation between two healthcare providers. The member must be able to see and interact with the off-site provider at the time services (“real-time not delayed”) are provided via Telehealth. Services provided via videophone or webcam are not covered. Please refer to [Chapter 519 Practitioner Services, Policy 519.17 Telehealth Services](#) for additional information.

FQHC’s or RHC’s may serve as an originating site for Telehealth services, which is the location of an eligible WV Medicaid member at the time the service is furnished via a telecommunications system.

FQHC’s or RHC’s that serve as an originating site for Telehealth services are paid an originating site facility fee and must be enrolled as a WV Medicaid provider.

FQHC’s or RHC’s are not authorized to serve as a distant site for Telehealth consultation and may not bill or include the cost of a visit on the Medicare cost report.

### 522.9 SERVICES PROVIDED IN THE SCHOOL SETTING

Services may be provided in the school setting through Federally Qualified Health Center (FQHC) or Rural Health Clinic (RHC) facilities. These facilities may provide services such as, preventive care, behavioral health, health education, and dental care to children and adolescents in an effort to provide better access to services while the member is in school. These services are reimbursed by WV Medicaid as a “face to face” encounter by the facility. These services are outside of those provided through the West Virginia Department of Education (DOE) or a Local Education Agency (LEA) identified in [Chapter 538 School-Based Health Services](#) of the BMS Provider Manual.

### 522.10 SERVICES BILLED OUTSIDE THE ENCOUNTER

Certain services are not considered FQHC or RHC services either because they are not included in the FQHC or RHC benefit or are not a Medicare benefit. Non-covered FQHC or RHC services include but are not limited to:

- Ambulance services.
- Outside Laboratory services - Although FQHC’s or RHC’s are required to furnish certain laboratory services (for RHC’s see section [§1861\(aa\)\(2\)\(G\)](#) of the Act), and for FQHC’s see section [§330\(b\)\(1\)\(A\)\(i\)\(II\)](#) of the PHS Act), those laboratory services are not within the scope of the FQHC or RHC benefit. When centers or clinics separately bill laboratory services, the cost of associated space, equipment, supplies, facility overhead, and personnel for these services must be adjusted out of the FQHC or RHC Medicare cost report.
- Prosthetic devices that replace all or part of an internal body organ (including colostomy bags) and supplies directly related to colostomy care, and the replacement of such devices.
- Durable medical equipment - Includes crutches, hospital beds, and wheelchairs used in the patient’s place of residence, whether rented or sold.
- Orthotic devices such as leg, arm, back, and neck braces and artificial legs, arms and eyes, including replacements, if required because of a change in the patient’s physical condition.



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- Physical, Speech or Occupational therapy with a therapist not employed or contracted by the FQHC and RHC.
- Physical, Speech or Occupational therapy's supplies are not covered if the provider is not employed or contracted with the FQHC and RHC.
- Medicare excluded services for adult over the age of 21 include routine dental care, hearing tests, eye exams, etc.
- Technical components of diagnostic tests.

The professional component is the FQHC or RHC service performed by the facilities physician or non-physician practitioner and is reimbursed in the encounter fee. The following specific preventive services have a technical component not included in the encounter fee:

- Screening Pap smears and screening pelvic exams
- Prostate cancer screening
- Colorectal cancer screening tests
- Screening mammography
- Bone mass measurements
- Glaucoma screening

### 522.11 CHANGE OF SCOPE OF SERVICES

A change of scope of services is defined as a change in the type, intensity, duration and/or amount of services (a "qualifying event") provided by the center/clinic. A change of scope of services applies only to WV Medicaid covered services.

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

A change of scope of services may be recognized if any of the following qualifying events occur:

- Addition of a new center/clinic service(s) that is not present in the existing Prospective Payment System (PPS) rate
- Deletion of an existing service
- A change in service resulting from opening or relocating a center/clinic site
- A change in service resulting from federal or state regulatory requirements
- New physical locations added to existing centers or clinics, and
- Closed locations.

All of the following criteria must be met to qualify for a change in scope of adjustment:

- The qualifying event must have been implemented continuously since its initial implementation;
- The cost attributable to the qualifying event, on a cost per visit basis, must account for an increase or decrease to the existing PPS rate of five percent (5%) or greater. To determine whether the threshold is met, the cost per visit of the year immediately preceding the Medicare cost reporting year in which the qualifying event occurs will be compared to the PPS rate in effect for the year in which the change in scope has been implemented for six consecutive months;



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- The cost related to the qualifying event shall comply with Medicare reasonable cost principles. Reasonable costs, as used in rate setting is defined as those costs that are allowable under Medicare cost principles, as required in [45 CFR §92.22\(b\)](#) and the applicable OMB circular, with no productivity screens or per visit payment limit applied to the rate. Reasonable costs do not include unallowable costs.

Each center/clinic will be responsible for notifying BMS, in writing, on company letterhead, of a qualifying event by the last day of the third month after the qualifying event has been implemented for six consecutive months for a maximum of nine months from the date of the qualifying event implementation.

Each center/clinic will be responsible for providing sufficient documentation, including any and all documentation requested by BMS, to support the review and request for a determination of change in scope.

Providing that all notification timeframes described above are met and a qualifying event is established, the adjusted PPS rate will be retroactively applied to the date the change in scope was implemented.

Failure to meet all the notification timeframes described above shall result in the effective date of the approval rate to be the first day following:

- The fiscal year end that the center/clinic submitted the documentation for the change in scope;
- Center/clinic may apply only once during any fiscal year for an adjustment due to a change in scope of services.

Requests for review of a qualifying event should be sent to the following address:

West Virginia Department of Health and Human Resources  
Office of Accountability and Management Reporting (OAMR)  
One Davis Square, Suite 304  
Charleston, WV 25301

### 522.12 PRIOR AUTHORIZATION REQUIREMENTS

It is the responsibility of the enrolled treating, prescribing, ordering, or referring practitioner to submit all requests for covered services requiring prior authorization to the Utilization Management Contractor (UMC) for medical necessity determination. Nationally accredited, evidence-based, medically appropriate criteria, such as InterQual, or other medical appropriateness criteria approved by BMS, is utilized for reviewing medical necessity of services requested.

Retrospective authorization is available by the UMC in the following circumstances:

- A procedure/service denied by the member's primary payer, providing all requirements for the primary payer have been followed, including appeal processes; or
- Retroactive West Virginia Medicaid eligibility.



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Behavioral health (BH) encounters in a FQHC or RHC require prior authorization for all visits by the Psychiatrist, Advanced Practice Registered Nurse with Mental Health Specialty, Licensed Psychologists (LP), Licensed Independent Clinical Social Worker (LICSW), Licensed Certified Social Worker (LCSW), Licensed Graduate Social Worker (LGSW) under the supervision of the LICSW or LCSW, and Licensed Professional Counselor (LPC) who are employed/contracted (with the FQHC or RHC) to provide these services.

### 522.13 FQHC FACILITIES PARTICIPATING IN THE 340B PROGRAM

Section 340B of the Public Health Services Act of 1992 provides access to deeply discounted drugs for certain provider entities who meet the qualifications for participation in the 340B Program, as established by the Health Resources and Services Administration (HRSA). This program allows participating providers, including eligible FQHCs and hospitals, to offer medications to their patients at deeply discounted prices.

**Per federal law**, drugs with discounts generated from participation in the 340B Program are not eligible for Medicaid federal drug rebates and drug claims from these provider entities must be exempted from Medicaid drug rebate invoicing. All provider entities must submit their **actual acquisition costs (AAC)** when billing for drugs purchased under the 340B Program when billing claims to the West Virginia Medicaid Program. Submission of drug purchase invoices may be required for audit purposes.

All covered entities must ensure that the drugs purchased through this program are used for **outpatients only**. This program does not apply to drugs supplied to inpatients. Covered entities are prohibited from transferring or reselling 340B purchased drugs to individuals who are not patients of the facility. The entity is responsible for implementing systems to ensure compliance and maintain documentation of these practices.

All entities must apply to HRSA for participation in the 340B Program. At the time of application, providers must determine whether they will use 340B drugs for their Medicaid patients (carve-in) or whether they will purchase drugs for their Medicaid patients through other sources (carve-out).

- Entities that carve-in are required to inform HRSA of their decision by providing their Medicaid provider number/National Provider Identifier (NPI) at the time they enroll in the 340B Program that they will purchase and dispense 340B drugs for their Medicaid patients. If covered entities bill Medicaid for drugs purchased under 340B, then ALL drugs billed with that number must be purchased under 340B and that Medicaid provider number/NPI must be listed on the HRSA Medicaid Exclusion File.
- In addition to the HRSA application process, BMS requires that participating 340B Program providers certify their participation by completing the required [340B Certification Form](#).
- Entities that opt to carve-out of the 340B Program must purchase drugs from another source and that Medicaid provider number/NPI should not be included on the HRSA Medicaid Exclusion File.

HRSA maintains a current listing of eligible providers on the HRSA website at <http://www.hrsa.gov/opa/index.html>. It is the providers' responsibility to verify that the HRSA listing of



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their participation is current and accurate. Providers must report any changes in Medicaid 340B Program participation to HRSA and to BMS **before** implementing this change. A written notice of a change in participation must be received no later than thirty (30) days prior. Notices must be sent to:

The Bureau for Medical Services  
Attn: Pharmacy Services  
350 Capitol Street, Room 251  
Charleston, West Virginia 25301

### 522.14 DOCUMENTATION AND RECORD RETENTION REQUIREMENTS

FQHC and RHC facilities must comply with the documentation and maintenance of records requirements described in [Chapter 100, General Administration and Information](#), [Chapter 300, Provider Participation Requirements](#), [Chapter 502, Behavioral Health Clinic](#), [Chapter 503, Behavioral Health Rehabilitation](#), [Chapter 521 Psychological Services](#), [Chapter 536 Psychiatric Services](#), and [Chapter 537 Licensed Independent Clinical Social Worker Services](#) of the BMS Provider Manual.

### 522.15 FQHC AND RHC REIMBURSEMENT METHODOLOGY

All Federally Qualified Health Centers and Rural Health Clinics (hereinafter collectively referred to as "center/clinic" shall be reimbursed on a Prospective Payment System ("PPS").

The FQHC and RHC reimbursement structure is encounter-based. Facility-specific rates are established for each FQHC and RHC 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.

BMS bases FQHC and RHC reimbursement on the CMS approved Medicaid State Plan. CMS only permits reimbursement based upon reasonable costs for services defined in the WV Title XIX State Plan or in [Section §1861\(aa\)\(1\)\(A\)\(C\)](#) which lists required core services. Reasonable costs do not include unallowable costs, which are expenses incurred by a center/clinic that are not directly related to the provision of covered services, according to applicable laws, rules and standards. Allowable costs must be reasonable and necessary and may include Practitioner compensation, overhead, equipment, space, supplies, personnel, and other costs incident to the delivery of the FQHC or RHC services.

BMS calculated the facility-specific encounter rate as follows:

#### **Facilities with an effective date prior to or in Fiscal Year 1999:**

Starting with October 1, 2012, reimbursement is based on an all-inclusive Prospective Payment System (PPS) Rate.

The initial rate is calculated using the 1999 and 2000 Medicare final settled cost report (if available), adjusted to include other covered ambulatory services, and for recognized change in scope, then divided by the number of encounters with no productivity screens applied. The other covered ambulatory services visit count must be supplied to BMS by the provider as this information is not contained in the



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Medicare cost-report. A Medicaid rate is calculated, using approved methodology. The calculated rates for 1999 and 2000 are averaged to calculate the initial PPS rate.

This initial PPS rate will then be increased on the first day of every calendar year (up to current year), with the percentage increase in the Medicare Economic Index (MEI) starting with 2001, as adjusted for any recognized change in scope that may have occurred, to bring the provider's PPS rate to current. The current rate will then be increased annually on the first day of the calendar year by the percentage increase in the MEI. The MEI percentage increase is updated annually and effective on January 1<sup>st</sup>.

### **Facilities with an effective date in or after Fiscal Year 2000**

For facilities enrolled in or after FY 2000, the PPS rate will be calculated using the first full fiscal year's Medicare final settled cost report (if available), adjusted to include other covered ambulatory costs and other ambulatory visits, which must be supplied to BMS by the provider. If the other covered ambulatory visit count is not supplied, the costs will not be used in the calculation of the initial PPS rate. The calculation of the PPS rate and any subsequent adjustment(s) shall be determined on the basis of reasonable costs.

The initial PPS rate will then be increased on the first day of every calendar year (up to current year), with the percentage increase in the Medicare Economic Index (MEI) starting on the first day of the calendar year after the provider's full fiscal year has ended, as well as adjusted for any recognized change in scope that may have occurred, to bring the provider's PPS rate to current. The current rate will then be increased annually on the first day of the calendar year by the percentage increase in the MEI.

### **New Facilities- Effective date on or after October 1, 2012**

**Note: A "new clinic or center" is defined as a provider enrolling as a FQHC(s) or RHC(s) in WV Medicaid for the first time.**

A "new" center/clinic is a facility that meets all the applicable licensing or enrollment requirements on or after October 1, 2012. New site(s) of an existing provider that are newly recognized by HRSA are treated, for the purpose of the WV State Plan, as a change in scope of services.

The all-inclusive rate for a new center/clinic, hospital based or free standing, is determined on the basis of the budget the FQHC or RHC submits. The budget estimates the allowable cost to be incurred by the FQHC or RHC during the reporting periods and the number of visits for the center/clinic services expected during the reporting period. This is the same information submitted to Medicare on form CMS-22-92. The new center/clinic must include in this budget, estimated other ambulatory costs as well as the number of visits expected in order to correctly calculate an interim rate. The initial rate will be set at the "lesser of" eighty percent (80%) of the pro forma allowable cost(s) as established by the submitted budget or the statewide average PPS rate of all existing providers within the same peer group, excluding the lowest and highest rate obtained from the current period.

A group is divided into three rate groupings:

- FQHC's



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- Free-standing RHC's
- Hospital based RHC facilities

Each new center/clinic must provide to BMS, information collected on the Medicare cost reporting form (CMS-222) for free-standing FQHC or RHC's within five months after the end of the facility's first full fiscal year. The information on this form contains the minimum statistical visit data and other information necessary to enable BMS to calculate an initial rate. The new center/clinic must also supply, to BMS, any visit counts for other ambulatory services as this information is not contained on Form CMS-222. If this information is not supplied, the other ambulatory services will not be used in calculation of the initial rate.

The rate established shall become the final base rate for the center/clinic. The state will reconcile payments back to the beginning of the interim period applying the final base rate. If the final base rate is greater than the interim rate, BMS will compute and pay the facilities a settlement payment that represents the difference in rate for services provided during the interim period. If the final base rate is less than the interim rate, BMS will compute and recoup from the center/clinic any overpayment resulting from the differences in rates for the services provided in this interim period.

Each center/clinic must provide to BMS the number of encounters for the ambulatory services provided as this information is not available on the Medicare cost report. (Each facility must also continue to submit a WV Medicare cost report within five months after the end of the facility's fiscal year).

Commingling is prohibited by Medicare/Medicaid and refers to the sharing of FQHC and RHC space, staff (employed/ contracted), supplies, equipment and/or other resources with an onsite Medicare Part B or Medicaid fee-for-service practice operated by the same FQHC or RHC physician(s) and/or non-physician(s) practitioners. **Commingling is prohibited in order to prevent:**

- Duplicate Medicare or Medicaid reimbursement (including situations where the FQHC and RHC is unable to distinguish its actual costs from those that are reimbursed on a fee-for-service basis), or
- Selectively choosing a higher or lower reimbursement rate for the services.

Refer to [Chapter 300, Provider Participation Requirements](#) and [Chapter 600, Reimbursement Methodologies](#), for additional information related to reimbursement.

### 522.16 RECONCILIATION OF MANAGED CARE

If the individual is a member of a Medicaid Managed Care Organization (MCO), the providers must follow the MCO's prior authorization requirements and applicable rules related to MCO covered services and submit claims to the MCO.

If the member is in the Physician Assured Access System (PAAS) and the Primary Care Provider (PCP) is not the FQHC or RHC authorization/referral is required from the PCP for reimbursement of services. Medicaid will not reimburse for services provided when requirements of the MCO/PAAS Program are not followed.



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When a center/clinic furnishes services to a WV Medicaid member in a Medicaid managed care organization, BMS will make supplemental payments to the extent required by [Section §1902\(bb\)\(5\)](#) of the Act.

### 522.17 REPORTING REQUIREMENTS

Providers are required to timely file their Medicare cost reports for Title XIX services. A timely filed report for providers that are required to submit an annual Medicare cost report must be received in accordance with the "cost report Due Date." A "new" FQHC or RHC is a facility that meets all applicable licensing or enrollment requirements on or after October 1, 2012. Reporting requirements for FQHC's and RHC's are as follows:

- Each center/clinic must submit an as-filed Medicare cost report after the end of the center/clinic Fiscal Year, as defined as the first full year of operation, as adjusted for Medicaid services that reflect 12 months of continuous service.
- Each new center/clinic must submit a Medicare cost report, reflecting 12 months of continuous service.

Medicare cost reports are considered to be timely filed when received on or before the applicable due date at the following address:

West Virginia Department of Health and Human Resources  
Office of Accountability and Management Reporting (OAMR)  
One Davis Square, Suite 304  
Charleston, WV 25301

### GLOSSARY

Definitions in [Chapter 200, Definitions and Acronyms](#) apply to all West Virginia Medicaid services, including those covered by this chapter. Definitions in this glossary are specific to this chapter.

**Allowable Costs:** Costs that are incurred by a center/clinic, and are reasonable in amount and proper, and necessary for the efficient delivery of the FQHC and RHC services.

**Certified Diabetes Educator (CDE):** A CDE is a health care professional who is specialized and certified to provide diabetes education and self-management skills to WV Medicaid members.

**Change in Scope of Service:** A change in the type, intensity, duration, and/or amount of service (as a result of a "qualifying event") provided by the center/clinic. A change in scope of service applies only to Medicaid covered services.

**Encounter:** A billable encounter is defined as a face-to-face visit between an eligible practitioner and a patient where the practitioner is exercising independent professional judgment consistent within the scope of their license.

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**Diabetes Self-Management Training (DSMT):** Training to teach WV Medicaid members to cope with and manage diabetes. It includes tips for eating healthy, being active, monitoring blood sugar, taking medication, and reducing risks.

**Federally Qualified Health Center (FQHC):** [42 CFR §405.2401\(b\)](#) “an entity that has entered into an agreement with CMS (Centers for Medicare and Medicaid Services) to meet Medicare program requirements under [42 CFR §405.2434](#) and is receiving a grant under section 329, 330, or 340 of the Public Health Service Act, or is receiving funding from such a grant under a contract with the recipient of such a grant and meets the requirements to receive a grant under section 329, 330 or 340 of the Public Health Service Act”. FQHCs may be free-standing or hospital based facilities. A Federally Qualified Health Center is a federal designation from the Bureau of Primary Health Care (BPHC) and the Centers for Medicare and Medicaid Services (CMS) that is assigned to private non-profit or public health care organizations.

**Federally Qualified Health Center Look-Alike:** An organization that meets all of the eligibility requirements of an FQHC that receives a PHS Section 330 grant, but does not receive grant funding or Federal Torts Claims Act (FTCA) provider liability coverage.  
[www.bphc.hrsa.gov/policiesregulations/legislation](http://www.bphc.hrsa.gov/policiesregulations/legislation)

**Homebound:** [42 CFR §405.2416\(d\)](#) “homebound is an individual who is permanently or temporarily confined to his or her place of residence because of a medical or health condition. The individual may be considered homebound if he or she leaves the place of residence infrequently. For this purpose, “place of residence” does not include a hospital or long term care facility.”

**Public Health Service Act (PHS Section 330):** [Section 330 of the Public Health Service Act](#) (42 U.S.C. 254b) defines federal grant funding opportunities for organizations to provide care to underserved populations. Types of organizations that may receive 330 grants include: Community Health Centers, Migrant Health Centers, and Health Care for the Homeless Programs, and Public Housing Primary Care Programs.

**Reasonable Cost:** Those costs that are allowable under Medicaid cost principles, as required in [45 CFR §92.22\(b\)](#) and the applicable OMB circular, with no productivity screens or per visit payment applied to the rate. Reasonable costs do not include unallowable costs.

**Reporting Period:** A period of 12 consecutive months or time frame specified by the intermediary as the period for which a clinic or center must report its costs and utilization. The first and last reporting periods may be less than 12 months.

**Rural Health Clinic (RHC):** RHC “is a facility authorized (by [Section 1102 of the Social Security Act](#), the Secretary of the Treasury, the Secretary of Labor, and the US Secretary of Health and Human Services, respectively, shall make and publish such rules and regulations) as a clinic that is located in a rural area designated as a shortage area, is not a rehabilitation agency or a facility primarily for the care and treatment of mental diseases, and meets all other requirements of this subpart. RHCs may be free-standing or hospital based facilities. The facility is certified to receive Medicare and Medicaid reimbursement and meet Medicare program requirements under [42 CFR §405.2402](#).”



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**School Setting Health Services:** The FQHC or RHC providing covered services on or adjacent to a school property.

**Shortage Area:** “according to [42 CFR §491.2](#) is a defined geographic area designated by the Secretary of Health and Human Services Department as having either a shortage of personal health services (under section 1302(7) of the Health Service Act) or a shortage of primary medical care manpower (under section 332 of the Act)”.

**Technical Component:** The physical part of attaining the specimen, performing procedure, or taking the x-ray. Technical component services are identified with the modifier -TC and are normally payable to facilities.

**Telehealth Services:** Health care services provided through advanced telecommunications technology from one location to another. Medical information is exchanged in real-time communication from an Originating Site, where the participant is located, to a Distant Site, where the provider is located, allowing them to interact as if they are having a face-to-face, "hands-on" session.

**Unallowable Costs:** Expenses incurred by the center/clinic that are not directly or indirectly related to the provision of covered services, according to applicable laws, rule, and standards.

**Visiting Nurse Services:** Part-time or intermittent nursing care and related medical supplies (other than drugs or biological) furnished by a Registered Nurse (RN), Licensed Practical Nurse (LPN), or Licensed Vocational Nurse (LVN) to a homebound patient.

### REFERENCES

The West Virginia State Plan references FQHC and RHC services at sections [3.1-A\(2\)\(b\) and \(c\)](#), [3.1-B\(2\)\(b\) and \(c\)](#), [supplement 2 to attachments 3.1-A and 3.1-B\(2\)\(b\) and \(c\)](#) and reimbursement at [4.19-B\(2\)\(b\) and \(c\)](#).

### CHANGE LOG

REPLACE	TITLE	CHANGE DATE	EFFECTIVE DATE
Entire Chapter	Federally Qualified Health Center and Rural Health Clinic Services		December 1, 2015