# **CMS Manual System**

# **Pub 100-04 Medicare Claims Processing**

**Transmittal 879** 

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Date: MARCH 3, 2006 Change Request 4077

SUBJECT: Announcement of Federally Qualified Health Centers (FQHCs)
Designation as Urban and Rural - Skilled Nursing Facility (SNF) Consolidated
Billing (CB) as it Applies to FQHC Services Furnished to Swing-Bed Patients

**I. SUMMARY OF CHANGES:** This One Time Notification provides instructions for FQHC designations as Urban and Rural as well as clarifies a national policy issue concerning CB and FQHC services provided with in a SNF setting.

#### **NEW/REVISED MATERIAL**

**EFFECTIVE DATE: October 1, 2004** 

**IMPLEMENTATION DATE: April 3, 2006** 

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

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED - Only One Per Row.

R/N/D	Chapter / Section / Subsection / Title
R/N/D	Chapter / Section / Subsection / Title

#### III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

#### IV. ATTACHMENTS:

One-Time Notification

\*Unless otherwise specified, the effective date is the date of service.

# **Attachment – One-Time Notification**

Pub. 100-04 Transmittal: 879 Date: March 3, 2006 Change Request 4077

SUBJECT: Announcement of Federally Qualified Health Centers (FQHCs) Designation as Urban and Rural - Skilled Nursing Facility (SNF) Consolidated Billing (CB) as it Applies to FQHC Services Furnished to Swing-Bed Patients

#### I. GENERAL INFORMATION

#### A. Background:

#### **FQHC Designation as Urban and Rural**

The FQHC payment methodology includes one urban and one rural payment limit. An FQHC is designated as an urban or rural entity based on the urban and rural definitions in §1886(d) (2) (D) of the Act, which defines urban and rural for hospital payment purposes. If the FQHC is located within a Metropolitan Statistical Area (MSA) or New England County Metropolitan area (NECMA), then the urban limit applies. If the FQHC is not in an MSA or NECMA and cannot be classified as a large or other urban area, the rural limit applies. Rural FQHCs cannot be reclassified into an urban area (as determined by the Bureau of Census) for FQHC payment limit purposes.

The definition of urban and rural is based entirely upon the most recent available data from the Bureau of Census and issued by the Office of Management and Budget (OMB). OMB reviews its MSA definitions preceding each decennial census. In the fall of 1998, OMB chartered the Metropolitan Area Standards Review Committee to examine the MSA standards and develop recommendations for possible changes to those standards. In the December 27, 2000, Federal Register (65 FR 82228 through 82238), OMB announced its new standards. According to that notice, OMB defines a Core-Based Statistical Area (CBSA), beginning in 2003, as "geographic entity associated with at least one core of 10, 000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties." On June 6, 2003, OMB announced the new CBSAs, comprised of MSAs and the new Micropolitan Areas based on Census 2000.

On August 11, 2004, CMS published in the Hospital Inpatient Prospective Payment System (IPPS) Final Rule, the new OMB CBSAs based on Census 2000 data for defining hospital labor market areas, effective October 1, 2004. In light of the fact that the FQHC definition for rural and urban is based on the Medicare IPPS definition, the FI should implement, effective October 1, 2004, the OMB CBSA list as published in the August 11, 2004, Final IPPS rule. The new CBSA file has already been forwarded to the appropriate FIs for their use. The CBSA list that was furnished to the FIs excludes hospital specific adjustments.

#### Skilled Nursing Facility (SNF) Consolidated Billing (CB) as it Applies to RHC and FQHC Service

On December 10, 2004, CMS issued Change Request (CR) 3575 to announce the changes to the RHC/FQHC program made by 410 of MMA 2003, which removes RHC and FQHC services from the SNF provisions. This MMA provision specifically provides RHCs and FQHCs with the flexibility to bill

for most of their professional services as RHC and FQHC services through the clinic or center when they treat Medicare SNF patients. Subsequent to the issuance of this CR, several centers/clinics have questioned whether SNF CB exclusion of RHC/FQHC services, as enacted in section 410 of MMA 2003, is applicable to SNF-level of services furnished to swing-bed patients.

Swing-bed SNF services (like those of SNFs themselves) are subject to the SNF CB requirement, which makes the facility itself responsible for including on its Part A bill almost all of the services that the beneficiary receives during the course of a covered Part A stay. Moreover, the amendment made by §203 of BIPA 2000 (which exempted swing-bed SNF services in CAHs from the SNF PPS and provided instead that they are to be paid based on cost) affected only the actual payment methodology for the CAH's swing-bed services, and not the scope of the CAH's Medicare billing responsibility for those services under SNF CB.

Accordingly, the amendment made by §410 of MMA 2003 (which excludes most RHC/FQHC services from SNF CB and enables them to be billed as RHC/FQHC services) applies not only to services furnished to SNF residents, but also to swing-bed SNF patients in rural hospitals as well as in CAHs.

B. Policy: N/A

# II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement "Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)					es the			
		F I	R H H	C a r	D M E	Ma	red S intair	ners		Other
			I	r i e r	R C	F I S	M C S	V M S	C W F	
4077.1	Intermediaries shall use the new MSA designation for urban and rural FQHCs	X								
4077.2	To avoid unnecessary administrative burden, the intermediary shall <u>not</u> retroactively adjust individual FQHC bills paid at previous upper payment limits. Prior to cost settlement the intermediary does, however retain the discretion to make adjustment to the interim payment rate or lump sum adjustments to total payments already made to take into account any excess or deficiency in payments to date.	X								

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)						
		F I	R H H I	C a r r i e r	D M E R C	Maintainers  F. M. V. C.		
4077.3	The intermediaries shall remove any billing/payment edits for the off site SNF location setting.	X						

# III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	R H H I	C a r r i e r	D M E R C	F I			С	Other
	None.									

# IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

# V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: October 1, 2004	No additional funding will be
Implementation Date: : April 3, 2006	provided by CMS; contractor activities are to be carried out within their FY 2006 operating
Pre-Implementation Contact(s): Roechel Kujawa at 410-786-9111	budgets.
Post-Implementation Contact(s): Roechel Kujawa at 410-786-9111	

<sup>\*</sup>Unless otherwise specified, the effective date is the date of service.

# **Attachment – One-Time Notification**

Pub. 100-04 Transmittal: 879 Date: March 3, 2006 Change Request 4077

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B. Policy: N/A

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4077.3	The intermediaries shall remove any billing/payment edits for the off site SNF location setting.	X						

# III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	R H H I	C a r r i e r	D M E R C	F I			С	Other
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# IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

# V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date\*: October 1, 2004

Implementation Date: : April 3, 2006

Pre-Implementation Contact(s): Roechel Kujawa at 410-786-9111

Post-Implementation Contact(s): Roechel Kujawa at 410-786-9111

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