

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
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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

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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

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

III. PROVIDER EDUCATION

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		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
F I S S	M C S					V M S	C W F			
	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 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	No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.
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D. Contractor Financial Reporting /Workload Impact: N/A

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