
Medicare State Operations Manual Provider Certification

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 28

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<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
2826 - 2826 (Cont.) Exhibit 177 - Exhibit 180	2-179 - 2-181 (3 pp.) 9-565 – 9-568 (4 pp.)	2-179-2-181 (3 pp.) 9-565 – 9-568 (4 pp.)

NEW/REVISED MATERIAL--*EFFECTIVE DATE: March 14, 2002*

Section 2825, Federally Qualified Health Centers (FOHCs) – Citations and Description, subsection B is revised to reflect that the Health Centers Consolidation Act of 1996, P.L. 104-299, amended Title III of the Public Health Services Act into one group, 330.

Section 2826, RO Approval Process for FOHCs, subsection H is revised to conform to the instructions at the State Operations Manual, Section 2004 concerning establishing an effective date for Medicare participation for a FQHC.

Exhibit 177, Attestation Statement for Federally Qualified Health Centers, and Exhibit 179, Model Letter to Applicants for Participation in Medicare as a Federally Qualified Health Center are revised to conform to the instructions in the State Operations Manual, §2004, concerning establishing an effective date for Medicare participation for an FQHC.

Exhibit 178, Federally Qualified Health Center Crucial Data Extract, is revised to delete obsolete information.

Exhibit 180, Notice to Accredited Psychiatric Hospital of Involuntary Termination, is revised to reflect the Agency name change.

Federally Qualified Health Centers2825. **FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs) - CITATIONS AND DESCRIPTION**

A. Citations.--Section 4161(a)(2) of OBRA '90 (P.L. 101-508) amended §1861(aa) of the Act and established FQHC services as a new benefit under the Medicare program effective October 1, 1991. The statutory requirements which entities must meet to be an FQHC are at §1861(aa)(4) of the Act. Regulations establishing the FQHC benefit were published on June 12, 1992, in the Federal Register (57 FR 24961) and became effective on the date of publication. Section 13556 of OBRA 1993 (P.L. 103-66) amended §1861(aa) of the Act by adding outpatient health programs or facilities operated by a tribe or tribal organization under the Indian Self-Determination Act or by an urban Indian organization receiving funds under title V of the Indian Health Care Improvement Act, as entities eligible to participate in Medicare as FQHCs.

B. Description.--FQHCs are considered "suppliers" under Part B of Medicare and are paid Part B benefits for FQHC services. An entity is eligible to qualify as an FQHC if it:

- o Is receiving a grant under §330 of the Public Health Service (PHS) Act;
- o Is receiving funding from a grant under a contract with the recipient of the grant and meets the requirements to receive a grant under §330 of the PHS Act;
- o Is determined by the Secretary to meet the requirements for receiving such a grant (look-alikes) based on the recommendation of the Health Resources and Services Administration (HRSA); or
- o Is an outpatient health program or facility operated by a tribe or tribal organization under the Indian Self-Determination Act or by an urban Indian organization receiving funds under title V of the Indian Health Care Improvement Act.

2826. **RO APPROVAL PROCESS FOR FQHCs**

A. General.--The SA survey and certification process does not apply to FQHCs. HRSA will supply HCA with a list of those entities that meet the first or second grant requirements above. For those entities requesting participation as look-alikes, HRSA will review the entities' applications and provide CMS with recommendations regarding whether they meet the grant requirements. CMS will make the final determination whether entities meet the requirements. (Part D concerns tribes and tribal organizations and urban Indian organizations attempting to qualify as FQHCs.)

ROs are responsible for approving and obtaining Medicare agreements from entities approved as FQHCs for Medicare participation. The RO notifies the FQHCs, HRSA, Central Office, the Indian Health Service, as appropriate, and the appropriate intermediaries of approvals. Provider-based FQHCs use the same intermediary as the host facility. The RO sends the tie-in-notice for independent FQHCs to the FQHC intermediary (one intermediary services all independent FQHCs).

The RO investigates complaints that allege an FQHC does not meet applicable Medicare requirements.

B. Request to Participate.--To participate in the Medicare program, FQHC applicants must submit to the RO:

- o A signed and dated attestation statement (Exhibit 177). Since FQHCs must sign an agreement stipulating that they will comply with §1861(aa)(4) of the Act and specific FQHC regulations, this statement serves as the Medicare FQHC benefit agreement;

- o A completed FQHC crucial data extract sheet (Exhibit 178).

C. Information To Be Sent To Applicant by the RO--Mail applicants copies of:

- o Model letter to FQHC applicants (Exhibit 179);
- o FQHC Crucial Data Extract (Exhibit 178);
- o Attestation Statement for FQHCs (Exhibit 177); and
- o The statutory requirements (§1861(aa)(4)).

D. Processing Requests--The RO verifies that the applicant's attestation statement is complete, and that the applicant's enrollment information has been verified by the fiscal intermediary, United Government Services.

- o For applicants the RO confirms their attestation by reviewing the list of entities that HRSA determined meet the requirements of §1861(aa)(4) of the Act. The RO informs applicants who do not meet §1861(aa)(4) requirements that they are not eligible for FQHC status and should contact HRSA to establish their eligibility.

- o For outpatient health programs or facilities operated by a tribe or tribal organization or by an urban Indian organization receiving funds under title V of the Indian Health Care Improvement Act, the RO confirms their attestation by using the Indian Health Care Service (IHS) lists of facilities or organizations provided by CO or by contacting Central Office or the IHS for applicants not on the list.

E. RO Assigning Applicants an FQHC Provider Number--

- o The RO assigns each entity approved as an FQHC an identification number using the 1800-1989 series. This includes RHCs converting to FQHCs.

- o An RHC cannot concurrently be approved for Medicare as both an RHC and FQHC. Retire the provider number of a RHC converting to an FQHC and notify the RHC of its new number.

F. RO Completion of Forms--

- o The RO completes the State/County and State/Region codes on the FQHC Crucial Data Extract (Exhibit 178) after the FQHC completes the other sections and submits it with an attestation statement.

- o The RO completes appropriate blocks of Part I and Part II of Form CMS-1539. Annotate Item 7 by assigning Code 21 for FQHCs.

- o The RO completes Form CMS-2007 and notify intermediaries of changes (additions, deletions, and corrections) in their lists of providers. (See §2783.) If the FQHC indicates on the Crucial Data Extract that it is part of an existing Medicare/Medicaid provider, the RO sends the tie-in-notice to the provider's intermediary and for independent FQHCs to the intermediary.

G. Complaint Investigations.--The RO uses the instructions in the SOM §3281, the Act, FQHC regulations, and the appropriate sections of the Interpretive Guidelines for RHCs (Appendix G) in making determinations whether Medicare requirements are met.

H. Effective Date.--The effective date for an FQHC's Medicare participation is the date the RO signs the FQHC agreement after determining that all Medicare requirements, including enrollment requirements, are met. (See SOM §2004.) The FI will send you notification when it has verified the information contained in Form CMS-855.

ATTESTATION STATEMENT FOR FEDERALLY QUALIFIED HEALTH CENTERS

Complete the following attestation statement.

The _____ (name of entity) complies with all applicable Federal requirements related to the following provision of §1861(aa)(4) of the Social Security Act (check the appropriate box):

- (A)(i) is receiving a grant under §330 of the Public Health Service Act, or
- (ii)(I) is receiving funding from such a grant under a contract with the recipient of such a grant, and (II) meets the requirements to receive a grant under §330 of such Act;
- (B) based on the recommendation of the Health Resources and Services Administration within the Public Health Service, is determined by the Centers for Medicare and Medicaid Services (CMS) to meet the requirements for receiving such a grant: or
- (C) Is an outpatient health program or facility operated by a tribal organization under the Indian Self-Determination Act or by an urban Indian organization receiving funds under Title V of the Indian Health Care Improvement Act.

The _____ (name of the entity) agrees to remain in compliance with the all of the federally qualified health center requirements specified in 42 CFR Part 405 Subpart X, and Part 491, as described in §405.2434(a).

I certify that I have reviewed each Federal requirement in §1861(aa)(4) of the Social Security Act and the federally qualified health center requirements specified in 42 CFR Part 405 Subpart X, and Part 491, as described in §405.2434(a) and that _____ (name of facility) is currently in compliance with these requirements and regulations. I agree to inform CMS of any changes that result in noncompliance.

Attention: Read the following provisions of Federal law carefully before signing:

STATEMENTS OR ENTRIES GENERALLY: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years or both. (18 U.S.C. §1001).

Signature _____ Title _____ Date _____

Printed Name _____

Accepted for the Secretary of Health and Human Services by:

Signature _____ Title _____ Date _____

Exhibit 178

FEDERALLY QUALIFIED HEALTH CENTER CRUCIAL DATA EXTRACT

Name of Entity _____

Street Address _____

County _____ State _____ Zip Code _____

Telephone number _____ Date _____

Is this entity a part of an existing Medicare/Medicaid Provider?
___ Yes * ___ No If yes, Provider Number _____

Is this entity a Medicare-approved rural health clinic (RHC)?
_____ Yes** _____ No If yes, RHC Provider Number _____

Type of Ownership or Control: Enter number:

- | | |
|----------------------------|--------------------------------|
| (01) Religious Affiliation | (04) Proprietary |
| (02) Private | (05) State/County |
| (03) Other | (06) Combination
Govt./Vol. |

These items are to be completed by the Centers for Medicare and Medicaid Services.

____ State/County Code: _____ State/Region Code:

* The center is an integral and subordinate part of a hospital, skilled nursing facility or home health agency participating in Medicare (i.e., a provider of services), and is operated with other departments of the provider under common licensure, governance and professional supervision.

** If you are approved as an FQHC, your rural health clinic Medicare provider number will be retired.

Exhibit 179

MODEL LETTER TO APPLICANTS FOR PARTICIPATION IN MEDICARE AS A
FEDERALLY QUALIFIED HEALTH CENTER

If you desire to participate in the Medicare program as a Federally Qualified Health Center (FQHC), you **must** complete and submit to your **Centers for Medicare and Medicaid Services (CMS)** regional office the enclosed forms, date the **Exhibits 177 and 178**, and sign the attestation statement **contained in Exhibit 177**. You must also submit to your fiscal intermediary a completed Form CMS-855, Medicare Enrollment Form. You may obtain the Form CMS-855 from (FI/Name/Address). If you have not already done so, enclose a copy of the following, if applicable:

1. Entity's State license;
2. Entity's CLIA certificate;
3. Health Services Resources Administration's approval form, "Notice of Grant Award;" and
4. A letter from the Tax Board approving "not for profit" status (this may apply if you are under private, proprietary, State/County or Government ownership).

Failure to provide this information may delay your Medicare application.

The signed and dated attestation statement serves as an agreement that you **agree to** comply with §1861(aa)(4) of the Social Security Act (the Act), and the requirements contained in the Medicare federally qualified health center regulations. Each entity, whether operated as part of another Medicare provider or supplier, or as part of a group of entities under common ownership, must independently meet the Federal requirements for FQHCs and be assigned a separate FQHC identification number.

If it is determined by this **CMS** regional office that all Federal requirements are met, we will notify you **of the effective date** that you have been approved to participate in the Medicare program as an FQHC and issue you **an FQHC identification number**. **If you provide services to Medicare beneficiaries prior to your effective date, these services will not be covered.**

If you are denied approval to participate in the Medicare program as an FQHC, you will be notified and given the reasons for denial as well as your appeal rights.

Please report any changes in staffing, services, office location, or other characteristics which might affect your approval status to this office. You must notify this office if you are contemplating or negotiating a change of ownership. We will process a change of ownership in accordance with the FQHC regulation at 42 CFR 405.2444. You must also notify the State survey agency and fiscal intermediary of such changes as well.

Exhibit 180

NOTICE TO ACCREDITED PSYCHIATRIC
HOSPITAL OF INVOLUNTARY TERMINATION

Dear _____: Provider Number:

Institutions accredited as hospitals by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) are deemed to meet all of the Medicare Conditions of Participation for hospitals, with the exception of utilization review and the special staffing and medical record requirements for psychiatric hospitals. Section 1864 of the Social Security Act authorizes the Secretary of Health and Human Services to conduct surveys of accredited hospitals participating in the Medicare program as a means of validating reliance on the accreditation process.

When a hospital, regardless of its JCAHO accreditation status, is found to be out of compliance with the special staffing or medical record requirements for psychiatric hospitals, a determination must be made that the facility no longer meets the requirements for participation as a provider of services in the Medicare program. Such a determination has been made in the case of (hospital name) and accordingly, the Medicare provider agreement between (hospital name) and the Secretary of the Department of Health and Human Services is being terminated.

A survey conducted at (name of hospital) on (date) found that the hospital was not in compliance with the Medicare health and safety requirements for Special Medical Record Requirement (42 CFR 482.61) and Special Staff requirement (42 CFR 482.62) for psychiatric hospitals.

A listing of all deficiencies found and a narrative report are enclosed. These deficiencies have been determined to be of such a serious nature as to substantially limit the hospital's capacity to provide adequate care.

The date on which the agreement terminates is (date). The Medicare program will not make payment for inpatient hospital services furnished to patients who are admitted on or after (date of termination). For patients admitted prior to (date of termination), payment may continue to be made for a maximum of 30 days of inpatient hospital services furnished on or after (date of termination). You should submit as soon as possible, a list of names and Medicare claim numbers of beneficiaries in your hospital on (date of termination) to the (name and address of the RO involved) to facilitate payment for these individuals.

We will publish a public notice in the (local newspaper). You will be advised of the publication date for the notice. If you feel that these findings are incorrect, you have 15 days from the date of this notice to request an informal review of the findings by this office as provided by **42 CFR 488.456 (c)(2)**. Include in the request any evidence and arguments which you may wish to bring to the **attention of the Centers for Medicare and Medicaid Services**.

Termination can only be averted by correction of the deficiencies within 45 days of your receipt of this letter. Your plan of correction (written on the enclosed statement of Deficiency and Plan of Correction forms) should be returned to us as soon as possible.

After termination if you wish to be readmitted to the program, you must demonstrate to the (State agency) and **CMS** that you are able to maintain compliance. Readmission to the program will not be approved until you are able to demonstrate compliance for a period of not less than ____* consecutive days.