

Federally qualified health centers

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Three reasons for discussing FQHCs

- Location in medically-underserved areas
- Team-based approach to primary care
- Implication of change in Medicare payment to FQHCs

FQHCs are located in areas without sufficient primary care

- FQHCs must address a population need
 - Located in a medically underserved area or deliver care to a medically underserved population
 - Must provide a reduction in cost sharing for low-income patients
- Services provided at FQHCs
 - Preventive and primary care, and supports that facilitate the use of health care
 - Preventive dental care and mental health care
 - May also provide substance abuse treatment

FQHC serve disproportionately low-income patients

- 18.8 million people received care an FQHC in 2009
 - 6.8 million children
 - 10.6 million non-Medicare adults
 - 1.4 million Medicare beneficiaries
- Demographic characteristics of patients
 - 90% have income below 200% of the federal poverty threshold
 - 63% are members of a minority group
 - 60% of patients are female
- Presence of chronic conditions
 - 11% have hypertension or heart disease
 - 6% have diabetes
 - 4% have asthma

FQHCs provide team-based coordinated care

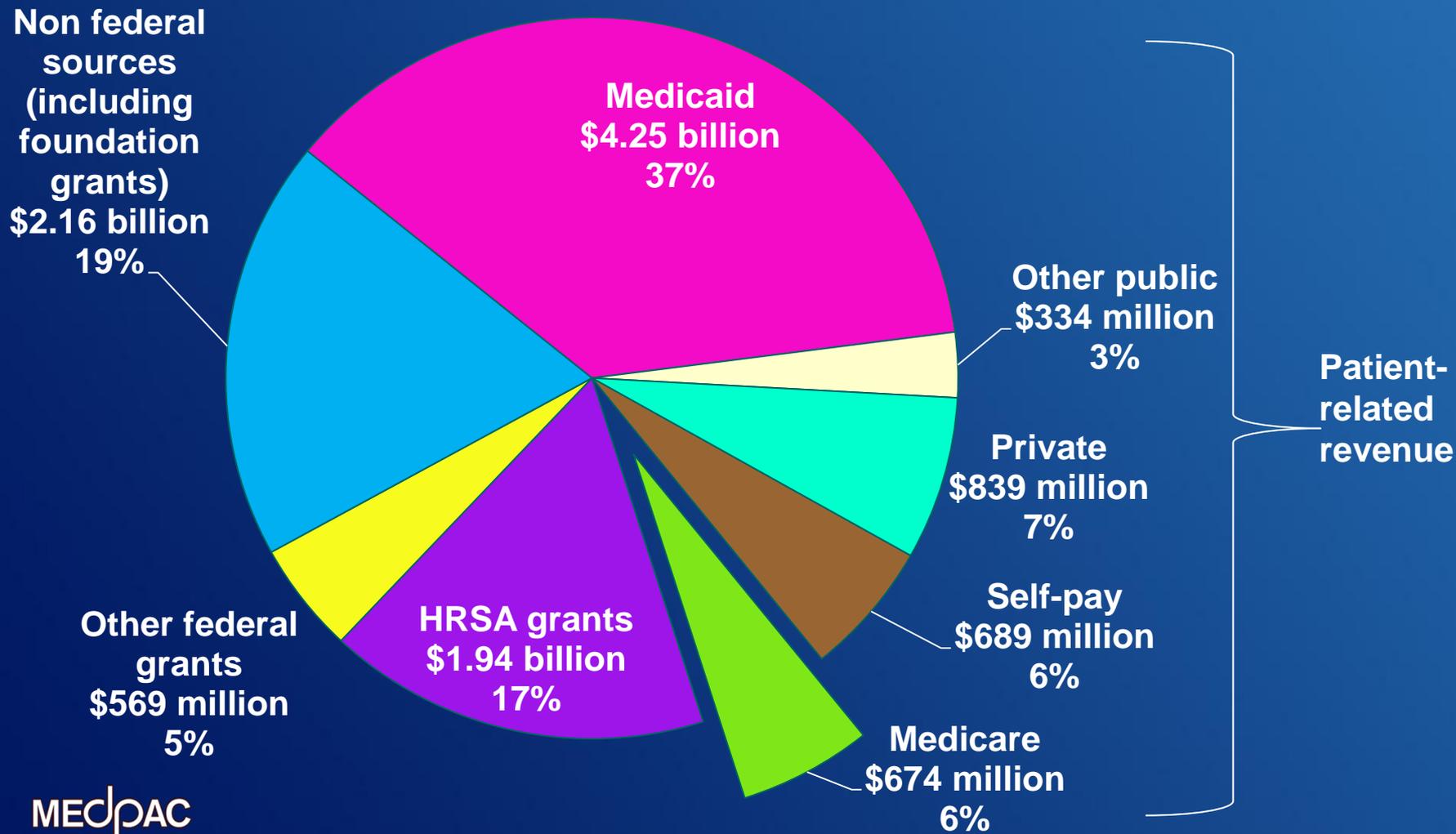
- Coordination of care
 - Admitting privileges at local hospitals
 - Off-hours coverage
- Significant use of limited license practitioners
 - Limited license practitioners such as nurse practitioners and physician assistants constitute 13% of the medical staff, physicians make up 21%
- Governance
 - Non-profit
 - Board made up of a majority of FQHC patients

Types of FQHCs

- 1,147 grant-funded FQHCs
 - 715 rural FQHCs
 - 312 urban FQHCs
 - Some FQHCs operate multiple locations:
8,900 sites in all
- 213 FQHC look-alikes
 - Certified to provide the FQHC Medicare and Medicaid benefit, but do not receive a grant

Note: Numbers do not add the totals because some FQHCs have sites both in rural and urban areas.

Sources of revenue for FQHCs, 2009 (Total=\$11.4 billion)



The Medicare FQHC benefit

- Medicare's FQHC benefit includes primary and preventive care
 - Primary care provided by physician and non-physician practitioners
 - Services, supplies and overhead incidental to the provision of care
 - Screenings, such as mammography, pap tests, cancer screenings
- FQHCs may bill separately for services otherwise covered by Medicare
 - Ambulance services
 - Technical component of a diagnostic test
 - Durable medical equipment

Medicare's reimbursement to FQHCs

- Medicare reimbursement to FQHCs is based on an all-inclusive payment rate
 - Based on the FQHC's allowable costs for providing the Medicare FQHC benefit
- Limits on total payment
 - Minimum threshold for provider productivity
 - Limited to a per-visit payment limit

PER-VISIT PAYMENT LIMIT, 2011	
Federally qualified health center— rural	\$109.24
Federally qualified health center— urban	\$126.22

PPACA change to FQHC reimbursement

- Section 10501 (i) (3) (A) establishes a prospective payment system for Medicare payment to FQHCs by 2015
- Initial payment under PPS must be equal to 100% of FQHCs' reasonable costs without applying the provider productivity thresholds or the per-visit payment limit
- Indexed to the MEI or an FQHC-specific market basket

Discussion

- Location in medically-underserved areas
- Provide a team-based approach to primary care
- Implication of change in Medicare reimbursement structure to FQHCs