COVID Emergency Enhanced Medicaid FQHC Payment Options
Webinar Questions and Answers

These questions and answers (Qs and As) complement NACHC's on-demand webinar ***COVID Emergency Enhanced Medicaid FQHC Payment Options***, intended **to promote awareness of options for enhanced Medicaid fee for service (FFS) and managed care payment** available to states for FQHC services provided during the COVID-19 public health emergency. Additionally, NACHC provides links to authoritative source materials issued by CMS.

Fee for Service (FFS) Payment – Medicaid State Plan[1] Options

In March of 2020, CMS issued a Medicaid Disaster Relief State Plan Amendment (SPA) template that allows states to request the following waivers pursuant to section 1135 of the Social Security Act: (a) a waiver to modify the SPA submission date requirements; (b) a waiver of the requirement to provide public notice prior to submitting this SPA; and/or (c) a waiver to modify timeframes associated with the tribal consultation requirements for this SPA.

Section 1135 waivers do not provide authority for waiver of the federal Medicaid statutory requirement that FQHCs be reimbursed based on the PPS as provided in 1902(bb) of the SSA.

A "Disaster Relief SPA" may become effective as early as March 1, 2020. The waivers (listed above) will no longer be available upon termination of the public health emergency, including any extensions.

In "Section E – Payments" of the Emergency SPA Template the state describes increases to established state plan rates and rates for newly added benefits.

FFS Payment Qs and As

Q1: Can FQHCs or selected health centers within a state receive higher payment?

A1: Yes, in the SPA template CMS indicates that "FFS rate changes may be targeted to certain providers." Note that prior to the issuance of the emergency SPA template states already had the ability to target payment to certain FQHCs with respect to the amount paid for each encounter and supplemental payments. NACHC assumes that after the emergency ends states will retain this payment flexibility.

Q2: What options does a state have when raising rates?

A2: CMS indicates in the SPA template that "FFS rate changes may be made by adding supplemental payment or modifying the existing payment rate." Applying this guidance to FQHC payment, a state may increase the amount paid for each FQHC encounter or pay a lump sum amount in addition to the PPS rate paid for each encounter. There would be no need to reconcile the supplemental payment to the PPS rate since payment in-total, including the encounter rate plus the supplemental amount, is at least PPS. But, PCAs and FQHCs are advised to be sure, or

1 The Medicaid state plan is an agreement between a state and the Federal government describing how that state administers its Medicaid and CHIP programs. Changes are authorized through CMS-approved state plan amendments (SPA). For more information on the Medicaid State Plan at www.medicaid.gov/medicaid/medicaid-state-plan-amendments/index.html.

make their best efforts to insure, that the State 1135 application does not provide for such a repayment. Put another way, these funds should be in addition to FQHC reimbursement

Q3: Does the SPA template contemplate additional methods of increasing payment?

A3: Yes, the template allows a state to utilize other unspecified methodologies.

Q4: Under the category of "other payment" could a state implement FQHC payment not based on volume? For example, could a state make a monthly payment to a health center without reconciling to the number of encounters delivered within the month?

A4: A state may adopt an advance payment methodology, for example, paying a monthly rate for the total number of Medicaid expected visits within the month of payment. To assure payment equivalent to PPS the state would need to reconcile, within a timeframe specified in the Medicaid state plan, the monthly rate to the number of FQHC encounters delivered within the month.

In CMS' COVID-19 frequently asked questions[2] last updated May 5, 2020 the agency provided the following guidance in *Section IV Financing, B. Advance and Retainer Payments*. NACHC has the following interpretative comments to CMS' guidance:

CMS Guidance:	NACHC Comment:
During the public health emergency period, can states receive federal funding to provide advanced payments to providers as an interim payment and reconcile the advanced payments with actual processed claims at a later point? Under state plan authority, states can submit a SPA to add an interim payment methodology that says, under certain specified conditions, states will make periodic interim payments to the providers.	In most instances the interim payment methodology would not apply to supplementals paid as lump sum amounts because there would be no reconciliation to encounters. Whenever a state proposes to make supplemental payment we encourage PCAs and FQHCs to understand whether the payment is meant to be implemented as a prepayment that entails reconciliation.
CMS Guidance:	**NACHC Comment:**
The interim payment methodology must describe how states will compute interim payment amounts for providers (e.g., based on the provider's prior claims payment experience), and subsequently reconcile the interim payments with final payments for which providers are eligible based on billed claims.	Here, CMS is explaining that the state must have a methodology for estimating the number of Medicaid beneficiaries who will access services within the month.

[2] CMS COVID FAQs: https://www.medicaid.gov/state-resource-center/downloads/covid-19-faqs.pdf

CMS Guidance:	NACHC Comment:
The interim payment methodology would not be a prepayment prior to services being furnished, but rather would represent interim payments for services furnished that are subject to final reconciliation.	CMS is explaining that payment must be tied to services through a final reconciliation to the number of payable encounters delivered within the month (times the payment rate). CMS does not specify that FQHCs are limited to receiving PPS when reconciling payment. Using an APM a state could pay a monthly rate that incorporates an *enhanced encounter rate higher than PPS* times an estimate of Medicaid encounters. Reconciliation, which is the comparison of monthly payment to actual visits, may result in either over- or underpayment to the FQHC. Any overpayment would not be eligible for federal matching funds but could be financed using state-only monies. Underpayment would result in additional monies owed to the FQHC.

Managed Care Payment Options

The Medicaid statute requires that FQHCs be paid at least PPS. When FQHC services are provided to Medicaid managed care enrollees, the federal statute requires that the MCOs pay the center no less that what it pays other providers for comparable services and that the State Medicaid agency pay the FQHC the difference, if any, between what the MCO has paid the FQHC and what the FQHC should receive for these services under PPS. The state's payment is a supplemental amount, commonly referred to as the "wraparound" that must be made to FQHCs and it must be paid no less often than every three months and reconciled annually.

In guidance issued April 26, 2016[3] CMS allowed states to delegate the wraparound payment to the MCO with which the FQHC contracts. The arrangement must be described in the Medicaid state plan and specified as an alternative payment methodology (APM) to which the individually affected FQHCs agrees and which results in full payment of at least PPS by the MCO.

Managed Care Payment Qs and As

Q1: What options are available to states to pay higher amounts to FQHCs?

A1: The federal Medicaid regulations at 42 CFR 438.6(c) allow states to implement payment arrangements that direct expenditures under Medicaid managed care contracts. These arrangements are known as ***state directed payments***[4] that act as supplemental payments made in addition to capitation. States have the flexibility to determine the amount and frequency of payment. The use of state directed payments is among the options for enhancing managed care

[3] CMS SHO 16-006: https://www.medicaid.gov/sites/default/files/Federal-Policy-Guidance/Downloads/sho16007.pdf

[4] For more detail about the parameters of state directed payment, examples of this payment and CMS's preprint for states to request this payment, see: https://www.medicaid.gov/medicaid/managed-care/guidance/state-directed-payments/index.html

payment enumerated in a recent informational bulletin issued by CMS (see below for more information).

Q2: Are there different types of state directed payments?

A2: Yes, there are three types: (1) value-based purchasing; (2) multi-payer or Medicaid-specific delivery system reform or performance improvement initiatives; and (3) adoption of specific types of parameters for provider payments for providers of a particular type of service under the contract, including minimum fee schedules, a uniform dollar or percentage increase, or maximum fee schedules.

Q3: Which of these types of state directed payment does NACHC view as most helpful to FQHCs, especially during the COVID emergency?

A3: NACHC suggests the third option would be most useful to FQHCs because it allows higher payment without placing an additional administrative burden on health centers that, we believe, is inherent to the other options. Note: CMS rules and guidance appear to require that in this state directed payment option, the payment would apply to all providers in the class (i.e., all FQHCs in the state).

Q4: Can NACHC provide technical assistance on working with our state to propose a state directed payment?

A4: Yes, NACHC has developed sample language to share with your state, detailing a state directed payment to FQHCs during the COVID emergency. It is included as **Appendix A** to this Q and A document.

Q5: Are there any other mechanisms for a FQHC to receive higher payment for services provided through managed care?

A5: Yes, on May 14, 2020 CMS issued the informational bulletin *Medicaid Managed Care Options in Responding to COVID-19*[5], identifying the following options:

1. Adjusting managed care capitation rates exclusively to reflect temporary increases in Medicaid fee-for-service (FFS) provider payment rates where an approved state directed payment requires plans to pay FFS rates;
2. Requiring managed care plans to make certain retainer payments allowable under existing authorities to certain habilitation and personal care providers to maintain provider capacity and access to services; and
3. Utilizing state directed payments to require managed care plans to temporarily enhance provider payment under the contract.

[5] NACHC encourages PCAs and FQHCs to review the May 14, 2020 informational bulletin to understand the technical aspect of the flexibilities being granted during the COVID emergency. See the Medicaid Managed Care Options in Responding to COVID-19 (5/14/2020): https://www.medicaid.gov/sites/default/files/Federal-Policy-Guidance/Downloads/cib051420.pdf.

Appendix A: Sample Language for a Managed Care State Directed Payment
Proposal Overview The state is directing and contractually requiring their managed care plans to pay additional monthly retainer payments to all FQHCs in an amount no less than one-twelfth of the total capitated payment made to each FQHC during the last state fiscal year (SFY) prior to the COVID-19 emergency. This monthly state directed payment will be made as a lump sum amount by the 15th of each month, without regard to current utilization by Medicaid and CHIP beneficiaries. a FQHC will not receive more in the aggregate from the state directed payment than [define the payment ceiling here]. The state also requires the managed care plans to offer this monthly retainer payment to all FQHCs in the state that participate in managed care. State Objectives The state seeks to ensure that all Medicaid managed care enrollees will continue to have timely access to the primary care services FQHCs offer, thereby reducing cost associated with institutional care. The state seeks to assure that FQHCs currently experiencing reduced visit volume will be able to continue to sustain operations until the need for social distancing due to the COVID-9 emergency ends and visit volume returns to more normal levels. Type of Payment Arrangement Monthly lump sum payment that will vary by FQHC according to [link this to the above explanation about how the amount will be determined]. Targeted Provider Class All in-state FQHCs

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