

**Health Services
Office of Medical Assistance Programs**



Allison Knight, Acting Manager
OMAP Program and Policy Section

Authorized Signature

Number: OMAP IM 06-083

Issue Date: 05/16/06

Topic: Medical Benefits

Subject: FQHC/RHC Clarification for Clinic Data Submissions for Prepaid Health Plan (PHP) Supplemental Payments

Applies to (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> All DHS employees | <input type="checkbox"/> County Mental Health Directors |
| <input type="checkbox"/> Area Agencies on Aging | <input type="checkbox"/> Health Services |
| <input type="checkbox"/> Children, Adults and Families | <input type="checkbox"/> Seniors and People with Disabilities |
| <input type="checkbox"/> County DD Program Managers | <input checked="" type="checkbox"/> Other (please specify): OMAP + Plans |

Message: OMAP will post the following message on the Web for Federally Qualified Health Centers and Rural Health Clinics on May 15, 2006. The letter previews a policy change regarding all-inclusive rates and lab/x-ray services. The change will be effective in January 2007 and only applies to FQHC/RHCs who serve clients enrolled in prepaid health plans.

If you have any questions about this information, contact:

Contact(s):	Daneka Karma, OMAP Policy Analyst		
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May 8, 2006

To: Federally Qualified Health Centers
(FQHC) and Rural Health Clinics (RHC)

From: Allison Knight, Manager
OMAP Program and Policy Section



Subject: Clarification for Clinic Data Submissions for Prepaid Health Plan (PHP)
Supplemental Payments

This notice only applies to FQHCs and RHCs who contract with PHPs and provide services to PHP-enrolled clients.

Effective January 1, 2007, the all-inclusive encounter rate for FQHCs and RHCs will include laboratory and radiology services. Therefore, OMAP will require inclusion of laboratory and radiology procedures with dates of service on or after January 1, 2007, in a clinic's data submission with reported payment.

Statute 42 USC 1396a(bb) requires the Office of Medical Assistance Programs (OMAP) to make supplemental payment to eligible Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) that contract with Prepaid Health Plans (PHP). The PHP Supplemental Payment represents the difference, if any, between the payment received by the FQHC/RHC from the PHP(s) for treating a PHP enrollee and the payment the FQHC/RHC would be entitled if they had billed OMAP directly according to the clinic's Prospective Payment System (PPS) encounter rate.

Costs incurred by a clinic for providing laboratory and radiology services are currently excluded from the calculation of a clinic's all-inclusive PPS encounter rate. Clinics are reimbursed for laboratory and radiology procedures fee-for-services outside their encounter rate.

Effective May 4, 2006, clinics are not required to include laboratory and radiology procedures with dates of service through December 31, 2006, with reported payment for PHP supplemental payment.

(OMAP CU 06-131)

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In 2005, the Centers for Medicare and Medicaid Services (CMS) provided guidance to states regarding the calculation of the PPS base rate. Specifically, CMS stated the Benefits and Improvement Protection Act (BIPA) requires all Medicaid services as provided for under statute to be included in the calculation of the PPS rate, including laboratory and radiological services.

OMAP is currently assessing how best to comply with CMS guidance about including costs associated with laboratory and radiological services into a clinic's PPS encounter rate and with the least impact to FQHCs and RHCs.

If you have questions or concerns about this policy, or input regarding implementation of this change and the inclusion of costs in a clinic's rate, please contact your OMAP Policy Analyst, Daneka Karma at (503) 945-6926 or by e-mail at <daneka.karma@state.or.us>.