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DMAP Policy and Planning Section

Authorized Signature

Number: DMAP- IM-10-129

Issue Date: 10/22/2010

Topic: Medical Benefits

Subject: Provider Announcement: FQHCs/RHCs subcontracting with Prepaid Health Plan (PHP) contractor

Applies to (check all that apply):

- All DHS employees
- Area Agencies on Aging
- Children, Adults and Families
- County DD Program Managers
- County Mental Health Directors
- Seniors and People with Disabilities
- Other (please specify): DHS staff and others identified on the SPD, CAF, AMH and DMAP transmittal lists

Message:

DMAP will post the following announcement on the OHP Provider Announcements page and distribute via eSubscribe to the OHP Provider Announcements subscriber list.

The announcement tells FQHCs/RHCs they will receive supplemental payment from the state when providing service to OHP clients when subcontracted with a contracted Prepaid Health Plan (PHP).

If you have any questions about this information, contact:

Contact(s):	Daneka Karma, FQHC/RHCs Program Manager, DMAP		
Phone:	503-945-6926	Fax:	
E-mail:	daneka.karma@state.or.us		

Important Information

FQHCs/RHCs subcontracting with contractor of PHP

FQHCs/RHCs subcontracting with contractor of Prepaid Health Plan (PHP)

The Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) established a prospective payment system for FQHCs/RHCs, codified in 42 USC§1396a(bb). The prospective payment system establishes a per visit payment rate for each FQHC and RHC that represents 100 percent of the average costs of a visit.

In addition, states are required to make supplemental payments to FQHCs/RHCs that provide care to Oregon Health Plan beneficiaries enrolled in a PHP to cover the difference between the rates paid by PHPs and the FQHC/RHC's prospective payment rate. FQHCs/RHCs receive the same payment rate from PHPs that the plans pay to other providers for similar services (refer to 42 USC§1396b). This supplemental payment provision was added as an incentive to FQHCs to participate in PHPs. FQHCs are guaranteed their PPS rate, at a minimum, to participate in a managed care plan.

Some FQHC/RHC clinics recently asked if they subcontracted with a contracted provider of the PHP and not directly with the PHP, "Would the FQHC/RHC receive the supplemental payment from the state?"

The state determined that while 42 USC§1396a(bb)(5)(A) allows for states to provide supplemental payment to FQHCs/RHCs when there is a direct contract with a PHP; there is no meaningful distinction between a direct contract with a PHP versus contracting with the PHP through a subcontractor. Therefore, FQHCs/RHCs are eligible for the PHP supplemental payment for services when the FQHC/RHC may not have a direct contract with the PHP, but does have a contract with a not-for-profit agency or local risk-based designee (e.g. Community Mental Health provider) to provide services to OHP enrollees of the PHP.

Questions?

If you have any questions about this announcement, please contact Daneka Karma, FQHC/RHC Program Manager for Division of Medical Assistance Programs by e-mail daneka.karma@state.or.us or (503) 945-6926.

