



Steven L. Beshear
Governor

**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

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Audrey Tayse Haynes
Secretary

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Commissioner

January 9, 2013

TO: All Primary Care Centers (PCC) (31) Provider Letter # A-377
Federally Qualified Health Centers (FQHC)
Rural Health Centers (RHC) (35) Provider Letter # A-222

RE: Supplemental Payments

Dear Medicaid Provider:

The Center for Medicare and Medicaid Services (CMS) has informed the Department for Medicaid Services that supplemental payments to providers must be in compliance with federal regulations. Specifically, Federally Qualified Health Care (FQHC) and Rural Health Care (RHC) Centers certified by the Health Resources and Service Administration (HRSA) are the only qualified providers eligible to receive supplemental payments from the Department for Medicaid Services (DMS) for the difference in their Prospective Payment System (PPS) rate on file and the amount of reimbursement received from Medicaid Managed Care Organizations (MCO).

1902(bb) of the Social Security Act outlines reimbursement methods for FQHC and RHC facilities. With regard to services furnished under a managed care arrangement, 1902(bb) states:

(A) In general.—In the case of services furnished by a Federally-qualified health center or rural health clinic pursuant to a contract between the center or clinic and a managed care entity (as defined in section 1932(a)(1)(B)), the State plan shall provide for payment to the center or clinic by the State of a supplemental payment equal to the amount (if any) by which the amount determined under paragraphs (2), (3), and (4) of this subsection exceeds the amount of the payments provided under the contract.

(B) Payment schedule.—The supplemental payment required under subparagraph (A) shall be made pursuant to a payment schedule agreed to by the State and the Federally-qualified health center or rural health clinic, but in no case less frequently than every 4 months.

Additionally, 42 CFR 438.6 limits payments to providers other than the MCO for services outlined in the contract between the State and the MCO. Therefore, facilities enrolled as Primary Care Centers that are not certified by HRSA as an FQHC, FQHC look-alike, or RHC are not eligible to receive supplemental payments.

Beginning February 1, 2013, the Department will only provide supplemental payments to HRSA certified facilities. In order for you to continue to receive supplemental payments, you must furnish DMS with documentation supporting your HRSA certification. You should have documentation from HRSA specifying your designation as an FQHC, FQHC look-alike, or RHC facility. If you do not have such documentation, you may contact HRSA directly or go their website, <http://bphc.hrsa.gov/>.

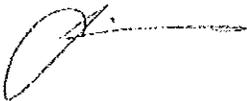
Please send the documentation to:

Division of Provider Operations
ATTN: HRSA Documentation
275 East Main Street, 6W-D
Frankfort, KY 40621

If you are not a HRSA certified facility, DMS strongly encourages you to apply for HRSA certification. Once you receive HRSA certification, the Department can resume paying supplemental payments to your facility from the date of your HRSA certification. Instructions for becoming a HRSA certified facility are located on the website referenced above.

The Department understands the important role you play in the healthcare needs of Kentucky's most vulnerable population and will provide whatever assistance we can in helping you obtain documentation supporting your HRSA designation. If you have questions or concerns regarding this letter, please contact (502) 564-6890.

Sincerely,



Lawrence Kissner
Commissioner