



PROGRAM INFORMATION NOTICE

DOCUMENT NUMBER: 2004-05

DATE: October 31, 2003

DOCUMENT NAME: Medicaid
Reimbursement for Behavioral
Health Services

TO: Consolidated Health Center Program Grantees
Primary Care Associations
Primary Care Offices

Overview

Some Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) have informed the Health Resources and Services Administration (HRSA) that they have had difficulty receiving reimbursement from State Medicaid Agencies (SMAs) for the provision of behavioral health services. This has the potential of affecting the health and overall well-being of FQHC and RHC patients.

In response, the HRSA Administrator requested clarification from the Centers for Medicare & Medicaid Services (CMS) regarding the statutory requirements pertaining to Medicaid reimbursement to FQHCs and RHCs for behavioral health services. CMS responded by issuing a memo indicating that SMAs are required to reimburse FQHCs and RHCs for behavioral health services provided by physicians, physicians assistants, nurse practitioners, clinical psychologists, and clinical social workers. (See attachment)

Social Security Act

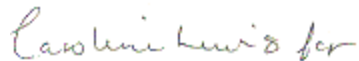
Section 1861(aa) of the Social Security Act defines FQHCs/RHCs and the core services provided by them. These services include those provided by a physician, physician assistant, nurse practitioner, clinical psychologist, and clinical social worker. (See § 1861(aa)(3)(A) and § 1861 (aa)(1)(A)-(B).) As stated in the attached memo from the Director, Center for Medicaid & State Operations, SMAs are **required** to reimburse FQHCs and RHCs for behavioral health services provided by those practitioners named above whether or not those services are included in the State Medicaid plan¹. The CMS memo further clarifies that the requirement to reimburse FQHCs and RHCs for behavioral health services furnished by these same practitioners applies to categorically eligible Medicaid beneficiaries. Additionally, an SMA is required to reimburse FQHCs and RHCs for behavioral health services furnished by those same practitioners to

¹ Medicaid will reimburse for other ambulatory services provided by FQHCs and RHCs that are included in the State Medicaid plan.

individuals who are eligible as medically needy **if** the SMA has elected to provide FQHC and RHC services to its medically needy population. An SMA may choose not to include reimbursement for certain services to its optional medically needy population. The requirement for Medicaid reimbursement for FQHC and RHC services applies regardless of whether the services are provided under a fee-for-service arrangement or managed care arrangement.

It is important to emphasize that in order for FQHCs and RHCs to be reimbursed by the SMA for behavioral health services, FQHC/RHCs providers must be practicing within the scope of their practice under the state law.

Because access to mental health and substance abuse services (MH/SA) is critical to ensuring the health and overall well-being of underserved and vulnerable populations served by FQHCs, FQHCs are strongly encouraged to work with their SMA and their State Primary Care Association to address this reimbursement issue. FQHCs that have questions about this notice should contact their Project Officer.



Sam S. Shekar, M.D., M.P.H.

Assistant Surgeon General and

Associate Administrator for Primary Health Care

Attachment

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations

DATE: Sept. 22, 2003

TO: The Administrator
Health Resources and Services Administration

FROM: Director
Center for Medicaid & State Operations

SUBJECT: Medicaid Reimbursement for Services Provided in Federally Qualified Health Centers and Rural Health Clinics by Clinical Psychologists, Clinical Social Workers and Nurse Practitioners

Your memorandum raises concerns that Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) are experiencing difficulty obtaining Medicaid payments for their behavioral health services furnished by clinical psychologists, clinical social workers, and nurse practitioners. You ask for the Centers for Medicare & Medicaid Services' agreement that services furnished by these practitioners in FQHCs and RHCs are required to be reimbursed by state Medicaid agencies regardless of whether the services are otherwise included in the Medicaid state plan. While there are certain services, the ones you ask about included, for which state Medicaid programs are indeed required to reimburse FQHCs and RHCs, I emphasize that there are also statutorily defined limits to these requirements. Congress clearly did not intend that any service, without qualification, that is provided by an FQHC or RHC must be paid for by a state's Medicaid program. More detail on the requirements and limitations is below, and your specific reimbursement question is also addressed.

Congress specifically limited Medicaid reimbursement for services in FQHCs and RHCs under the Social Security Act. The definition of FQHC services is the same for Medicaid as it is for the Medicare program. These services are defined, in part, as those provided by a physician, a physician assistant or nurse practitioner, a clinical psychologist or clinical social worker, and such services and supplies furnished that are incidental to the services. Moreover, the law requires that Medicaid will pay for any other ambulatory services in these settings, but in this case limited the requirement to those other ambulatory services that are also included in the state Medicaid plan.

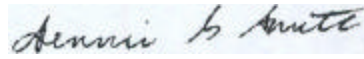
With respect to behavioral health services furnished by clinical psychologists, clinical social workers, and nurse practitioners, Medicaid will provide for payments to FQHCs and RHCS for services furnished by these types of FQHCs/RHCs practitioners to individuals who are categorically eligible for Medicaid, or who are eligible as medically needy (if a state Medicaid program has elected to provide FQHCs and RHCs services to its medically needy population).

I would further note that neither the Medicaid nor the Medicare statute or regulations specifies the particular services these three types of practitioners may furnish. Our requirements are generally limited to the practitioner meeting certain educational and licensure conditions. Therefore, as long

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as these FQHCs/RHCs practitioners are practicing within the scope of their practice under state law, the FQHCs or RHCs payment should reflect the services furnished to Medicaid eligible beneficiaries by these types of practitioners.

I hope this information is helpful in clarifying the nature of the requirements for Medicaid reimbursement for FQHCs and RHCs.

A handwritten signature in cursive script, appearing to read "Dennis G. Smith", is displayed on a light blue rectangular background.

Dennis G. Smith