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Update to Rural Health Clinic (RHC) Payment Limits

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Implementation Date: April 5, 2021

PROVIDER TYPES AFFECTED

This MLN Matters Article is for Rural Health Clinics (RHCs) billing Medicare Administrative Contractors (MACs) for services provided to Medicare patients.

PROVIDER ACTION NEEDED

This article tells you about the payment limit for RHCs effective April 1, 2021. Please be sure your billing staffs are aware of these updates.

BACKGROUND

As Section 1833(f) of the Social Security Act (the Act) authorizes, Medicare makes Part B payment to independent RHCs at 80% of the All-Inclusive Rate (AIR). This is subject to a payment limit for medically necessary medical, mental, and qualified preventive face-to-face visits with an RHC practitioner and a Medicare patient for RHC services. CMS increases the payment limits for subsequent years using the rate of increase in the Medicare Economic Index (MEI).

Also, under Section 1833(f) of the Act, an RHC that is Provider-Based (PB) to a hospital with fewer than 50 beds is exempt from the national payment limit per visit. That is, a PB RHC's payment per visit is based on their average allowable costs determined at cost report settlement. In the interim final rule with comment, published in the May 8, 2020, Federal Register (90 FR 27550-27529), we implemented a policy that excludes temporarily added surge capacity beds due to the Public Health Emergency (PHE) for the COVID-19 pandemic (defined at Section 400.200) from a hospital's bed count (discussed at Section 412.105(b)) for the purposes of determining whether an RHC that's provider-based to that hospital is exempt from the national payment limit per visit.

Effective January 1, 2021, the RHC payment limit per visit for Calendar Year (CY) 2021 is $87.52. We implemented this payment limit in CR 12035.

The Consolidated Appropriations Act of 2021, signed December 27, 2020, updated Section

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1833(f) of the Act, by restructuring the payment limits for RHCs beginning April 1, 2021.

RHCs (except those with an exception to the payment limit as described below)

Beginning April 1, 2021, under Section 1833(f)(2) of the Act, RHCs will begin to receive an increase in their payment limit per visit over an 8-year period, with a prescribed amount for each year from 2021, through 2028. Then, in subsequent years, we update the limit by the percentage increase in MEI applicable to primary care services you furnish as of the first day of that year.

The RHC payment limit per visit over an 8-year period is as follows:

- In 2021, after March 31, at $100 per visit
- In 2022, at $113 per visit
- In 2023, at $126 per visit
- In 2024, at $139 per visit
- In 2025, at $152 per visit
- In 2026, at $165 per visit
- In 2027, at $178 per visit
- In 2028, at $190 per visit

PB RHCs

Beginning April 1, 2021, under Section 1833(f)(3)(A) of the Act, PB RHCs that meet the definition in Section 1881(f)(3)(B), will have a payment limit per visit established at an amount equal to the **greater** of:

1. The payment per visit amount applicable to the PB RHC for services furnished in 2020 (interim amount if MACs don't have a final cost settled amount), increased by the percentage increase in CY 2021 MEI of 1.4%, or
2. The payment limit per visit applicable to RHCs (listed above)

Then, in a subsequent year (that's, after 2021), the PB RHC's payment limit per visit will be the **greater** of:

1. The payment per visit amount applicable to each PB RHC for services furnished in the previous year, increased by the percentage increase in MEI applicable to primary care services furnished as of the first day of that year, or
2. The payment limit per visit applicable to each year for RHCs (listed above)

PB RHCs that meet the definition in Section 1881(f)(3)(B) are grandfathered into the establishment of their payment limit per visit. That is, a PB RHC must have been in a hospital with fewer than 50 beds and enrolled in Medicare as of December 31, 2019, to receive their payment per visit based on their average allowable costs. For purposes of determining RHCs that meet the definition of Section 1881(f)(3)(B), CMS will take into account the policy we finalized in the interim final rule with comment, published in the May 8, 2020, Federal Register

(90 FR 27550-27529). RHCs with PB status that were exempt from the national payment limit per visit in the period prior to the effective date of the PHE (January 27, 2020) that have experienced temporarily added surge capacity beds will be considered grandfathered.

PB RHCs that are new in 2020 are subject to the payment limit per visit applicable to independent RHCs.

We plan to discuss certain policies and processes used in establishing PB RHCs' per visit payment amount in the CY 2022 Physician Fee Schedule rules.

We will continue to provide the MEI update and applicable rate updates in the Recurring Annual RHC CR.

ADDITIONAL INFORMATION

The official instruction, CR 12185, issued to your MAC regarding this change is available at https://www.cms.gov/files/document/r10679otn.pdf.

If you have questions, your MACs may have more information. Find their website at http://go.cms.gov/MAC-website-list.

DOCUMENT HISTORY

Date of Change	Description
March 16, 2021	Initial article released.