

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

Dsm: 4-22 @ CMS. WMS. gpd

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.

Dennis G. Smith
Dennis G. Smith