



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.

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Attachment