MEDPAC Medicare Payment Advisory Commission

MEETING BRIEF

February 23-24, 2011

# Federally qualified health centers

**ISSUE:** Federally qualified health centers (FQHCs) provide a safety net for low-income individuals in areas where there may be a lack of primary care. This paper discusses describes FQHCs and Medicare's reimbursement to FQHCs.

**KEY POINTS:** FQHCs predominantly provide care to low-income uninsured and Medicaid enrollees. Medicare beneficiaries make up a small share of visitors to FQHCs (7%) but the number of beneficiaries visiting an FQHC has grown over time. Medicare reimburses FQHCs through a cost-based method that uses a per-visit payment rate. The Patient Protection and Affordable Care Act of 2010 establishes a prospective payment system for FQHCs that will take effect in 2015.

**ACTION:** Commissioners should comment on the three key reasons for looking at Medicare's relationship with FQHCs: first, FQHCs' team-based coordinated approach to delivering primary care; second, their ability to provide primary care in underserved or remote areas; and third, the change in Medicare reimbursement from a cost-based all-inclusive payment rate to a prospective payment system.

**STAFF CONTACT:** Kate Bloniarz (202-220-3735)