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A. OUTPATIENT HOSPITAL AND OTHER SERVICES (Continued)

9 FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs) (Continued)

- (6) FQHCs located out-of-state that serve Utah Medicaid clients will be paid the reimbursement rate applicable to the state in which services are provided.
- b. Alternative Payment Method (APM)–Ratio of Covered Beneficiary Charges to Total Charges Applied to Allowable Cost (RCCAC)
- (1) Beginning February 3, 2004, an alternative payment method (APM) is adopted and available for election. Under RCCAC, allowable costs are determined using applicable Medicare cost principles, as addressed in 42 CFR and CMS Publication 15-1, and allowable costs are allocated to Medicaid using the percentage of Medicaid covered billed charges to total charges for all patients. Total allowable costs are multiplied by the Medicaid charge percentage to determine the amount of allowable cost to be paid by Medicaid. Interim payments will be made on the basis of billed charges and valid claims processed and paid by Medicaid will reduce the final settlements. Third party liability (TPL) collections for Medicaid patients will also be considered as claim reimbursements in completing cost settlements.
- (2) FQHCs participating in the alternative payment method will provide DHCF with annual cost reports and other information required by DHCF within ninety (90) days from the close of their fiscal year-end to include the provider calculations of their anticipated settlement. DHCF will review submitted cost reports and provide a preliminary payment, if applicable, to FQHCs on the basis of a desk settlement. About 6 months after the FQHC's fiscal year-end, DHCF will conduct a desk review or audit of submitted cost reports and perform final settlements. This will allow for inclusion of late filed claims and adjustments processed after the submitted cost report was prepared. Claims data changes from the final settlement through one year will be added to the following year's settlement. If Medicaid over-payments to a provider occur, pay-back to the State is required. If underpayment occurs, a payment adjustment will be made to the FQHC.
- (3) The alternative payment method described herein will be compared with the reimbursements calculated using the PPS methodology described in A.9 a. The greater amount will be paid to the FQHCs.

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