



## FQHC Telemedicine Reimbursement Models

Federally Qualified Health Centers (FQHC) play a critical role in the provision of primary care to our rural and underserved populations. Many FQHC's are patient and / or provider sites for the delivery of telemedicine services. Telemedicine can improve patient access to specialty care and reduce travel hardships when needed services are far away. These valuable rural healthcare resources have played an important role in the development of telemedicine in California.

One of the questions most commonly asked of the California Telemedicine and eHealth Center (CTEC)\* and the California Department of Health Care Services (DHCS) is about allowable billing for telemedicine by an FQHC. Many of the clinics have questions about "four walls" policies and how they are applied when telemedicine services are provided.

CTEC has worked with many rural clinic administrators and with DHCS to clearly identify the different reimbursement scenarios and the payment rules that surround each scenario. This document has been developed with input from DHCS staff. As of the release date of this guide, the information was current.

This guide is designed to assist in maximizing allowable billing for telemedicine and to assist in determining the type of provider relationship that will best meet programmatic needs. It is written for FQHC's operating in California under the Prospective Payment System (PPS). Please note that rules for other states may differ.

There are a number of factors that determine how to bill for telemedicine services.

Two principles form the foundation:

- The place determined to be the provider site is the billing site and
- A provider can, under certain circumstances, enter the four walls virtually using telemedicine

The factors that determine the billing scenario are:

- Where the patient is physically located
- Characteristics of the specialty provider site
- Payment arrangement with the specialty provider
- If there is medical reason for a provider to be present with the patient.

The application of these factors is described in the following six scenarios. The guide also provides an interactive tool for determining billing scenarios along with frequently asked questions.

Visit [www.cteconline.org](http://www.cteconline.org) for the companion video to this publication:

*FQHC Telemedicine Reimbursement Models*

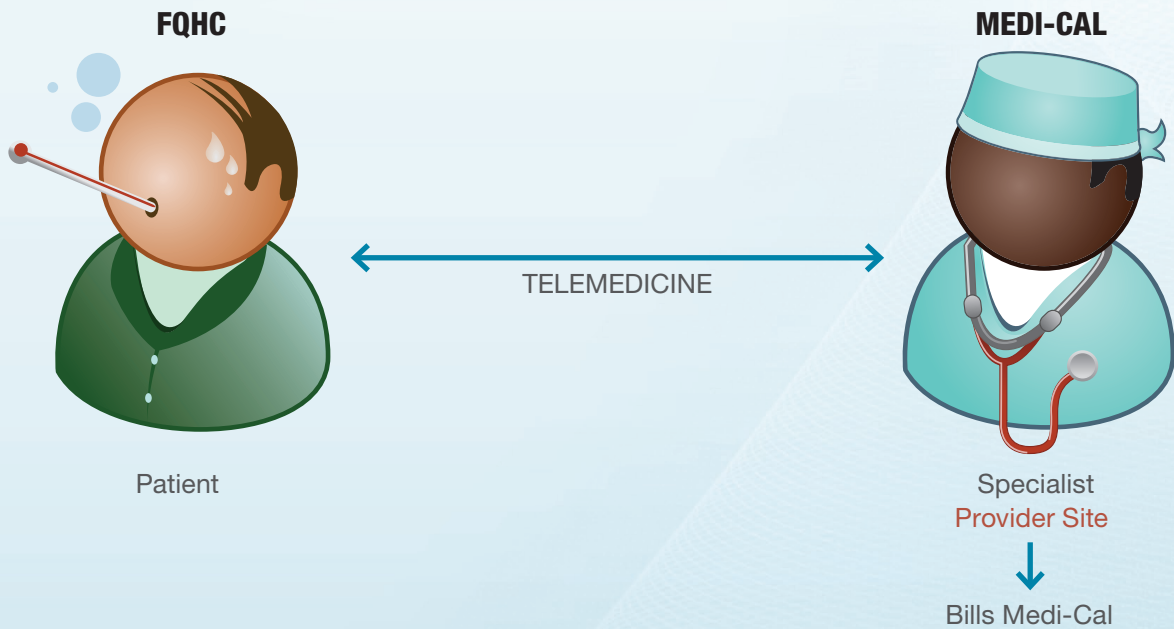
# FQHC Patient Site to Medi-Cal Specialist

## SCENARIO 1

Patient is physically present at FQHC  
Specialist is a Medi-Cal provider not physically present at the FQHC  
FQHC and Medi-Cal specialist have agreement to provide services, but FQHC does not compensate the specialist  
No medical reason for a provider to be present with the patient at the FQHC site  
Patient ‘virtually’ enters specialist site via telemedicine

## OUTCOMES

Medi-Cal specialist is the provider site, and can bill fee-for-service rate.  
FQHC did not provide a medical service and cannot bill PPS for a face-to-face visit.



*FQHC PPS sites are not eligible to bill an originating site fee, or transmission charges; the costs of these services should be accounted for in the PPS rate calculation.*

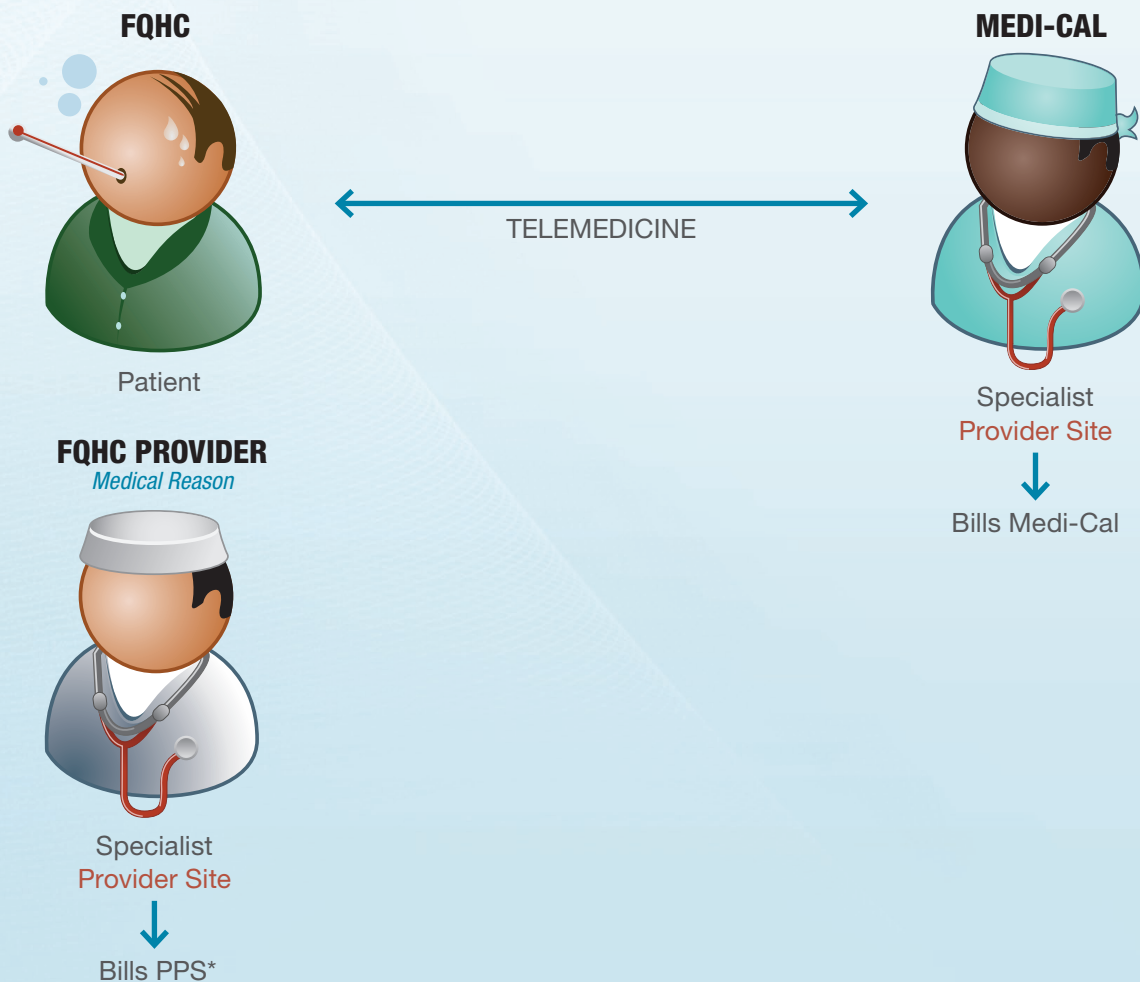
# FQHC Patient Site with Provider Present to Medi-Cal Specialist

## SCENARIO 1A

Patient is physically present at the FQHC  
Specialist is a Medi-Cal provider not physically present at the FQHC  
FQHC and Medi-Cal specialist have agreement to provide services, but FQHC does not compensate the specialist  
Medical reason for a provider to be present with patient at the FQHC site  
Patient 'virtually' enters specialist site via telemedicine

## OUTCOME

Medi-Cal specialist is the provider site and can bill fee-for-service rate.  
FQHC provided a medically necessary service, thus also a provider site, and can bill PPS for a face-to-face visit.



\*Telemedicine services do not change or modify other FQHC billing provisions, including any current limits on patient visit frequency.

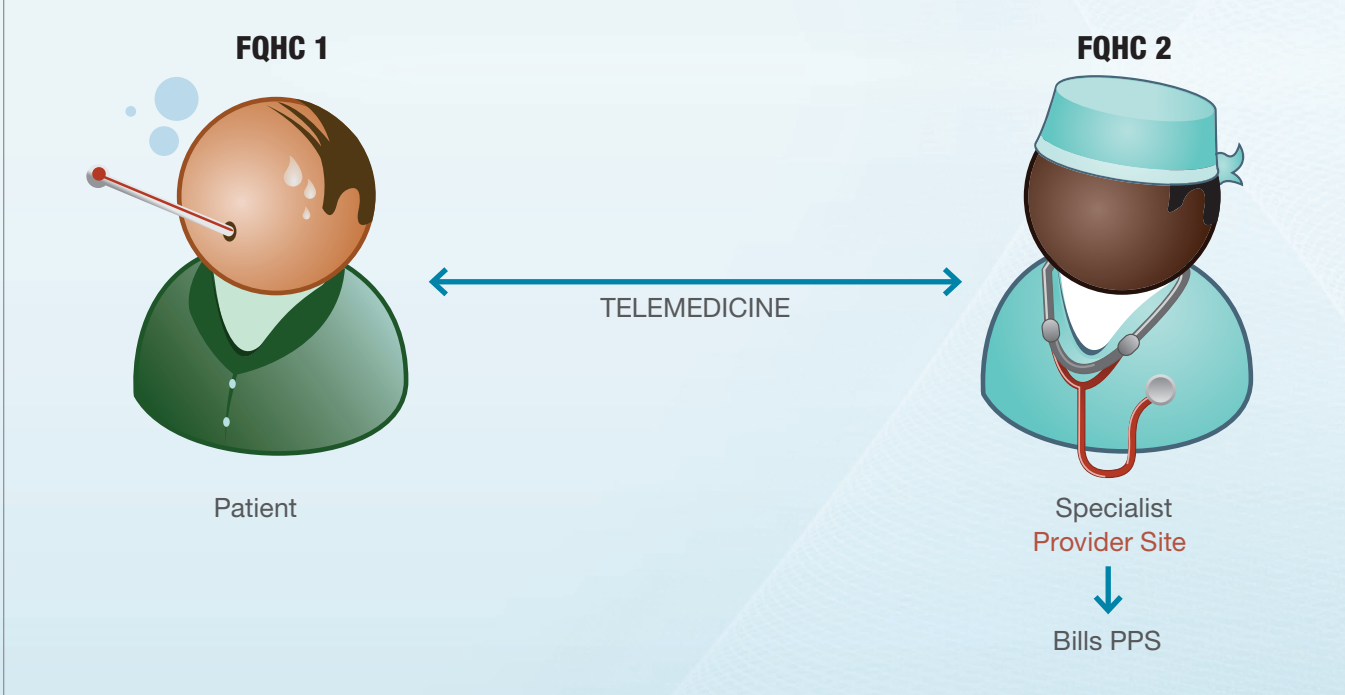
# FQHC Patient Site to FQHC Specialist Site

## SCENARIO 2

Patient is physically present at FQHC 1  
Specialist is physically present at and receives compensation from FQHC 2  
FQHC 1 and FQHC 2 have agreement to provide services, but FQHC 1 does not compensate FQHC 2  
No medical reason for a provider to be present with the patient at the FQHC site  
Patient 'virtually' enters FQHC 2 site via telemedicine

## OUTCOMES

FQHC 2 is the provider site, and can bill PPS for a face-to-face visit.  
FQHC 1 did not provide a medical service and cannot bill PPS for a face-to-face visit.



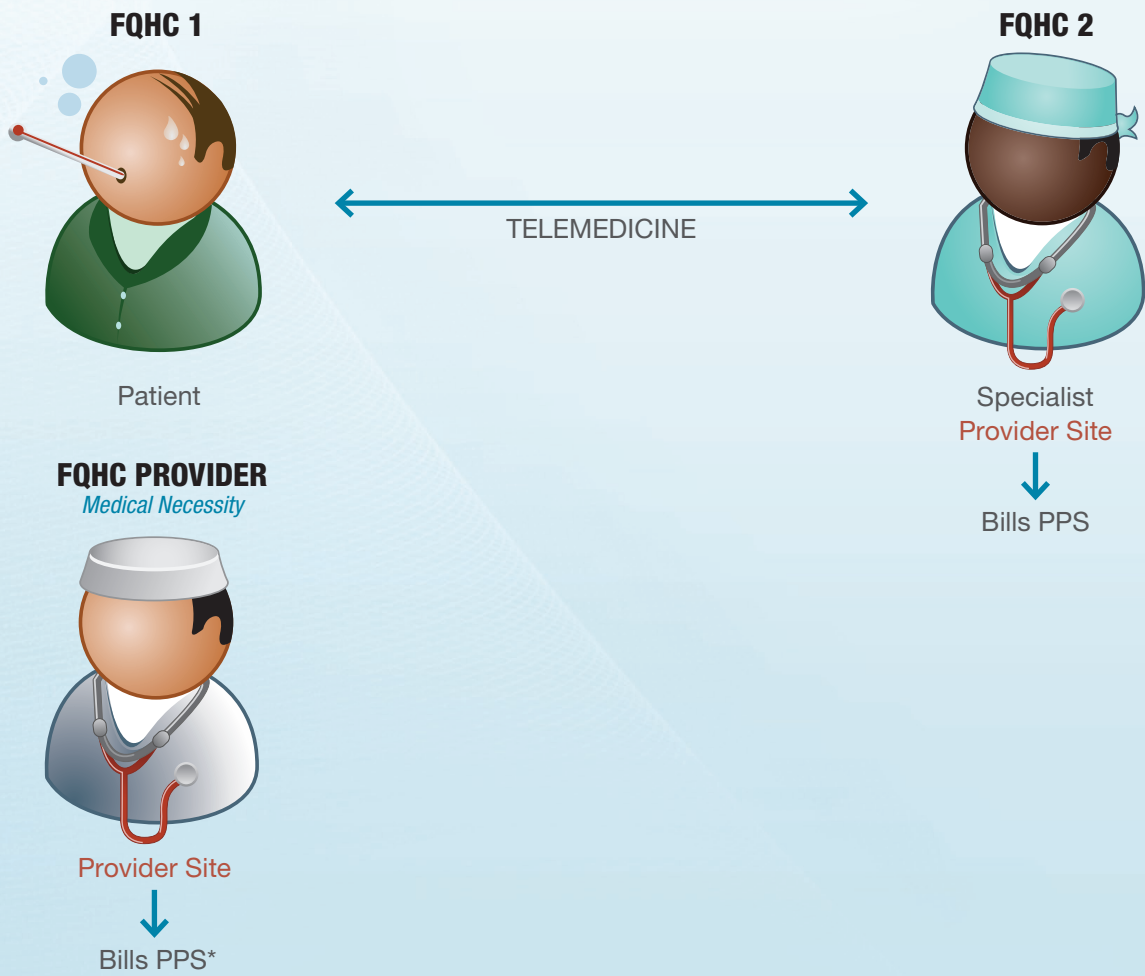
# FQHC Patient Site 1 with Provider Present to FQHC Specialist 2

## SCENARIO 2A

Patient is physically present at FQHC 1  
Specialist is physically present at and receives compensation from FQHC 2  
FQHC 1 and FQHC 2 have agreement to provide services, but FQHC 1 cannot compensate FQHC 2  
Medical reason for a provider to be present with patient at the FQHC site  
Patient 'virtually' enters specialist site via telemedicine

## OUTCOME

FQHC 2 specialist is the provider site, and can bill PPS for a face-to-face visit.  
FQHC 1 provided a medically necessary service, thus also a provider site, and can also bill PPS for a face-to-face visit.



\*Telemedicine services do not change or modify other FQHC billing provisions, including any current limits on patient visit frequency.

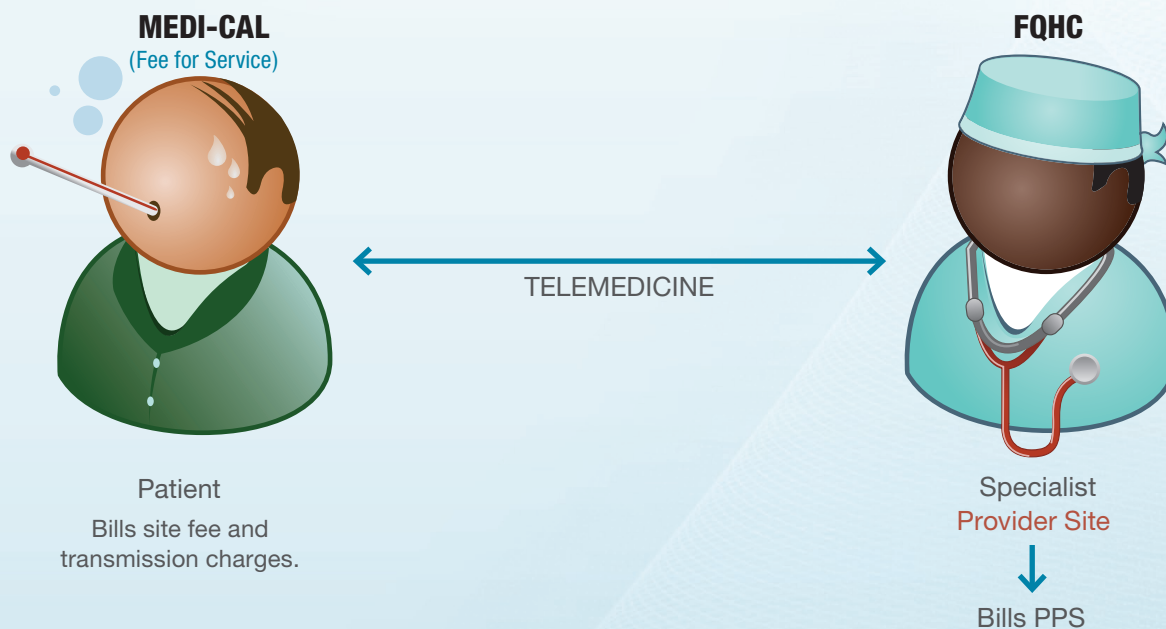
## Medi-Cal (Fee-for-Service) Patient Site to FQHC Specialist Site

### SCENARIO 3

Patient is physically present at a Medi-Cal (Fee-for-Service) Site  
Specialist is physically present at and receives compensation from FQHC  
Medi-Cal Site and FQHC have agreement to provide services, but Medi-Cal Site does not pay FQHC  
No medical reason for a provider to be present with the patient at the Medi-Cal site  
Patient 'virtually' enters FQHC site via telemedicine

### OUTCOMES

FQHC is the provider site, and can bill PPS for a face-to-face visit.  
Medi-Cal Site did not provide a medical service and cannot bill for a visit, but is eligible for site fee and transmission charges under Medi-Cal.



## FQHC Patient Site to Other Specialist Site

### SCENARIO 4

Patient is physically present at FQHC

Specialist is not physically present at the FQHC

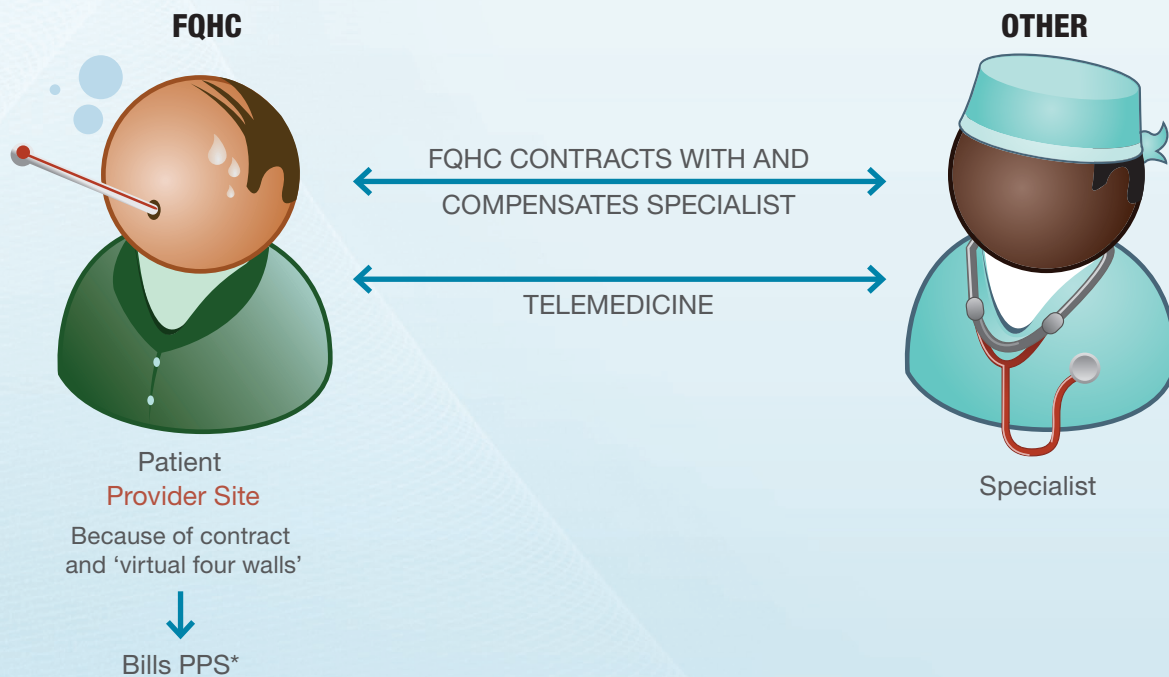
FQHC and Specialist have an agreement to provide services, and FQHC compensates specialist.

*The agreement should be in writing and clearly state: the time period during which the agreement is in effect; the specific services it covers; any special conditions under which the services are to be provided; and the terms and mechanisms for billing and payment. (see BPHC Policy Information Notice 98-23)*

Provider 'virtually' enters 'four walls' of FQHC via telemedicine

### OUTCOME

FQHC becomes the provider site, and can bill PPS for a face-to-face visit.

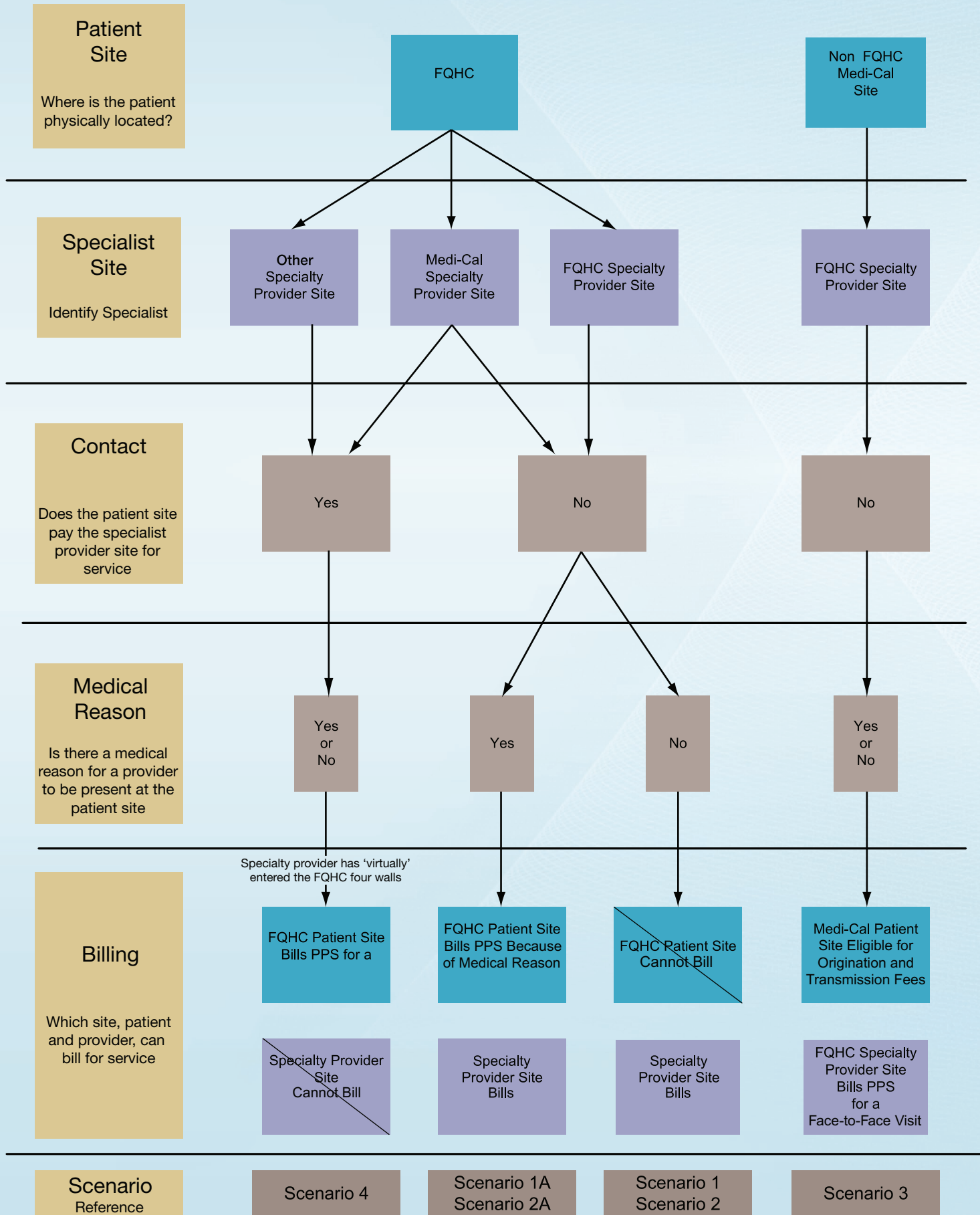


*Because an FQHC's specialist's time is accounted for in the FQHC's PPS rate, an FQHC cannot contract to receive additional compensation from another FQHC or other patient site.*

**See Scenarios 2 and 2a for appropriate reimbursement models.**

\*Telemedicine services do not change or modify other FQHC billing provisions, including any current limits on patient visit frequency.

# FQHC Reimbursement Scenario Summary



## FQHC Reimbursement Worksheet

This worksheet will assist you in determine which reimbursement scenario best fits your program model.

1. Where is the patient physically located:

- FQHC (Go to Question 2)
- Non-FQHC Medi-Cal Site (Go to Question 3)
- Other: Contact CTEC to discuss possible reimbursement models

2. If the patient is located at an FQHC is the specialist a

- Medi-Cal Specialty Provider: Go to Question 4
- FQHC Specialty Provider: Go to Question 5
- Other Specialty Provider: Go to Question 6

3. If the patient is located at a Non-FQHC Medi-Cal Site is the specialist a:

- FQHC Specialty Provider (go to Question 7)
- Other: Contact CTEC to discuss possible reimbursement models

4. Is there a contract between the FQHC and the Specialist to provide compensation for services?

- Yes: Because the specialist has 'virtually' entered the "Four Walls" of the FQHC, the FQHC becomes the provider site. The FQHC Patient Site Bills PPS for a face-to-face-visit, specialist site does not bill. See Scenario 4.
- No: Go to Question 8

5. If the Specialist is an FQHC Specialty Provider is there a contract between the FQHC Patient site and the FQHC Specialist to provide compensation for services?

- Cannot be Yes: Because an FQHC's specialist's time is accounted for in the FQHC's PPS rate, an FQHC cannot contract to receive additional compensation from another FQHC or other patient site. See Scenarios 2 and 2a for appropriate reimbursement models.
- No: Go to Question 8

6. If the Specialist is an FQHC Specialty Provider is there a contract between the FQHC Patient site and the FQHC Specialist to provide compensation for services?

- Yes: Because the specialist has 'virtually' entered the "Four Walls" of the FQHC, the FQHC becomes the provider site. The FQHC Patient Site Bills PPS for a face-to-face-visit, specialist site does not bill. See Scenario 4.
- No: Contact CTEC to discuss possible reimbursement models

7. If the Specialist is an FQHC Specialty Provider is there a contract between the Medi-Cal site and the Specialist to provide compensation for services?

- Cannot be Yes: Because an FQHC's specialist's time is accounted for in the FQHC's PPS rate, an FQHC cannot contract to receive additional compensation from another FQHC or other patient site. See Scenarios 2 and 2a for appropriate reimbursement models.
- No: Medi-Cal patient sites are eligible to bill for origination and transmission fees. The FQHC specialty provider site bills PPS for a face to face visit. See Scenario 3.

8. Is there a medical reason for the provider to be present with the patient at the FQHC site?

- Yes: The FQHC patient site bills PPS because of the medical reason to have a provider present with the patient during the telemedicine visit. The specialist site also bills for a visit. See Scenario 1A and 2A.
- No: The FQHC did not provide a medical service and cannot bill. The specialist site is the provider site, and bills. See Scenario 1 and 2.

CTEC does not guarantee payment for any service

## FQHC Specialty Care Frequently Asked Questions

### Can an FQHC contract with a specialist to provide services?

FQHC's are allowed to contract with specialty providers to provide services to their patients. The 'live-interactive' component of telemedicine enables the FQHC to bill for a face-to-face encounter.

*PIN 98-23 3—Contracting for Health Services* Health centers may have contracts or other types of agreements to secure services for health center patients that it does not provide directly. The service delivery arrangement must contribute to the desired outcomes of availability, accessibility, quality, comprehensiveness, and coordination. Arrangements for the provision of services that the grantee organization provides through a subcontractor should be in writing and clearly state: the time period during which the agreement is in effect; the specific services it covers; any special conditions under which the services are to be provided; and the terms and mechanisms for billing and payment. Other areas that should be addressed in the written agreement include but are not limited to: credentialing of contracted service providers; the extent to which the contracted services and/or providers are subject to the health center's quality improvement and risk management guidelines and requirements; and any data reporting requirements.

### Can an FQHC add a specialty care service to their practice?

If an FQHC wishes to provide a service via telemedicine that is not currently a part of their 'scope of project' they must contact their project officer for permission, or wait until their annual grant renewal to do so. HRSA PIN 2009-02 specifically addresses the topic of adding primary care services. In general, a health center must demonstrate how the new service will support the provision of the required primary care services provided by the health center. Although prior approval is still necessary, in general the addition of services listed as examples of 'additional health services' such as behavioral and mental health will be considered appropriate for inclusion within the health center's federal scope of project. The request must not require any additional 330 funding.

### Does FTCA coverage apply to contract employees?

FTCA coverage is an ongoing concern affecting the provision of telemedicine because there are various ways that telemedicine consults could potentially void this coverage. For this reason it is recommended that the health center has wrap-around coverage. PAL 2005-01 states that "for contract providers, the contract must be between the Health Center and the individual provider. All payments for services must be from the Health Center to individual contract provider. A contract between a deemed Health Center and a provider's corporation does not confer FTCA coverage on the provider."

Additionally, FTCA only applies to part-time contractors is 5) licensed or certified healthcare practitioner contractors (who are not corporations) providing part-time services in the fields of family practice, general internal medicine, general pediatrics, or obstetrics and gynecology.





CTEC created the Telehealth Program Developer™ to provide standardized guidance through defining, planning, and implementing a telemedicine program. This product provides a road map from program concept to working reality. CTEC's Telehealth Program Developer™ presents telemedicine program development as a seven-step process organized across three phases.

## CTEC's Program Developer™

### Seven Steps to Successful Telemedicine Program Development



The California Telemedicine & eHealth Center (CTEC) is the leading source of expertise and comprehensive knowledge on the development and operation of telemedicine and telehealth programs. CTEC has received national recognition as one of six federally designated Telehealth Resource Centers around the country.

California Telemedicine and eHealth Center  
1215 K Street, Suite 2020 • Sacramento, CA 95814  
(877) 590-8144 | [www.cteconline.org](http://www.cteconline.org)

© California Telemedicine & eHealth Center 2009