

Louisiana Department of Health
Healthy Louisiana Program
FQHC Change in Scope Filing Requirements and Guidelines

I. Purpose

This policy outlines the procedures necessary for an adjustment to the Medicaid Prospective Payment System (PPS) rate for any increase or decrease in the scope of service furnished by Federally Qualified Health Centers (FQHCs).

II. Definition of Change in Scope (CIS)

An increase or decrease in the scope of service is defined as one of the following:

- the addition of covered services that were not included in the base line rate calculations, or
- the deletion of covered services that were included in the base line rate calculations, or
- the relocation of service sites, that also included the addition or deletion of covered services that were or were not included in the base line rate calculation, or
- the relocation of service site that also affects the budget.

Any increases or decreases in scope of services must be related to a Louisiana Medicaid covered FQHC service.

III. Filing Requirements

- A. The FQHC is responsible for notifying the Louisiana Medicaid Program, Bureau of Health Service Financing, in writing, of any increase or decrease in the scope of services provided. Requests should be submitted to:
 - Louisiana Department of Health
Healthy Louisiana Program
Attn: Irma Gauthier
628 North 4th Street
Baton Rouge, LA 70802
- B. Completion of the Provider Change in Scope of Services Request Form
- C. Submission of all supporting documentation as defined in Provider Change in Scope Request Form Instructions
- D. The Medicaid cost report prior to the CIS, including a Working Trial Balance that supports cost reported on W/S A. Note: The prior period Medicare cost report may be substituted with a summary sheet identifying changes in total allowable cost and visits associated with Medicaid covered services. A Medicare cost report may not be substituted if multiple Medicaid clinics/sites are combined on the Medicare cost report.
- E. The current Medicaid cost report that includes the CIS, including a Working Trial Balance that supports cost reported on W/S A. (Where a cost report that includes at least 6 months of CIS cost is not available, provide a current organizational budget of the projected CIS cost and impact on total visits.)

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- F. The request and all required supporting documentation for the adjustment based on a change in scope of services must be submitted within one year of the cost report fiscal year end that includes the commencement of the qualifying change in scope of services.

Example: A provider with a 12/31 FYE has a change in scope effective 04/15/2010. The request and documentation must be submitted by 12/31/2011.

Provider with a 6/30 FYE has a change in scope effective 06/28/2011. The request and documentation must be submitted by 06/30/2012.

IV. Rate Change Formula:

- I. NR = New reimbursement rate adjusted for the increase or decrease in the scope of services
- II. PPS = Current Medicaid PPS rate in effect
- III. VE= Present number of total visits excluding the visits associated with the change in scope
- IV. CISC= Expected change in costs due to the change in scope of service
- V. CISV= Expected change in number of visits due to the change in scope of service

$$\text{Formula: } NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$$

V. Examples of Rate Change Calculation related to a Change in Scope:

For all examples assume your FQHC has a Medicaid PPS rate of \$100.00 per visit with 10,000 visits per year.

Example 1: A new service is added with 1,000 additional visits per year expected at a cost of \$140 per visit.

$$NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) + \$140,000}{(10,000 + 1,000)}$$

$$NR = \frac{\$1,140,000}{11,000}$$

$$NR = \$103.64$$

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Example 2: A new service is added with 1,000 additional visits per year expected at a cost of \$70 per visit.

$$NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) + \$70,000}{(10,000 + 1,000)}$$

$$NR = \frac{\$1,070,000}{11,000}$$

$$NR = \$97.27$$

Example 3: A service is deleted with 1,000 fewer visits per year expected at a cost of \$120 per visit.

$$NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) - \$120,000}{(10,000 - 1,000)}$$

$$NR = \frac{\$880,000}{9,000}$$

$$NR = \$97.78$$

Example 4: A service is deleted with 1,000 fewer visits per year expected at a cost of \$70 per visit.

$$NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) - \$70,000}{(10,000 - 1,000)}$$

$$NR = \frac{\$930,000}{9,000}$$

$$NR = \$103.33$$

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Example 5: A new service (i.e. X-Ray) is added at a cost of \$20,000. Visits are not expected to increase.

$$NR = \frac{(PPS \times VE) + CICS}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) + \$20,000}{(10,000)}$$

$$NR = \frac{\$1,020,000}{10,000}$$

$$NR = \$102.00$$

Example 6: The Provider relocates to a new site and adds dental services that were not provided in the base year. Total cost prior to move was \$500,000 and total cost after move is \$650,000 (\$150,000 dental services). 1000 dental visits are provided at the new site.

$$NR = \frac{(PPS \times VE) + CICS}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) + \$150,000}{(10,000+1000)}$$

$$NR = \frac{\$1,150,000}{11,000}$$

$$NR = \$104.55$$

Example 7: The Provider relocates to a new site. Total cost prior to move was \$500,000 and total cost after move is \$575,000 (\$75,000 increase related to building rent).

$$NR = \frac{(PPS \times VE) + CICS}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) + \$75,000}{(10,000)}$$

$$NR = \frac{\$1,075,000}{10,000}$$

$$NR = \$107.50$$

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Example 8: Cost increases \$300,000 from the base year however no new services are added and site relocation has not occurred.

There will be no change in PPS rate as the increase of cost alone does not constitute a change in scope.