



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM**

**FQHC No. 29**

**Rural Health Clinics No. 4**

**Managed Care Organizations No. 226**

**October 28, 2024**

**TO:** Federally Qualified Health Centers  
Rural Health Clinics  
Managed Care Organizations

**FROM:** Sandra Kick, Director *Sandra E. Kick*  
Medical Benefits Management

**RE:** Clarification on the Process for Establishing an All-Inclusive Cost-Based Rate for FQHCs and RHCs

**Note:** **Be sure to inform the appropriate staff members in your organization of the content of this transmittal.**

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This transmittal clarifies the Maryland Department of Health's (the Department's) process for establishing an all-inclusive cost-based rate for federally qualified health centers (FQHCs) and rural health clinics (RHCs) for the purpose of HealthChoice managed care organization (MCO) reimbursement. In addition, this transmittal clarifies when rate revisions may be requested in response to changes in the scope of services or extraordinary circumstances.

**Establishment of an Interim All-Inclusive Cost-per-Visit Rate**

In accordance with Regulations .05 and .08 of COMAR 10.09.08, the Department provides all FQHCs and RHCs with an interim all-inclusive cost-based rate. To calculate the rate, the Department first categorizes service areas as rural or urban depending on the county the provider is located in. The Department classifies Baltimore City and the following counties as urban areas: Allegany, Anne Arundel, Baltimore County, Carroll, Cecil, Charles, Harford, Howard, Montgomery, Prince George's, St. Mary's and Wicomico. The Department classifies all other counties as rural. The Department assigns out of State providers the reimbursement class equal to that of the nearest Maryland County. The Department determines the final rate by averaging the current FQHC all-inclusive cost-per-visit rate amounts for each area, urban or rural.

The Department assigns all newly enrolled FQHCs and RHCs a temporary interim rate. Providers should use this rate for their first two fiscal years of operation, after which they must contact the Department's fiscal agent Myers & Stauffer to submit its cost reports. Providers must submit cost reports within three (3) months of the close of the second fiscal year of operation. Providers should contact Myers & Stauffer via their lead, Tim Forry, at [Tforry@MSLC.com](mailto:Tforry@MSLC.com). Providers may request an extension in writing from the Department in accordance with COMAR 10.09.08.08G(1).

After calculating the rate, Myers & Stauffer will send letters via hard copy and email to the provider and to the Department that will include the cost settlements for each fiscal year. The provider may appeal the final cost settlements within **thirty (30) days** by following the procedures in COMAR 10.09.36.09.

Should the provider fail to submit cost reports by the deadline, the Department will reduce the established interim rate by 20% for visits paid during the calendar month in which the cost reports are due and any subsequent month. The Department will maintain the reduced rate until the cost reports have been submitted. This amount is eligible for repayment to the provider upon final rate cost settlement for the fiscal year or years from which the payments were withheld.

For questions or concerns regarding the cost review process, please contact the Myers & Stauffer lead, Tim Forry at [Tforry@MSLC.com](mailto:Tforry@MSLC.com), with the Department's delegated inbox, [mdh.FQHCRateReview@maryland.gov](mailto:mdh.FQHCRateReview@maryland.gov), and Earl Tucker, [Earl.Tucker@maryland.gov](mailto:Earl.Tucker@maryland.gov), copied.

### **Change of Scope or Extraordinary One-Time Circumstance Rate Revision Requests**

FQHCs and RHCs are required to report a change in their scope of services or other extraordinary one-time circumstances that may impact their rate. Providers must report the change to the Department within **30 days** of the scope of service change or the one-time circumstance via submission of a formal letter and the Health Resources and Services Administration's (HRSA's) Notice of Award (NOA) letter to [mdh.FQHCRateReview@maryland.gov](mailto:mdh.FQHCRateReview@maryland.gov) with a copy to Earl Tucker at [Earl.Tucker@maryland.gov](mailto:Earl.Tucker@maryland.gov). The Department will deny any requests for a rate revision due to change in scope or extraordinary circumstance if the request is not received within **30 days** of the occurrence. FQHCs and RHCs may not submit more than one request for a rate revision per calendar year.

Once received, the Department will send the information to Myers & Stauffer. Myers & Stauffer will respond within 30 days with a formal letter via mail and send an email to the FQHC or RHC indicating receipt of their request along with the cost reporting instructions, a cost report template, verification of which fiscal year cost reports will be due, and the dates the cost reports will be due. FQHCs and RHCs that do not receive notification within 30 days from Myers & Stauffer that the change of scope review process has been initiated should email Tim Forry at [Tforry@MSLC.com](mailto:Tforry@MSLC.com) and copy [mdh.FQHCRateReview@maryland.gov](mailto:mdh.FQHCRateReview@maryland.gov).

After completing operations for the first one-year period immediately following the implementation of the scope of service change or the occurrence of an extraordinary one-time

circumstance, the FQHC or RHC should send the cost reports by the due dates requested in a formal letter to Myers & Stauffer, with a copy to [mdh.FQHCRateReview@maryland.gov](mailto:mdh.FQHCRateReview@maryland.gov). Myers & Stauffer then has **one year** after the due date of the cost reports to complete the cost settlement process. Depending on the effective date of the change of scope and the fiscal year end date for the FQHC or RHC, Myers and Stauffer may require two fiscal years for the cost settlement review.

After determining the revised rate, Myers & Stauffer will send letters to the provider and to the Department with the cost settlements for each of the fiscal years involved. The provider may appeal the final cost settlement by following the procedures in COMAR 10.09.36.09. If two fiscal years are involved in the cost settlement, the Department will then calculate the average rate using the rates received from Myers & Stauffer and begin the reconciliation process with the MCOs back to the effective date of the change. The request for a rate adjustment due to a change in scope of services may increase or decrease based on the actual costs that have been submitted and reviewed by Myers & Stauffer.

Myers & Stauffer will direct all correspondence relating to rate review requests to the CEO and CFO of the FQHC or RHC, or other designated official, with a copy to [mdh.FQHCRateReview@maryland.gov](mailto:mdh.FQHCRateReview@maryland.gov). FQHCs and RHCs must notify the Department of any changes to this contact list as soon as possible after the change. The Department will forward these changes on a quarterly basis, or as needed to Myers & Stauffer, to ensure that all appropriate leadership at an FQHC or RHC is included in the correspondence throughout the rate review.

### **Reconciliation Process for HealthChoice Managed Care Organizations (MCOs)**

In both scenarios, the Department will calculate the adjusted rate using the information received from Myers & Stauffer and begin the reconciliation process with the MCOs. The reconciliation process occurs when the current reimbursement amounts and the adjusted reimbursement amounts are calculated and reviewed to obtain the increased or decreased difference. If an increase is calculated, it is paid to the MCOs. In the case where the adjusted reimbursement amount is decreased, the MCO is notified of the overpayment amount that must be paid to the Department. Future reconciliations are conducted on the scheduled dates and will determine the exact amounts due to the FQHC or RHC, and the Department shall notify the provider as well.

Once the MCOs receive a formal letter from the Department, the MCOs have the responsibility of reconciling directly with the FQHC/RHC. This should be done no later than **thirty (30) days** after the receipt of that formal notice from the Department. To ensure MCO reconciliations are completed in a timely manner, the Department has established a new tracking process. MCOs that do not meet the 30-day reconciliation timeline will receive a warning and a request for a corrective action plan. If the reconciliation is not completed within 45 days after the final rate establishment, the Department may levy financial sanctions.

For questions about this transmittal, please contact Earl Tucker, at [earl.tucker@maryland.gov](mailto:earl.tucker@maryland.gov), with a copy to [mdh.FQHCRateReview@maryland.gov](mailto:mdh.FQHCRateReview@maryland.gov).