



STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.
Commissioner

James W. Clyne, Jr.
Executive Deputy Commissioner

August 31, 2009

RE: Federally Qualified Health Center (FQHC) Ambulatory Patient Groups (APG) Medicaid Reimbursement Option Declaration

Dear Administrator/Controller:

New York State's Medicaid Program has implemented the Ambulatory Patient Group (APG) reimbursement methodology effective December 1, 2008, for hospital outpatient departments and ambulatory surgery services and effective January 1, 2009 for hospital emergency departments. Implementation of the APG reimbursement methodology in Diagnostic and Treatment Centers (DTC's), initially planned for March 1, 2009, has been delayed pending approval by CMS. Discussions with CMS are ongoing and approval is expected soon for a September 1, 2009 implementation date.

FQHCs may participate in the APG reimbursement methodology as an "alternative rate setting methodology", as authorized pursuant to Public Health Law section 2807(8)(f). As noted in my November 4, 2008 letter, FQHCs that choose to participate in the APG reimbursement must declare their intention by completing, signing and returning the authorization contained at the close of this letter by November 1 to be effective the following January 1 to participate in the APG methodology. If your facility does not submit authorization within these dates we will consider you to have made a decision not to participate in APG reimbursement. FQHC group and offsite services will not be subject to this authorization because they are carved-out of APG Reimbursement.

A decision at this time to opt-in to APGs will be effective for the period January 1, 2010 through December 31, 2010. Subsequent decisions to opt-in or opt-out of APGs will be in place for a minimum of one calendar year. Additional information regarding the process and time-frames for opting-in or opting-out of APG reimbursement is provided below.

FQHCs that choose APG reimbursement will remain under this rate methodology until such time as they notify the Department in writing that they no longer wish to participate in APG reimbursement. Such notification may be filed prior to November 1 of each year to be effective for dates of service on and after the following January 1.

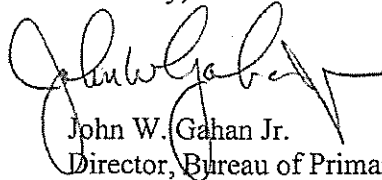
Similarly, FQHCs that do not initially choose APG reimbursement may do so later by submitting a signed copy of this letter prior to November 1 of each year, to be effective for dates of service on and after the following January 1. Please be advised that FQHCs that do not choose APG reimbursement will be forgoing the opportunity to bill for certain primary care enhancements that are built into APG rates for specific purposes, such as diabetes and asthma education, and expanded hours access.

FQHCs that choose APG reimbursement will be eligible to receive supplemental payments reflecting the difference between total APG reimbursement and the aggregate amount that would have otherwise been paid under the federal prospective payment system (PPS) rate, if the latter is higher. Under federal and State law, the PPS rate is an all inclusive cost-based threshold visit rate based on the average of each facility's 1999 and 2000 reported base year costs, trended forward annually using the Medicare Economic Index.

Supplemental payments will be calculated on a calendar year basis. All payments will be based on date of service data available to the Department three months after the close of the period. Supplemental payments will be made on a lump-sum basis.

Thank you in advance for your prompt attention to this important matter. If you have questions concerning this directive, please contact me at 518-474-3267.

Sincerely,



John W. Gahan Jr.
Director, Bureau of Primary and Acute Care
Reimbursement

Federally Qualifying Health Center

Provider # _____ agrees to be reimbursed according to the
Department of Health's Ambulatory Patient Group Methodology.

Signature of Chief Operating Officer _____

Please submit this signed letter of authorization to the following address:

Mr. John W . Gahan, Jr .
Director
Bureau of Primary and Acute Care Reimbursement
Corning Tower Building, Room 1043
Empire State Plaza
Albany, New York 12237