In accordance with Section 1902(bb)(6) of the Social Security Act, as amended by the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000, Indiana Medicaid will provide for payment under an alternative payment methodology to Federally Qualified Health Centers (FQHCs) for the integration of primary and behavioral health care services, and for the achievement of performance measures, effective for FQHC fiscal years which include dates of service occurring July 1, 2009 and after. To qualify for the alternative payment methodology, the FQHC must implement a care plan that fully integrates primary and behavioral health care services at the FQHC. The FQHCs primary and behavioral health integration plan must be approved by the Office of Medicaid Policy and Planning (the Office) and the Department of Mental Health and Addiction (DMHA). The integration plan must incorporate the following characteristics:

- Incorporation of screening and evaluation processes to identify targeted patient population
- Establishment of appropriate levels of behavioral health staffing
- Physical integration of the provision of primary and behavioral health care together at the same FQHC location
- Performance of medical and behavioral health care services by the staff of the FQHC
- Provision of behavioral health services limited to patients 18 years of age and older
- Full integration of medical records, billing, and other data relating to primary and behavioral health care services
- Ongoing monitoring of the integration plan through data collection and evaluation

The Office and DMHA will develop performance measures to monitor the effectiveness of the integration plan. Performance measures will address the extent to which operational goals are met and will be based on the following objectives:

1. Increase the proportion of the adults screened in a primary care setting for identification of behavioral health needs;
2. For adults found in need of behavioral health services, increase the proportion of individuals assessed for level and type of service needs using a standardized assessment process in the primary care setting;
3. For adults needing a low to moderate level of behavioral health services, increase the numbers that receive these services in primary care settings;
4. For adults receiving behavioral health services in a primary care setting, demonstrate improved clinical outcomes following treatment.

Performance measures will be established based on an FQHC's specific integration plan, its experience related to each of the above objectives, and its capacity to provide behavioral health services.

Reimbursement under the alternative payment methodology will consist of two components:

1. An adjustment to the FQHC's Prospective Payment System (PPS) rate
2. Performance incentive payments limited to an established annual amount for each participating FQHC

The rate adjustment will be determined by the Office as an add-on to the FQHC's existing PPS rate of no more than the budgeted cost per encounter for delivery of the new services based on an approved integration plan and budget. After the adjusted PPS rate is set, it will be updated in the same manner as the PPS rates for other FQHCs.

Performance incentive payments will be available up to a maximum amount established for each FQHC based on the FQHC's integration plan, utilization data, and the extent to which the integration plan addresses the State's goals. The maximum amount of performance payments that may be distributed annually to each FQHC with an approved integration plan will be established by the Office prior to implementation of the plan. The maximum annual amount available for an FQHC's performance payments will not exceed 8.5% of the provider's gross cost for Medicaid as reported on their most recent Medicaid cost report on file with the Office as of the date the alternative payment methodology (APM) agreement between OMPP and the FQHC is approved. Once established, the maximum annual performance payment amount for an FQHC will remain constant for the duration of the approved integration plan. Actual performance payments will be tied to the FQHC's achievement of the objectives as determined through specific measures established by the Office and DMHA, and agreed to by the FQHC. Performance payments will be paid no more often than quarterly.

The Office and the FQHC must agree in writing to the alternative payment methodology. The alternative payment methodology must provide payment in an amount which is at least equal to reimbursement under the Indiana Medicaid Prospective Payment System (PPS) for FQHCs.

The Office will provide for a supplemental payment for FQHCs furnishing services pursuant to a contract between the clinic and a managed care entity. The supplemental payments will be calculated based on the provider's rate determined under the alternative payment methodology, as adjusted for inflation using the Medicare Economic Index (MEI) and any change in the scope of service, multiplied by the number of valid FQHC encounters, deducting any payments made by the managed care entity for those encounters. Supplemental payments will be made no less frequently than every four (4) months. The provider is responsible for submitting the managed care claims to the Office or its contractor for calculation of the supplemental payment.