

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Health Care Finance**



Office of the Senior Deputy Director/Medicaid Director

**Transmittal # 20-25**

**TO:** District of Columbia Federally Qualified Health Center (FQHC) Providers

**FROM:** Melisa Byrd  
Senior Deputy Director and State Medicaid Director

**DATE:** June 30, 2020

**SUBJECT: FQHC Performance Payment Program – Performance Bonus Funding Pool and Updates due to the COVID-19 PHE**

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**Purpose**

The purpose of this Transmittal is to provide an update on the District of Columbia (DC) FQHC Pay-for-Performance (P4P) Program as outlined in the “Medicaid Reimbursement of Federally Qualified Health Centers (FQHC) Notice of Final Rulemaking,” published on February 2, 2018, in the DC Register at 65 DCR 000907 and codified in Chapter 45 (Medicaid Reimbursement for Federally Qualified Health Centers) of Title 29 (Public Welfare) of the District of Columbia Municipal Regulations.

**Performance Bonus Funding Pool:** The final rule states that for the first Measurement Year (MY1), beginning on October 1, 2018, the amount of the performance bonus funding pool available for payment shall be the difference between all of the District’s FQHCs’ uncapped administrative cost and the District’s FQHCs’ capped administrative cost reflected in 2013 audited cost reports. For MY2 and future years, the amount of the performance bonus funding pool shall be the amount available in the previous year pool, adjusted annually by the percentage increase in the Medicare Economic Index, established in accordance with Section 1842(i)(3) of the Social Security Act. As such:

- For **MY1 (FY2019)**, the amount of the performance bonus funding pool available for payment was \$3.0 million. In March 2020, DHCF awarded a total of \$1,529,871.14 to eight FQHCs based on their performance on seven required performance measures in MY1 compared to the Baseline Year.
- For **MY2 (FY2020)**, the amount of the performance bonus funding pool available for payment is \$3.045 million. Payment for FY2020 will be made in March 2021.

- For **MY3 (FY2021)**, the proposed FY21 budget does not include an allocation of funds for the payment pool. The COVID Public Health Emergency is forecast to reduce District revenue in multiple fiscal years resulting in DHCF not having available funds to support the FY21 Bonus (normally paid in March 2022). All FQHCs are required to continue reporting all applicable performance measures for MY3 according to the required timeframes as outlined in the Rule.

**Maximum Annual Bonus Payments:** A participating FQHC's maximum annual bonus payment is calculated using the total performance bonus funding pool and its individual market share. DHCF will communicate each FQHC's market share individually. Further detail about how individual market share is calculated may be found in Subsection 4515.16 of the final rule.

**Annual Performance Percentage:** The FQHC's annual performance percentage is the number of points it earns from the required performance measures out of 100. The FQHC's annual performance percentage will be calculated after the Measurement Year results are finalized.

**Estimating Individual FQHC Performance Payments:** A participating FQHC's performance payment shall be the FQHC's maximum annual bonus payment multiplied by the FQHC's annual performance percentage.

**Updates to Performance Bonus Calculation due to the COVID-19 PHE:** DHCF recognizes that the COVID-19 PHE has impacted utilization of FQHC and other services and may impact performance measure results for MY2. Therefore, for performance measures on which an FQHC met either the attainment or individual improvement thresholds in MY1, DHCF will hold the FQHC harmless in MY2. This means, if, at the end of MY2, an FQHC does not meet the threshold for a bonus payment for a performance measure when they were eligible in MY1, DHCF will treat the FQHC *as if* it had met the threshold for a bonus payment for that performance measure in MY2.

### Contact

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DC Primary Care Association  
DC Health Care Association  
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DC Coalition of Disability Service Providers  
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