Government of the Virgin Islands of the United States
DEPARTMENT OF HUMAN SERVICES
Medicaid Division

Medicaid Program Public Notice
Rural Health Clinic (RHC) Services and Reimbursement

July 31, 2026

The U.S. Virgin Islands (USVI) Department of Human Services (DHS) is issuing this Public Notice of its intention to submit a Medicaid State Plan Amendment (SPA) and an Alternative Benefit Plan (ABP) amendment to the Centers for Medicare & Medicaid Services (CMS) in compliance with 42 CFR §447.205 and 42 CFR §440.386. DHS is seeking CMS approval to implement an RHC benefit and a corresponding payment methodology.

The anticipated effective date of the SPA and ABP amendment is August 1, 2026. It is estimated that the implementation of the RHC benefit will have a total increase in aggregate expenditures of approximately $11,097,490 annually to be reimbursed by federal and Virgin Islands Territory Medicaid funding.

USVI assures that all beneficiaries under age 21 enrolled in the ABP will receive Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services consistent with sections 1905(a)(4)(B) and 1905(r) of the Social Security Act. Medically necessary services required to correct or ameliorate physical and mental illnesses and conditions identified through EPSDT screening services will be provided regardless of whether such services are included in the Alternative Benefit Plan benefit package.

There is no public meeting scheduled regarding this notice. A copy of the proposed Medicaid SPA and ABP amendment describing the proposed service limit is available for review at: https://dhs.vi.gov/. Any interested party wishing to request a written copy of the SPA or ABP amendment, or wishing to submit comments may do so by sending an email to map.publiccomment@dhs.vi.gov, calling the Department of Human Services at (340) 774-0930, or by submitting a request in writing to the following address:

USVI Department of Human Services
Attn: Director, Medicaid Program
1303 Hospital Ground – Knud Hansen Complex-Building A
St. Thomas, US Virgin Islands 00802

DHS invites your comments on this proposal which must be received by DHS within 30 days of the date of this notice.

ABP – RHC SPA Information

ABP5 - Addition of RHC Services

EHB1

Benefits Provided: Rural Health Clinic (RHC) Services

Source: State Plan 1905(a)

Authorization: Other

Provider Qualifications: Medicaid State Plan

Amount Limit: None

Duration Limit: None

Scope Limit: None.

Other Information regarding this benefit, including the specific name of the source plan if it is not the base benchmark plan:

Refer to the Medicaid State Plan, 3.1 A, Item #2b

State/Territory: VIRGIN ISLANDS

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

1. Inpatient hospital service other than those provided in an institution for mental diseases.
☒ Provided: □ No limitations ☒ With limitations*

2. a. Outpatient hospital services.
☒ Provided: □ No limitations ☒ With limitations*

b. Rural health clinic services and other ambulatory services furnished by a rural health clinic.
☒ Provided: □No limitations ☒ With limitations*

c. Federally qualified health center (FQHC) services and other ambulatory services that are covered under the plan and furnished by an FQHC in accordance with section 4231 of the State Medicaid Manual (HCFA-Pub. 45-4).
☒ Provided: □No limitations ☒ With limitations*

d. Ambulatory services offered by a health center receiving funds under section 329, 330, or 340 of the Public Health Service Act to a pregnant woman or individual under 18 years of age.
☒ Provided: □No limitations ☒ With limitations*

3. Other laboratory and X-ray services.
☒ Provided: □ No limitations ☒ With limitations*

*Description provided on attachment.

AMOUNT, DURATION AND SCOPE OF ASSISTANCE: CATEGORICALLY NEEDY GROUPS

Limitations

1. **Inpatient Services**
   Limited to care in Virgin Islands hospitals operating under the authority of the Hospital and Health Facilities Corporation, except that when medically necessary and with prior authorization by the Medicaid Agency, the recipient may be referred or transferred to a hospital outside the Virgin Islands. Hospitals must have a provider agreement signed with the Medicaid Agency.

2. **Outpatient Services**
   a. Hospitals

      Limited to services provided by Virgin Islands hospitals operating under the authority of the Hospital and Health Facilities Corporation, except that when medically necessary and with prior authorization by the Medicaid Agency the recipient may be referred to a hospital outside the Virgin Islands for outpatient hospital services. Hospitals must have a provider agreement signed with the Medicaid Agency.

   b. Rural Health Clinics

      An eligible provider of rural health clinic (RHC) services is an entity that meets the definition of an RHC set forth in 42 CFR 491.2 and has been certified and enrolled as an RHC under Medicare.

      The following RHC services are covered by the Medicaid program in accordance with Sections 1905(a)(2)(B), 1905(l), and 1861(aa)(1) of the Social Security Act:

      - Medical services that are rendered by a physician, physician assistant, advanced practice registered nurse (e.g., nurse practitioner, certified nurse midwife) employed by or otherwise compensated by the RHC
      - Behavioral health services, including therapy and testing, rendered by, but not limited to, a licensed clinical psychologist, licensed clinical social worker, licensed marriage and family therapist, licensed mental health counselor
      - Services provided under supervision that would be covered if they were rendered by a physician or an advanced practice registered nurse
      - Laboratory services
      - Other ambulatory diagnostic and therapeutic services commonly furnished in a physician’s office as included in the state plan and services and supplies furnished as "incident to the professional services" by an RHC are also covered services.

      Encounters at a single location on the same day with more than one health professional and multiple encounters with the same health professional constitute a single visit, except when one of the following conditions exists:

      - The patient suffers an illness or injury requiring additional diagnosis or treatment subsequent to the first encounter; or
      - The patient has a medical services visit AND a separately documented behavioral health clinical services visit.

      Limitations on other ambulatory services furnished in the RHC are the same limitations as defined for those services in the state plan.

c. Federally Qualified Health Centers

Limited to services provided by the Federally Qualified Health Care Centers (as designated by HRSA) located in the Territory of the Virgin Islands. With prior authorization from the Medicaid Agency, recipients may receive services from Federally Qualified Health Care Centers (as designated by HRSA) located in Puerto Rico or the contiguous United States.

3. Other Laboratory and X-ray Services

Limited to medically necessary services provided by Department of Health or Hospital and Health Facilities Corporation facilities and personnel. Other Virgin Islands providers may provide laboratory and X-ray services with prior authorization from the Medicaid Agency so long as the providers have signed provider agreements with the Medicaid Agency and they are certified to meet the requirements of Section 42CFR 493, in accordance with the Clinical Laboratory Act of 1988 (CUA).

With prior authorization from the Medicaid Agency, recipients may receive medically necessary services from qualified laboratory or X-ray service providers outside the Virgin Islands, when test services are not available in Virgin Island facilities. Qualified laboratory or X-ray service providers are those that are enrolled in the State's Medicaid program and are certified to meet the requirements of Section 42CFR 493, in accordance with the Clinical Laboratory Act of 1988 (CUA).

State/Territory: VIRGIN ISLANDS

AMOUNT, DURATION, AND SCOPE OF SERVICES PROVIDED
MEDICALLY NEEDY GROUP(S):

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1. Inpatient hospital service other than those provided in an institution for mental diseases.
☒ Provided: □ No limitations ☒ With limitations*

2. a. Outpatient hospital services.
☒ Provided: □ No limitations ☒ With limitations*

b. Rural health clinic services and other ambulatory services furnished by a rural health clinic.
☒ Provided: □ No limitations ☒ With limitations*

c. Federally qualified health center (FQHC) services and other ambulatory services that are covered under the plan and furnished by an FQHC in accordance with section 4231 of the State Medicaid Manual (HCFA-Pub. 45-4).
☒ Provided: □ No limitations ☒ With limitations*

d. Ambulatory services offered by a health center receiving funds under section 329, 330, or 340 of the Public Health Service Act to a pregnant woman or individual under 18 years of age.
☒ Provided: □ No limitations ☒ With limitations*

3. Other laboratory and X-ray services.
☒ Provided: □ No limitations ☒ With limitations*

4. a. Nursing facility services (other than services in an institution for mental diseases) for individuals 21 years of age or older.
☒ Provided: □ No limitations ☒ With limitations*

b. Early and periodic screening, diagnostic and treatment services for individuals under 21 years of age, and treatment of conditions found.
☒ Provided: □ No limitations ☒ With limitations*
□ Not provided

c. Family planning services and supplies for individuals of childbearing age.
☒ Provided: □ No limitations ☒ With limitations*

*Description provided on attachment.

Limitations

1. Inpatient Services

Inpatient services provided to medically needy beneficiaries are the same as those provided to the categorically needy beneficiaries.

2. Outpatient Services

a. Hospital

Outpatient hospital services provided to medically needy beneficiaries are the same as those provided to the categorically needy beneficiaries.

b. Rural Health Clinics

RHC services provided to medically needy beneficiaries are the same as those provided to the categorically needy beneficiaries.

c. Federally Qualified Health Centers

FQHC services provided to medically needy beneficiaries are the same as those provided to the categorically needy beneficiaries.

Methods and Standards for Establishing Payment Rates - Other Types of Care (cont'd)

2.b Rural Health Clinics

Rural Health Clinic (RHC) Prospective Payment System (PPS)

Effective August 1, 2026, all RHCs are reimbursed for covered services furnished to eligible beneficiaries under a PPS methodology in accordance with the provisions of Section 702 of the Benefits Improvement and Protection Act (BIPA) of 2000. The territory-calculated RHC rates comply with the statutory requirements for the payment of RHC services for Medicaid in Section 1902(bb) of the Social Security Act.

Method for Establishing PPS Rates

For an RHC that enrolls as a new Medicaid provider, the VI Medicaid program establishes an initial interim PPS rate, calculated on a per visit basis, by setting it equal to either its Medicare-established RHC encounter rate or the clinic's projected allowable costs, subject to a reasonableness review.

This initial interim PPS remains in effect until a new PPS is established. An RHC's rate is recalculated once its first full-year Medicare cost report is available, using actual allowable costs and encounter data to establish the RHCs permanent base rate.

PPS Rate Adjustments

The RHC base PPS rate is adjusted annually by the percentage of the latest available Medicare Economic Index (MEI) for primary care services.

An RHC may request a PPS base rate adjustment due to a change in the clinic's scope of services. The request must be documented through cost reporting and demonstrate the incremental increase or decrease in the PPS rate attributable to the change in scope of services.

Payment for Other Ambulatory Services

When an RHC furnishes "other ambulatory services," the VI Medicaid Program shall reimburse the provider using the methodologies utilized in paying for the same services in other settings, provided all the requirements under the Medicaid State Plan are met. "Other ambulatory services" are those services which do not meet the Medicare definition of RHC services but are covered under the Medicaid State Plan.

Methods and Standards for Establishing Payment Rates - Other Types of Care (cont'd)

2.c Federally Qualified Health Care Centers

These will be reimbursed under an Alternative Payment Methodology. The Federally Qualified Health Centers (FQHCs) will receive interim payments per service provided according to the Medicaid Agency developed fee schedule. At the end of the federal fiscal year, these payments will be subject to a reconciliation to Medicaid costs based on an encounter rate calculated in accordance with the Prospective Payment System (PPS) as required by the Benefits Improvement and Protection Act of 2000.

3) Other Laboratory and X-Ray Services

Facilities in the Virgin Islands will be reimbursed 100 percent of the Medicare fee schedule.

Off-island facilities located in Puerto Rico or the contiguous United States will be reimbursed for these services based on the Medicaid rate of the locality in which the service is being provided.