Rural Health Care Policy Proposal

1. Create a new hospital designation – Rural Emergency Hospital

A Rural Emergency Hospital (REH) would provide emergency room, outpatient care, observation care, diagnostic, therapeutic and other outpatient services currently offered by a CAH with the exception of inpatient care.

   a) An REH will support access to care in rural areas of the state by maintaining essential services and providing adequate reimbursement for services provided through a cost-based reimbursement model plus 20%.

   b) To reflect the outpatient orientation of care in rural communities, home health and Emergency Medical Services should be included in REH cost plus reimbursement.

   c) REHs will be eligible for all programs in which CAHs may currently participate, for example: Provider-based Rural Health Clinics, 340B, telehealth originating site eligibility.

   d) Distinct part Skilled care units would be reimbursed under PPS methodology.

   e) REHs must establish a “REH Network Agreement” relationship with a non-REH hospital similar to CAH Network Agreements.

   f) Rural emergency hospitals that fail to meet certain performance thresholds based on quality will be subject to financial penalties.

   g) For each CAH located in a State that is certified as a rural emergency hospital, the State will have the option to waive the distance requirement in SSA §1820(c)(2)(B)(i)(I) with respect to another facility located in the State that is seeking designation as a CAH.

2. Critical Access Hospitals

The purpose of this policy would be to stabilize the financial viability of CAHs. Changes proposed:

   a) Establish an 18-month window for rural hospitals to apply to seek conversion to Critical Access Hospital (CAH) designation by using the necessary provider designation process previously used by states to determine CAH eligibility.

   b) To reflect the outpatient orientation of care in rural communities, home health and Emergency Medical Services should be included in CAH cost plus reimbursement.

   c) Enable efficient co-location of RHC, Provider-based and specialty physicians.

3. Infrastructure Funding

To allow hospitals to transition to a smaller and/or more efficient facility, hospitals may apply for one-time capital/infrastructure funding according to the following criteria:

   a) Eligible hospitals are hospitals that are converting to an REH or CAH designation or hospitals that are significantly reducing their inpatient foot print.

   b) Eligible construction or modernization projects must be for purposes of eliminating safety hazards, or to avoid non-compliance with state licensure or accreditation standards.