



SOUTH CAROLINA OFFICE OF
RURAL HEALTH

Investment. Opportunity. Health.

**Rural Emergency Hospital
(REH) Designation**

April 2023

Agenda

- SCORH Programs & Initiatives
- Rural Emergency Hospital Model
- Consolidated Appropriations Act
- REH Eligibility & Requirements
- REH Payment System & CoPs
- Designation Process
- Technical Assistance
- Opportunities for Conversion
- Policy Implications

Health System Innovation Team



Sarah Craig
Director

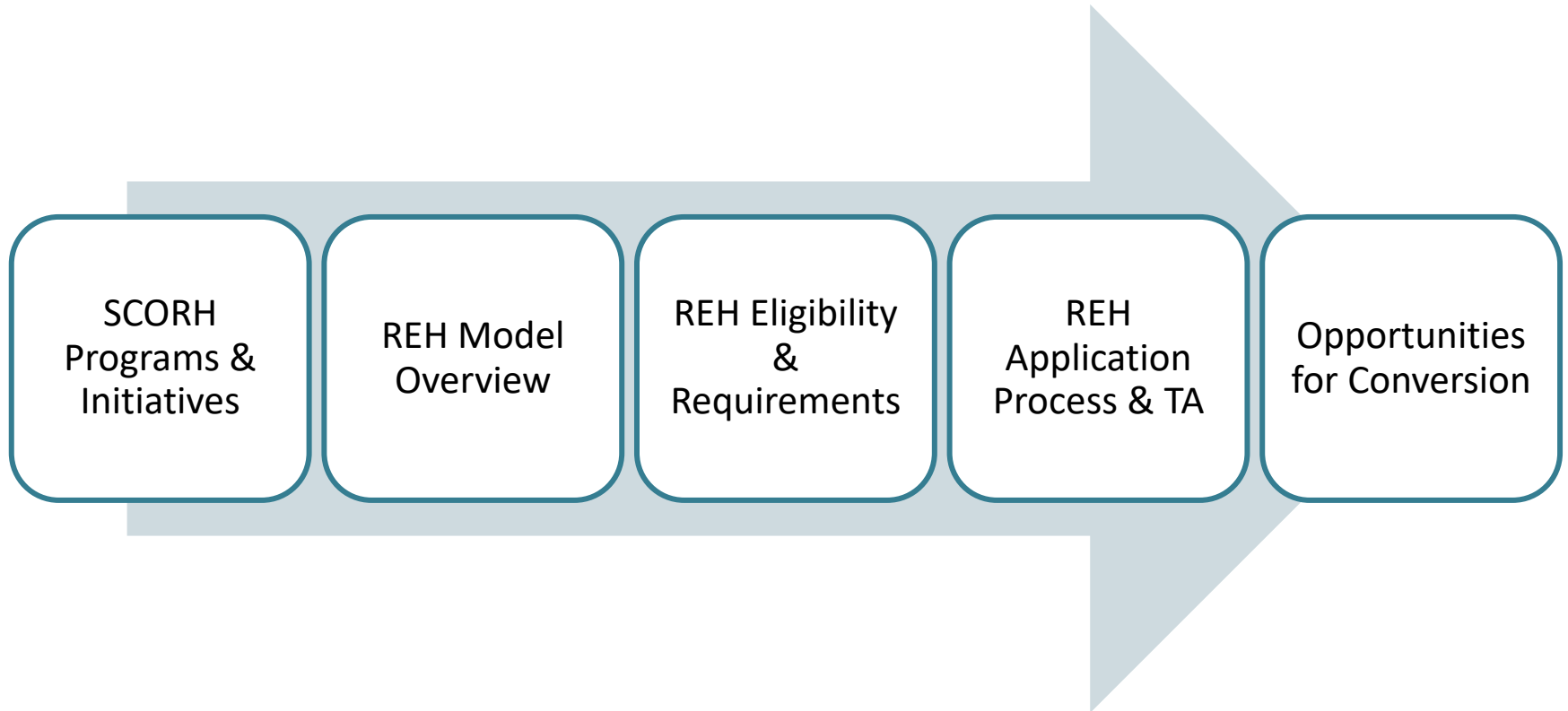


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Objectives

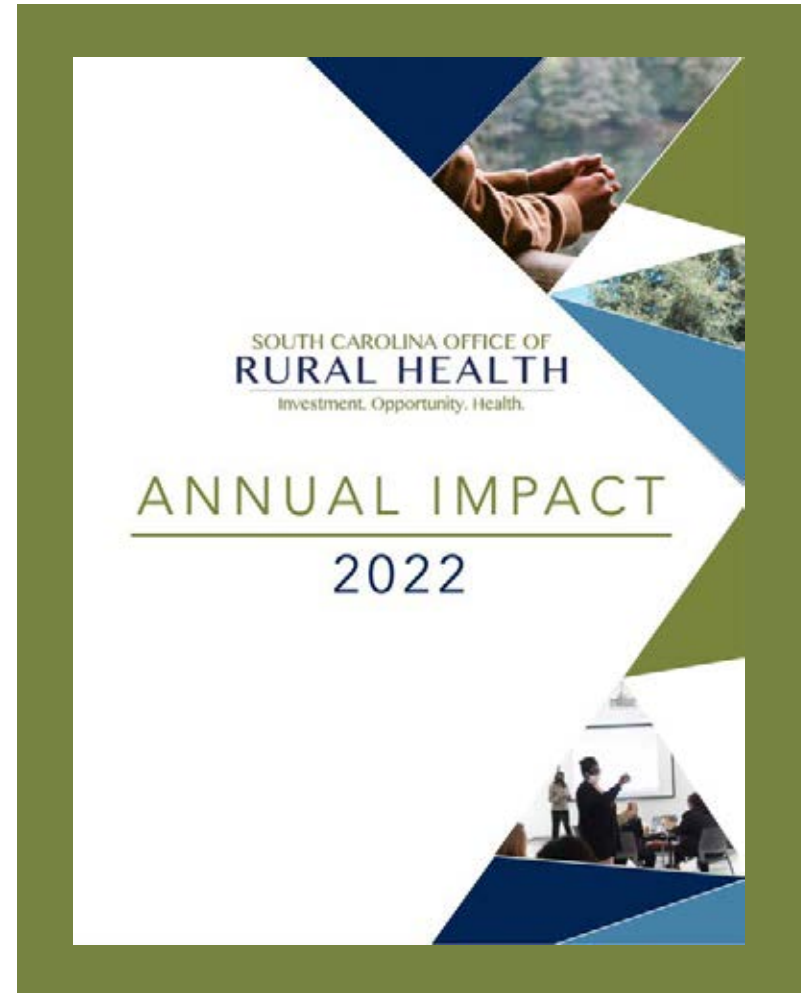


South Carolina Office of Rural Health

MISSION: to close the gap in health status between rural and urban communities.

RURAL HOSPITAL PROGRAMS:

- Medicare Rural Hospital Flexibility Program (FLEX)
- Small Hospital Improvement Program (SHIP)

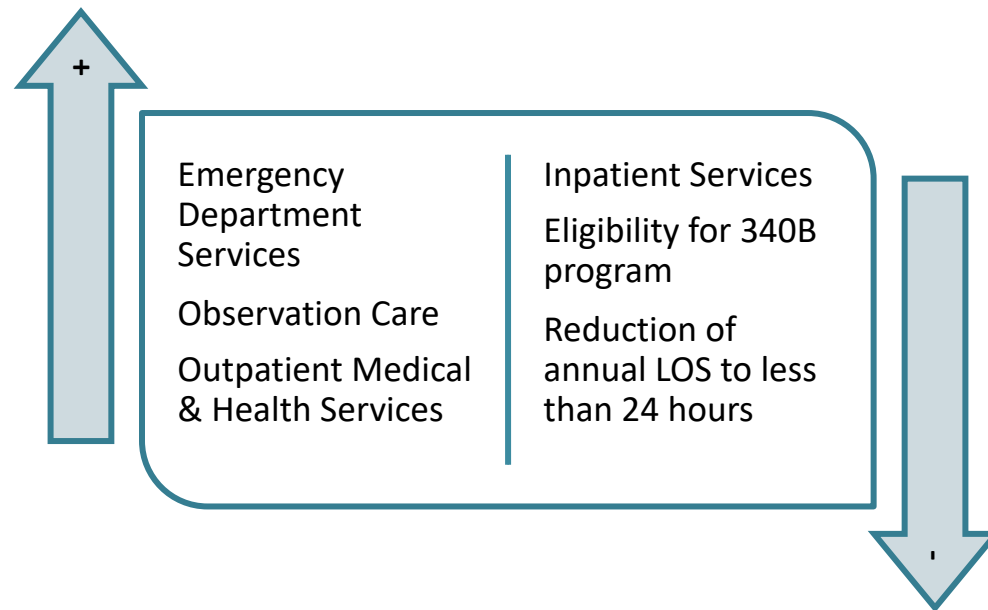


Medicare Rural Hospital Flexibility Program



Rural Emergency Hospital Model

- Critical Access Hospital or licensed hospital in a rural area with no more than 50 beds as of December 27, 2020
- First Medicare provider type since the CAH was created in 1997
- Works to address rural hospital closures through provision of key services

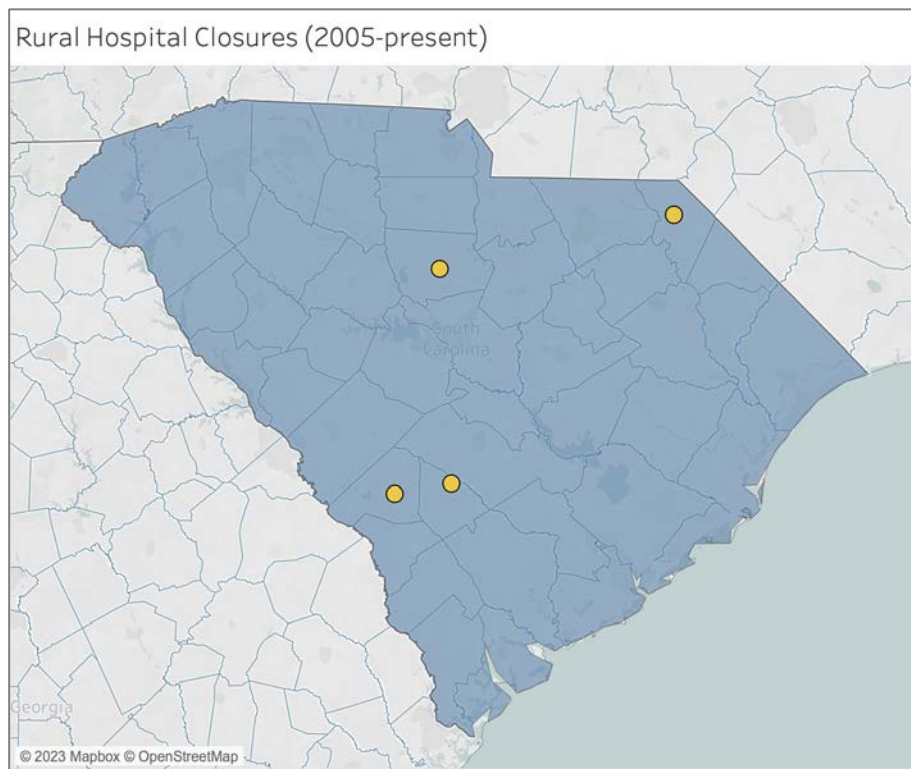


Rural Hospital Challenges

- 190 rural hospital closings since 2005 in the United States
- An additional 450 rural hospitals are vulnerable

RURAL HOSPITAL CHALLENGES:

- Regulatory challenges
- Declining reimbursement
- Low patient volume
- Access to care
- Workforce shortages



(Tableau, 2023),(The Sheps Center, 2023)

Consolidated Appropriations Act

- Emergence of freestanding emergency departments (FSEDs) with no specific federal designation for rural areas prompted new legislation
 - REACH Act of 2015 was introduced but not passed
- The Consolidated Appropriations Act of 2021 ratified the Rural Emergency Hospital model as a new Medicare provider type
- This designation is applicable to Critical Access Hospitals (CAHs) and small hospitals with less than 50 beds as of December 27, 2020

REH Eligibility

Critical Access Hospitals

- Designated CAH with ≤ 25 beds

Hospitals with ≤ 50 beds

- Located in a rural county
- Have an active reclassification from urban to rural

Closed facilities with ≤ 50 beds

- CAHs or rural hospitals that were eligible as of December 27, 2020 that subsequently closed

REH Requirements

No provision of acute inpatient care services

Availability of 24-hour emergency services with annual LOS < 24 hours

Certified Medicare participant

Have a transfer agreement with a Level I or Level II trauma center

Meet state licensure requirements

Meet emergency department staffing requirements

Meet staff training and certification requirements

Meet Conditions of Participation applicable to CAHs for emergency services

REH Payment System

Type of Payment	Method Used to Calculate Funding
OPPS Rate	Current OPPS + 5%
OPPS Copayment	Based on current OPPS
Skilled Nursing Facility	Current SNF PPS
Ambulance	Current ambulance fee schedule
Rural Health Clinic	Same rate as hospital <50 licensed beds

*Obtained from NC RHRP

- Additional services rendered outside of the OPPS will be paid under their respective fee schedule

Additional Facility Payment

CAH Medicare Spending CY 2019		\$12.08 B
Prospective Medicare Spending CY 2019	-	\$7.60 B
<hr/>		
Difference		\$4.48 B
Difference		\$4.48 B
# of Medicare CAHs CY 2019	÷	1,368
<hr/>		
Monthly Facility Payment CY 2023		\$272,866

Conditions of Participation

Provision	Section	Details
Provision of Services	§485.514	<ul style="list-style-type: none">• Policies include a description of services to be rendered by REH
Emergency Services	§485.516	<ul style="list-style-type: none">• Must demonstrate compliance with current CAH requirements
Infection prevention and control and antibiotic stewardship programs	§485.526	<ul style="list-style-type: none">• Facility-wide programs must be available for surveillance, control, and prevention of infections.• Optimal utilization of antibiotics through stewardship program
Staffing and staff responsibilities	§485.528	<ul style="list-style-type: none">• REH is required to be staffed 24 hours a day, 7 days a week and meet CAH staffing requirements

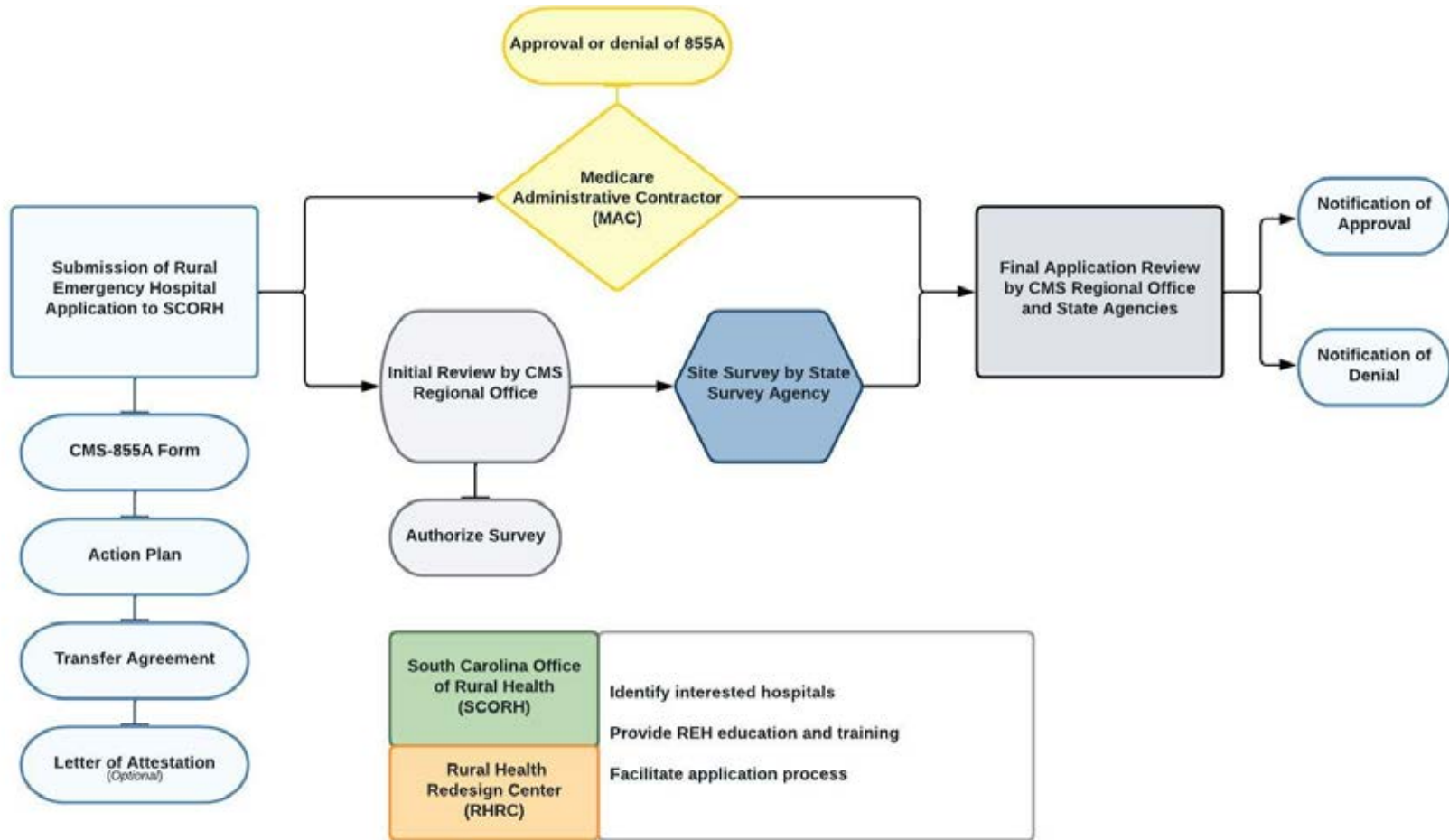
*Additional CoPs found under 42 CFR Part 485

Conditions of Participation

Provision	Section	Details
Patient Rights	§485.534	<ul style="list-style-type: none">REH must promote and protect patient's right in compliance with state and federal requirements
Agreements	§485.538	<ul style="list-style-type: none">REH must have an agreement with a Level I or Level II trauma center
Physical Environment	§485.544	<ul style="list-style-type: none">The physical condition of the REH must be in a state that ensures the safety of patients as further defined under the CoPs

*Additional CoPs found under 42 CFR Part 485

Designation Process



Technical Assistance

- The South Carolina Office of Rural Health works with the Rural Health Redesign Center to provide technical assistance for the REH model:



Identify interested hospitals for the REH designation



Provide REH education and training



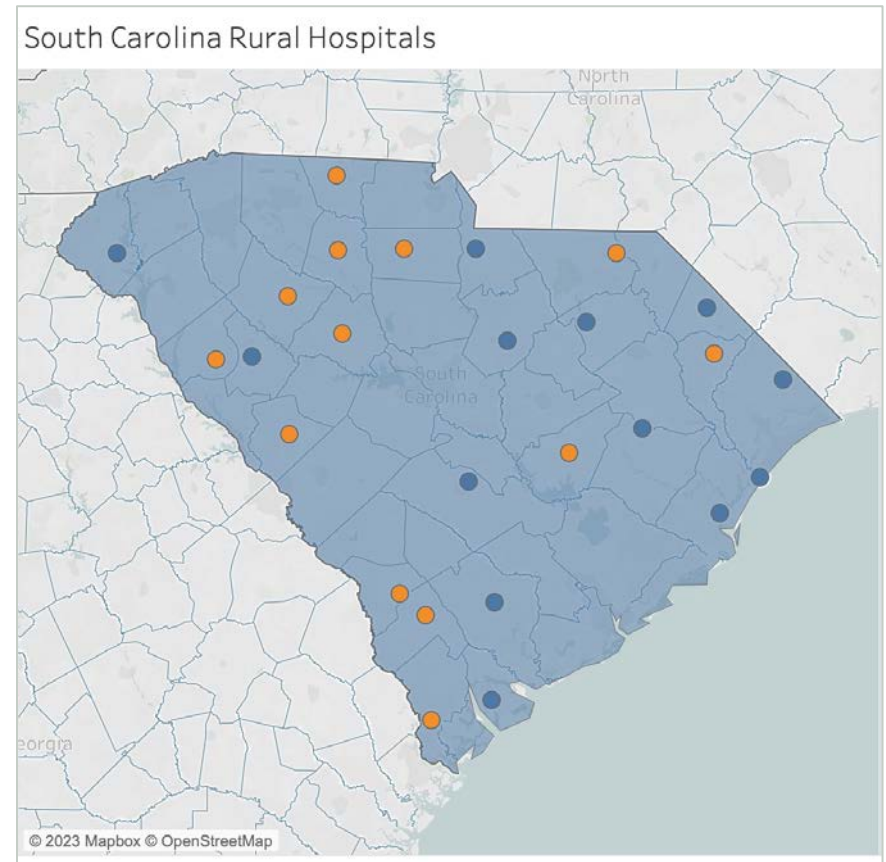
Facilitate REH application process

RHRC Cohorts

- Currently facilitating technical assistance for Rural Emergency Hospitals through cohorts
- Cohort 1 (October 2022 – October 2023)
 - Engagement and Education (October 2022 – March 2023)
 - Financial Assessment (March 2023 – May 2023)
 - Application and Conversion Strategy Development (April 2023 – October 2023)
- Cohort 2 (April 2023 – February 2024)
 - Engagement and Education (April 2023 – June 2023)
 - Financial Assessment (June 2023 – August 2023)
 - Application and Conversion Strategy Development (August 2023 – February 2024)

Opportunities for Conversion

- The NCRHRP estimates as many as 68 rural hospitals might convert to the REH model
- South Carolina currently has:
 - 3 Critical Access Hospitals
 - 10 eligible small hospitals with 50 beds or less
- The opportunity exists for eligible South Carolina hospitals to convert to the REH designation now and in the future



(DHEC, 2023)(Tableau, 2023)

Prospective REH Hospitals

Hospital	Medicare Payment Classification	Number of Beds (Dec 2020)
Abbeville Area Medical Center	CAH	25
Allendale County Hospital	CAH	25
Cherokee Medical Center	PPS	31
Coastal Carolina Hospital	PPS	41
Edgefield County Healthcare	CAH	25
Hampton Regional Medical Center	PPS	32
Mcleod Health Cheraw	PPS	46
Mcleod Health Clarendon	PPS	49
MUSC Health Chester Medical Center	PPS	16
MUSC Health Marion Medical Center	PPS	36
Newberry County Memorial Hospital	PPS	48
Prisma Health Laurens County Hospital	PPS	38
Union Medical Center	PPS	15

Policy Implications

- South Carolina policymakers will need to establish licensing requirements for the Rural Emergency Hospital designation

STATES WITH REH LICENSURE

- Arkansas
- Illinois
- Kansas
- Michigan
- Nebraska
- South Dakota
- Texas

*As of 3.22.23

Questions?



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REH Resources

- The Cecil G. Sheps Center for Health Services Research. (2022). *Rural Hospital Closures*. Sheps Center. Retrieved from <https://www.shepscenter.unc.edu/programs-projects/rural-health/ruralhospital-closures/>
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