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Insights

Rural Emergency Hospital Providers - What We Know and What's to Come

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The Consolidated Appropriations Act of 2021 adds a new rural emergency hospital ("REH") provider type for Medicare and adds Medicare coverage for REH Services, effective January 1, 2023.

New REH provider type for Medicare:

- An REH is a former[1] critical access hospital ("CAH") or rural PPS hospital, that converts to a REH, and satisfies numerous requirements, including:
  - Does not provide any acute care inpatient services except post-hospital extended care services furnished in a distinct part unit licensed as a skilled nursing facility.
  - ED: (i) is staffed 24/7; (ii) has a physician, NP, CNS, or PA available 24/7; and (iii) meets staffing requirements of a critical access hospital.
  - Has transfer agreement with Level I or II trauma center.
  - Is licensed (if located in a state that provides for the licensing of rural emergency hospitals) or otherwise approved by the State as meeting the standards.
  - Meets staff training and certification requirements as Secretary may require.
  - Meets COPs for critical access hospitals, with respect to emergency services, and hospital emergency departments.
- REH may elect to convert back to CAH or rural PPS hospital.
- REH will be required to submit certain quality metrics.

Medicare coverage for REH services:

- REH services are ED services, observation services, and other secretary-approved outpatient services, furnished by REH that do not exceed an annual per patient average of 24 hours.
- REH services will be reimbursed at the same level as hospital outpatient services (OPPS), plus 5%.
- REHs will also receive monthly facility payments.
  - For 2023: The facility payment will be based on the excess of (i) the actual CAH payments in 2019; over (ii) the payments that would have been made in 2019, if the CAHs were paid under the applicable inpatient, outpatient or SNF PPS.
  - For 2024 and after: The facility payment will be calculated as the 2023 base amount increased by the hospital market basket.

  - REH must maintain (and report upon request) how the facility has used the facility payments.
- As applicable, payment may also be made for ambulance and post-hospital extended care.
- REH can also be a telehealth originating site.
- While the Act laid the groundwork for REHs, there remain several unknowns, including:
- When CMS will publish regulations or guidance regarding this provider type and service, including conditions of participation and payment methodology calculations.
- Whether CAH or rural PPS hospitals that closed before 1/1/23 can still transition.
- Whether State licensure agencies will add a licensure category for REH or rely on other approval.
- Whether Medicaid coverage will include REH Services.

CMS recently released a request for information as part of the **2022 OPPS Proposed Rule** that begins to addresses these unknowns and to inform future rulemaking and policy making as CMS establishes the new REH provider type. The request for information focuses on type and scope of services, health and safety standards, health equity, collaboration and care coordination, quality measurement, payment provisions, and enrollment process for REHs. Responses to CMS' request for information must be received no later than September 17, 2021.

For questions regarding REH providers and services, please contact **Meghan M. Linvill McNab** or **Thomas N. Hutchinson**.

[1]"In order to become an REH, a provider must, on the date of enactment of the CAA, 2021 (December 27, 2020), either already be a CAH or a rural subsection (d) hospital with not more than 50 beds." See 86 Fed. Reg. at 42286 (Aug. 4, 2021).