

Additional Rural Health Clinic Information

The following information on rural health clinics is provided as an addition to the Rural Clinic web page; <http://www.ohsu.edu/oregonruralhealth/rclinpg.html>. These points may answer some common questions about requirements for rural health clinics. If, after reading through this information, you have questions please feel free to contact Troy Soenen, soenent@ohsu.edu, or 503-494-4450.

RHC History:

- RHC's established in 1977 under PL95-210
- The intent of PL95-210 is to increase availability and accessibility of primary health care services to rural areas
- Enhanced reimbursement from Medicare and Medicaid

Requirement of RHC Program:

- ✓ Clinic must be located in a federally designated rural area defined by the Bureau of Census as non-urban
- ✓ Designated as an Medically Underserved Area (MUA) or Health Profession Shortage Area (HPSA)
- ✓ Must provide outpatient primary care
- ✓ Must be staffed at least 50% of the time by a mid-level provider
- Receive medical direction from a physician who periodically reviews the services furnished by a mid-level provider. The physician must be on site once every two weeks. However they are not required to see patients.
- Facility must be clean and handicapped accessible
- Drugs and samples stored safely
- Must provide six basic lab tests on site
- Must have a current and applicable policy and procedure manual. Policies should cover protocols for mid-level providers, OSHA standards, and blood-borne pathogens.

Allowable cost of Rural Health Clinic Services:

- The law authorizes Medicare and Medicaid reimbursement to qualified RHCs for covered health care services furnished by nurse practitioners (NPs), physician assistants (PAs), certified nurse midwives (CNMs), physicians, clinical psychologist, and/or a clinical social worker (CSW).
- Services of auxiliary staff furnished incident to the above professional services, supplies and injections.
- Medical emergency procedures performed in the clinic during RHC hours
- Physician services provided through agreements or arrangements
- Administrative, overhead, depreciation costs and general costs applicable to the above services

Non-RHC Services:

- Non-covered include durable medical equipment, ambulance services, prosthetic devices, speech, and occupational therapy providers.

Types of RHCs:

- Clinics ownership can be private, non-profit, and public
- Independent or freestanding clinics owned by physicians, mid-level practitioners, and non-profit entities.
- Provider-based clinics owned by hospitals with over fifty beds, skilled nursing homes and home health agencies.
- Provider-based clinics owned by a non-rural hospital with under fifty-beds
- Provider-based clinics owned by rural hospital with under fifty-beds.

All-Inclusive Rate:

- Reimbursement for independent RHCs is made on the basis of an all-inclusive payment rate per covered visit.
- A RHC clinic visit is defined as a face-to-face encounter between a patient and a physician, mid-level provider, clinical psychologist, or clinical social worker during which a RHC service is provided.
- Current rate is approximately \$64.00 per encounter. Rate is increased each year by the Medicare Economic Index.

Rate Determination:

- All-inclusive rate is calculated by dividing the clinics total allowable costs by the clinic's total number of visits

- Example

total allowable costs of \$100,000

total visits of 2,000

all-inclusive rate = $100,000/2000 = \$50.00$

All RHC visits (private pay, Medicare, Medicaid, and indigent/charity care) are used in determining the total visits/cost-per-visit rate. Expenses used to calculate the clinic's all-inclusive rate include services provided "incident to" the RHC visit plus laboratory, X-ray, and allowed pharmaceuticals as well as basic clinic operating expenses.

- Medicare reimburses an independent RHC clinic 80% of its all-inclusive payment. Patient is responsible for paying 20% deductible.
- Medicaid is currently providing 100 percent reasonable cost reimbursement for RHC services offered to Medicaid beneficiaries

Co-Pay and Deductible:

- Patient must pay 20% deductible

Cost Report:

- Must file an annual cost report to CMS

- A document that reflects the clinic's actual allowable cost and actual visits for the reporting year.
- Allowable costs are limited to amounts which the fiscal intermediary determines to be reasonable. CMS has established screening guidelines which fiscal intermediaries use to test reasonableness of a RHCs productivity, and a payment limit which the all-inclusive rate may not exceed.

Productivity Screens:

- At least 4,200 visits per year per full-time equivalent physician employed by clinic
- At least 2,100 visits per year per full-time equivalent mid-level provider

Building Requirements:

- Clinic can be operated in a permanent or mobile facility
- In general requirements are to insure the safety of patients, personnel, and the public, the building should be maintained consistent with appropriate State and local building, fire, and safety codes.

Benefits:

- All-inclusive rate may increase clinic revenue
- No competitive grant process
- Ownership can be private, public, and non-profit
- Certification can be done at any time
- 100% reasonable cost reimbursement for Medicaid beneficiaries

Disadvantages:

- Software changes (system will have to use RHC number instead of Physician number)
- No Federal grant money for operating expenses
- Documentation for Medicare cost report
- Staffing
- Not required to see uninsured or underinsured
- Must maintain eligibility requirements every three years
- Medicare HMO Beneficiaries not subject to RHC payment

Financial Feasibility (handout):

Questions to consider:

- Cost of operating the RHC (depends on hours of operation)
- Staffing (major cost) any where from \$40-60,000 for mid-level provider including fringe benefits and malpractice insurance
- Physician cost vary depending on services (range from \$6000 to 140,000)
- Basic operating cost for an RHC could vary from \$75-150,000)
- Delay in reimbursement from Medicaid and Medicare anywhere from 60-120 days
- Community support