

# **RURAL HEALTH CLINIC 101**

## **Illinois Critical Access Hospital Network**

**March 12, 2015**

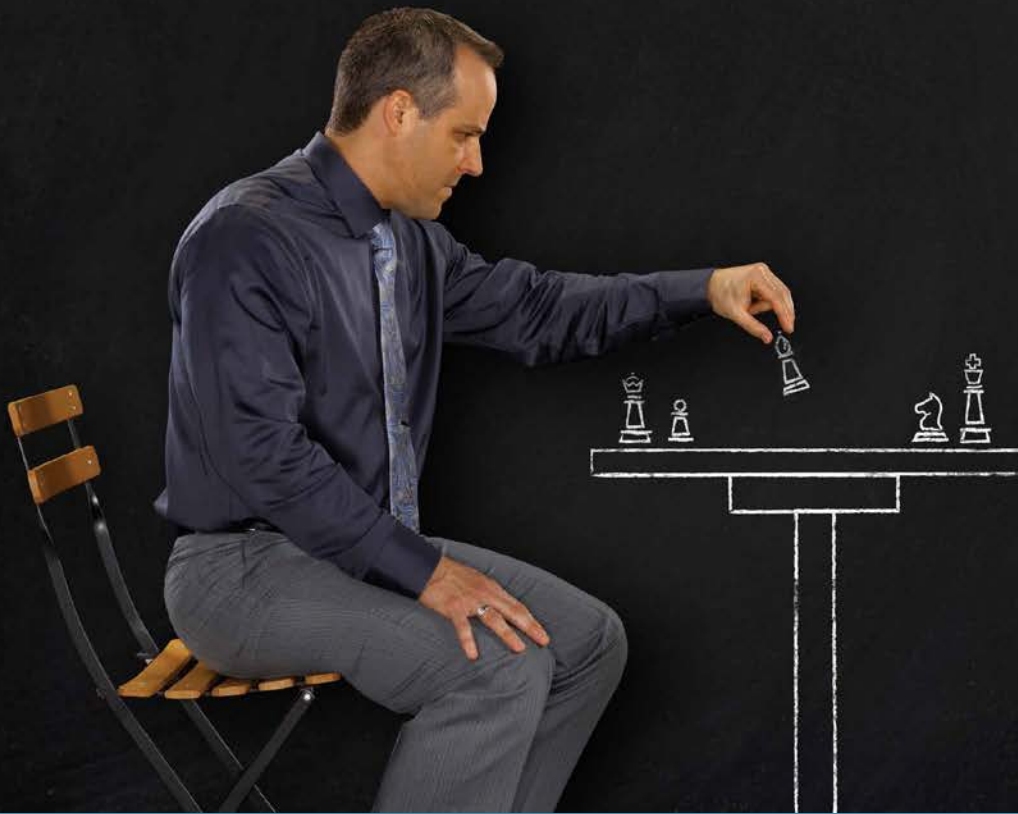
Presented by:  
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CPAs and Consultants  
HEALTH CARE PRACTICE

# Discussion Topics

- Rural Health Clinic (RHC) Overview
- RHC Qualifications
- Becoming a RHC
- RHC Billing
- RHC Benchmark Data
- Summary

# RURAL HEALTH CLINIC OVERVIEW



## What is a RHC?

RHC certification is a designation from the Centers for Medicare & Medicaid Services (CMS) to clinics providing primary care in certain rural, underserved areas, which provides an alternative, cost-based reimbursement system for treating Medicare and Medicaid beneficiaries.

# RHC Overview

## **RHCs Were Established by Law in 1977 Under PL 95-210:**

- Amended the SSA by adding Sec.1861(aa) to extend Medicare and Medicaid entitlement and payment for primary and emergency care services furnished at a RHC by physicians, nurse practitioners, and physician assistants for services and supplies incidental to their services.
- Authorized CMS and states to pay qualifying clinics on a cost-related basis for these services.
- Required that certified clinics be located in an area that is designated by the U.S. Census Bureau as nonurbanized and designated or certified by Health Resources and Services Administration as a shortage area. Contained a “grandfather” clause that enabled a RHC to remain in the program even if it no longer met the location requirements.

# RHC Overview

- After a slow start, the RHC program significantly grew in popularity in the 1990s.
- There are over 4,000 RHCs throughout the United States. Over 50% are provider based, mostly to critical access hospitals (CAHs).

# RHC Overview

- Total number of RHCs grew from 482 in 1989 to 4,054 in 2014.
- The largest number of RHCs are located in Missouri; grew from 2 in 1989 to 379 in 2014.
- There were 211 RHCs in Illinois as of August 2014.

Certified Rural Health Clinics by State									
	1989	2006	2013	2014		1989	2006	2013	2014
Alabama	5	61	81	95	Montana	0	41	53	55
Alaska	16	6	0	0	Nebraska	0	99	133	133
Arizona	5	12	21	19	Nevada	5	6	11	12
Arkansas	0	63	74	76	New Hampshire	2	17	13	13
California	54	246	295	284	New Jersey	0	0	0	0
Colorado	13	37	61	53	New Mexico	21	12	10	10
Connecticut	0	0	0	0	New York	24	9	10	10
Delaware	0	0	0	0	North Carolina	43	95	90	90
Florida	18	132	149	153	North Dakota	0	60	59	53
Georgia	21	87	99	94	Ohio	17	16	22	31
Hawaii	0	2	2	2	Oklahoma	0	33	47	52
Idaho	8	42	45	45	Oregon	13	49	65	70
Illinois	7	197	215	211	Pennsylvania	28	40	67	70
Indiana	0	54	60	64	Rhode Island	1	1	0	0
Iowa	13	130	143	152	South Carolina	2	91	115	109
Kansas	6	165	176	172	South Dakota	24	56	59	58
Kentucky	7	113	158	179	Tennessee	25	40	66	83
Louisiana	0	64	117	127	Texas	1	296	306	302
Maine	24	40	40	41	Utah	8	15	19	16
Maryland	1	0	0	0	Vermont	6	20	15	14
Massachusetts	0	1	1	1	Virginia	2	50	42	40
Michigan	0	143	176	180	Washington	13	98	119	116
Minnesota	4	73	86	88	West Virginia	32	60	49	52
Mississippi	8	127	176	167	Wisconsin	2	56	61	67
Missouri	2	270	387	379	Wyoming	1	16	17	16
<i>Latest Update: 08/26/14</i>					Totals	482	3341	4010	4054

# RHC Overview

- There is a distinct reimbursement advantage for provider-based RHCs that are part of a small (under 50 bed) hospital.
  - Not uncommon to see Medicare/Medicaid reimbursement increases of 80% to over 100% of traditional fee-for-service payments.
- Independent RHCs may still receive a slight benefit over traditional Medicare Part B payments; however, independent clinics often obtain/retain RHC status due to the Medicaid reimbursement advantage.





# RHC QUALIFICATIONS

# RHC Qualifications

## Definition of a RHC:

RHC certification is a designation from CMS to clinics providing primary care in certain rural, underserved areas, which provides an alternative, cost-based reimbursement system for treating Medicare and Medicaid beneficiaries.

# RHC Qualifications

- Must be primarily engaged in providing primary care services: majority of the services provided by the clinic are for the “treatment of acute or chronic medical problems that usually bring a patient to a physician’s office.”
- Rural is defined as an area “that is not an urbanized area as defined by the U.S. Census Bureau.”

~ <http://www.raconline.org/amirural/tool>

# RHC Qualifications

## Underserved areas include:

- Geographic health professional shortage area (HPSA)
- Population-based health professional shortage area
- Geographic medically underserved area (MUA)
- Governor-designated shortage areas

Population-based medically underserved areas (MUPs) do not qualify.

# RHC Qualifications

Listings of federal HPSAs and MUAs are available at  
<http://hpsafind.hrsa.gov/>



Powered by the HRSA Data Warehouse

## Find Shortage Areas: HPSA & MUA/P by Address

Reported location: 2319 Old Plank Rd, Chester, IL, 62233  
(--- Input location: 2319 Old Plank Road, Chester, Illinois 62233)

<b>In a Primary Care Health Professional Shortage Area: Yes</b>	
<b>Primary Care HPSA Name:</b>	Chester/Red Bud Service Area
<b>Primary Care HPSA ID:</b>	11799917PN
<b>Primary Care HPSA Status:</b>	Designated
<b>Primary Care HPSA Score:</b>	11
<b>Primary Care HPSA Designation Date:</b>	2008/01/04
<b>Primary Care HPSA Designation Last Update Date:</b>	2013/10/01

# RHC Qualifications

## **Illinois Physician Shortage Area Designation for RHCs:**

Staff of the Illinois Department of Public Health, Center for Rural Health work with local health care providers and interested community organizations to determine the availability of primary care providers in a county or service area (a service area is usually a portion of a county).

Areas that do not meet the criteria for federal designation may qualify as a state-designated shortage area.

The Center has developed criteria to designate state shortage areas to meet requirements of several state funded programs. These criteria have been accepted by the United States Department of Health and Human Services for the purpose of qualifying areas for rural health clinic development.

# RHC Qualifications

## **Illinois Physician Shortage Area Designation for RHCs:**

Contact the Center for Rural Health for assistance with State shortage area designations:

- Phone: (217) 782-1624
- [http://www.idph.state.il.us/about/rural\\_health/rural\\_shortage.htm](http://www.idph.state.il.us/about/rural_health/rural_shortage.htm)

# RHC Qualifications

Underserved area designation must be current, meaning the designation is made or updated within four years.

NOTE: Health Care Safety Net Act of 2008 (H.R. 1343) amended title XVIII (Medicare) of the Social Security Act to revise the definition of "rural health clinics" to extend from three years to four years the time frame for making certain designations related to a shortage of health services in an area.



# RHC Qualifications

Cost-based reimbursement is determined on the average cost per visit. A visit is defined as a medically necessary face-to-face encounter between a physician, nurse practitioner, physician assistant, certified nurse midwife, clinical psychologist, or clinical social worker and a patient.

In general, if there is no “visit,” there is no RHC payment (exceptions for flu/pneumo vaccines).

# RHC Qualifications

- Located in a rural area
- Current underserved designation
- Primarily outpatient primary care services
- Midlevel practitioner at least 50% of time clinic is open
- Operate under medical direction of a physician;  
*(physician was required to be present at least once every two weeks - revised in July 2014)*

# RHC Qualifications

- Ability to perform (furnish) six basic lab tests:
  - Chemical examinations of urine
  - Hemoglobin or hematocrit
  - Blood sugar
  - Examination of stool specimens
  - Pregnancy tests
  - Primary culturing for transmittal to a certified laboratory

# RHC Qualifications

- Compliance with Federal, State, and Local Laws (42 CFR 491.4)
- Location of the Clinic (42 CFR 491.5)
- Physical Plant and Environment (42 CFR 491.6)
- Organizational Structure (42 CFR 491.7)
- Staffing and Staff Responsibilities (42 CFR 491.8)
- Provision of Services (42 CFR 491.9)
- Patient Health Records (42 CFR 491.10)
- Program Evaluation (42 CFR 491.11)



## BECOMING A RHC

# Becoming a RHC

1. Determine Eligibility
2. Calculate Financial Potential
3. Complete Enrollment Application
4. Policy and Procedures
5. Prepare for Survey
6. Notification of Survey Readiness
7. Survey Conducted
8. Approval
9. Payment Determination
10. Determine Initial Payment Rate
11. Begin Claims Process
12. First RHC Payment

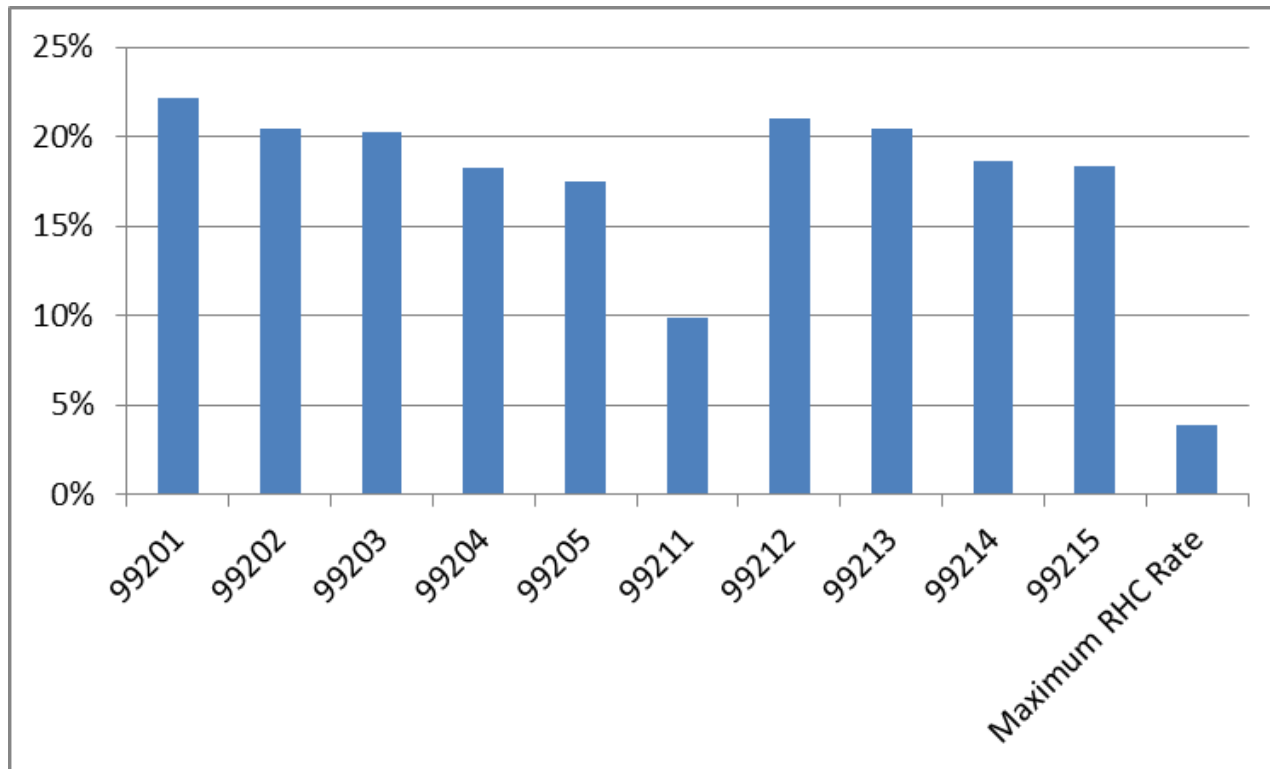
# Becoming a RHC

## Compare Current Reimbursement From Medicare With RHC Rate

CPT Code	Medicare Volume	Medicare Fee	Total Medicare FFS Reimb.	RHC Visits	Independent 2015 RHC Rate	Total RHC Reimb.
<b>Surgical:</b>						
17110	10	104.57	1,000	10	80.44	800
20610	5	57.95	300	5	80.44	400
<b>Evaluation &amp; Management:</b>						
99211	70	19.35	1,400	0	80.44	0
99212	320	42.02	13,400	320	80.44	25,700
99213	1,060	70.46	74,700	1,060	80.44	85,300
99214	260	104.12	27,100	260	80.44	20,900
99215	50	139.61	7,000	50	80.44	4,000
99307	200	43.47	8,700	200	80.44	16,100
99308	175	66.97	11,700	175	80.44	14,100
<b>Injections &amp; Supplies:</b>						
95115	15	8.44	100	0	80.44	0
95117	20	9.81	200	0	80.44	0
J3301	70	1.72	100	0	80.44	0
J3420	25	2.06	50	0	80.44	0
<b>Totals</b>			<b>145,750</b>	<b>2,080</b>		<b>167,300</b>
<b>Average Per Visit</b>			<b>\$ 70.07</b>			<b>\$ 80.40</b>
<b>Percentage Change</b>						<b>15%</b>

# Becoming a RHC

**There may be limited Medicare RHC benefits for independent RHCs.** Below is the Medicare Physician Fee Schedule change in Part B payments from 2009 through 2015 compared to the increase in the maximum payment limit for independent RHCs.





# Becoming a RHC

## Medicare Part B Compared to 2013 National Provider-Based RHC Average Allowable Rate

CPT Code	Medicare Volume	Medicare Fee	Total Medicare FFS Reimburs.	RHC Visits	2013 PB Avg RHC Rate	Total RHC Reimburs.
<b><i>Surgical:</i></b>						
17110	10	104.57	1,000	10	164.11	1,600
20610	5	57.95	300	5	164.11	800
<b><i>Evaluation &amp; Management:</i></b>						
99211	70	19.35	1,400	0	164.11	0
99212	320	42.02	13,400	320	164.11	52,500
99213	1,060	70.46	74,700	1,060	164.11	174,000
99214	260	104.12	27,100	260	164.11	42,700
99215	50	139.61	7,000	50	164.11	8,200
99307	200	43.47	8,700	200	164.11	32,800
99308	175	66.97	11,700	175	164.11	28,700
<b><i>Injections &amp; Supplies:</i></b>						
95115	15	8.44	100	0	164.11	0
95117	20	9.81	200	0	164.11	0
J3301	70	1.72	100	0	164.11	0
J3420	25	2.06	50	0	164.11	0
<b>Totals</b>			<b>145,750</b>	<b>2,080</b>		<b>341,300</b>
<b>Average Per Visit</b>			<b>\$ 70.07</b>			<b>\$ 164.10</b>
<b>Percentage Change</b>						<b>134%</b>

# Becoming a RHC

## **Additional factors to consider:**

- A. Current HPSA and/or PQRS bonus payments.
- B. Medicare Meaningful Use incentive payments.
- C. Cost to comply with RHC requirements:
  - Employment of nonphysician practitioner
  - Certification and survey
  - Billing and cost reports
  - Staff training and education
- D. Patient coinsurance impact.
- E. Expected changes in RHC and FFS programs.

# RHC BILLING



# RHC Billing and Payment

## What Is Different About RHC Billing?

RHC services are billed and reimbursed by Medicare (and Medicaid in some states) under an all-inclusive payment rate regardless of the type of practitioner (physician vs. midlevel) or the complexity of services performed (99212 vs. 99215, E/M vs. surgical procedure).

RHC services are billed to Medicare on the UB-04 claim format instead of the CMS 1500 form often used for billing physician services.

CPT/HCPCS codes are typically not reported for Medicare RHC billing purposes (except for preventive services).

# RHC Billing and Payment

- Receive cost-based reimbursement from Medicare and Medicaid using a cost per visit methodology, which limits payment to \$80.44 per visit in 2015. (No limit for provider-based with < 50 beds.)

Note: Medicare pays 80% of the visit rate; patient coinsurance represents the other 20% (before sequestration).

- Not subject to lower-of-cost or charges regulations. Must prepare a Medicare cost report. RHCs use the regional Medicare fiscal intermediary (i.e., Cahaba, Noridian, or NGS) and bill with the UB-04 form.

# RHC Billing and Payment

- RHCs are paid on a per-visit rate. A “visit” is defined as a face-to-face encounter between a physician, nurse practitioner, or physician assistant and a patient.
- A nurse performing a blood pressure check does not count as a visit even though it may be coded as a 99211 under CPT-4 coding guidelines.

# RHC BENCHMARK REPORT



# RHC Benchmark Report - Source of Comparative RHC Cost Data

## Cost Reports

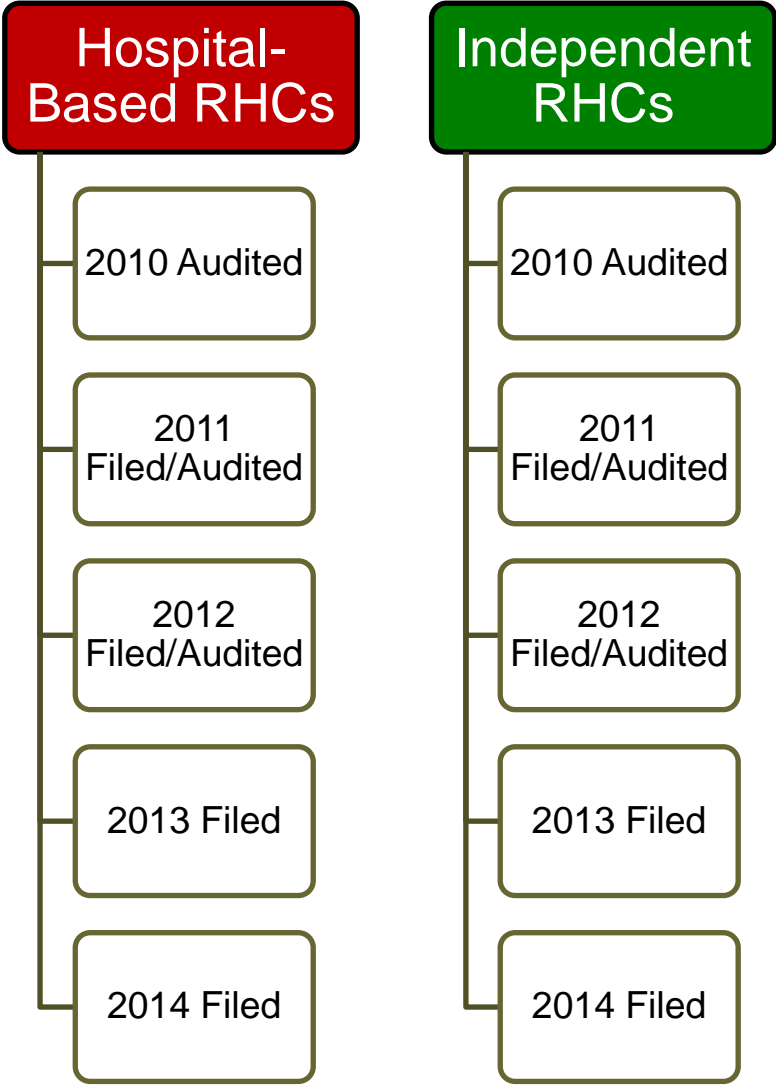
### HCRIS Data Request Disclaimer:

CMS has made a reasonable effort to ensure that the provided data/ records/reports are up-to-date, accurate, complete, and comprehensive at the time of disclosure. This information reflects data as reported to the Healthcare Cost Report Information System (HCRIS) by Medicare Administrative Contractors. These reports are a true and accurate representation of the data on file at CMS. Authenticated information is only accurate as of the point in time of validation and verification. CMS is not responsible for data that is misrepresented, misinterpreted, or altered in any way. Derived conclusions and analysis generated from this data are not to be considered attributable to CMS or HCRIS.

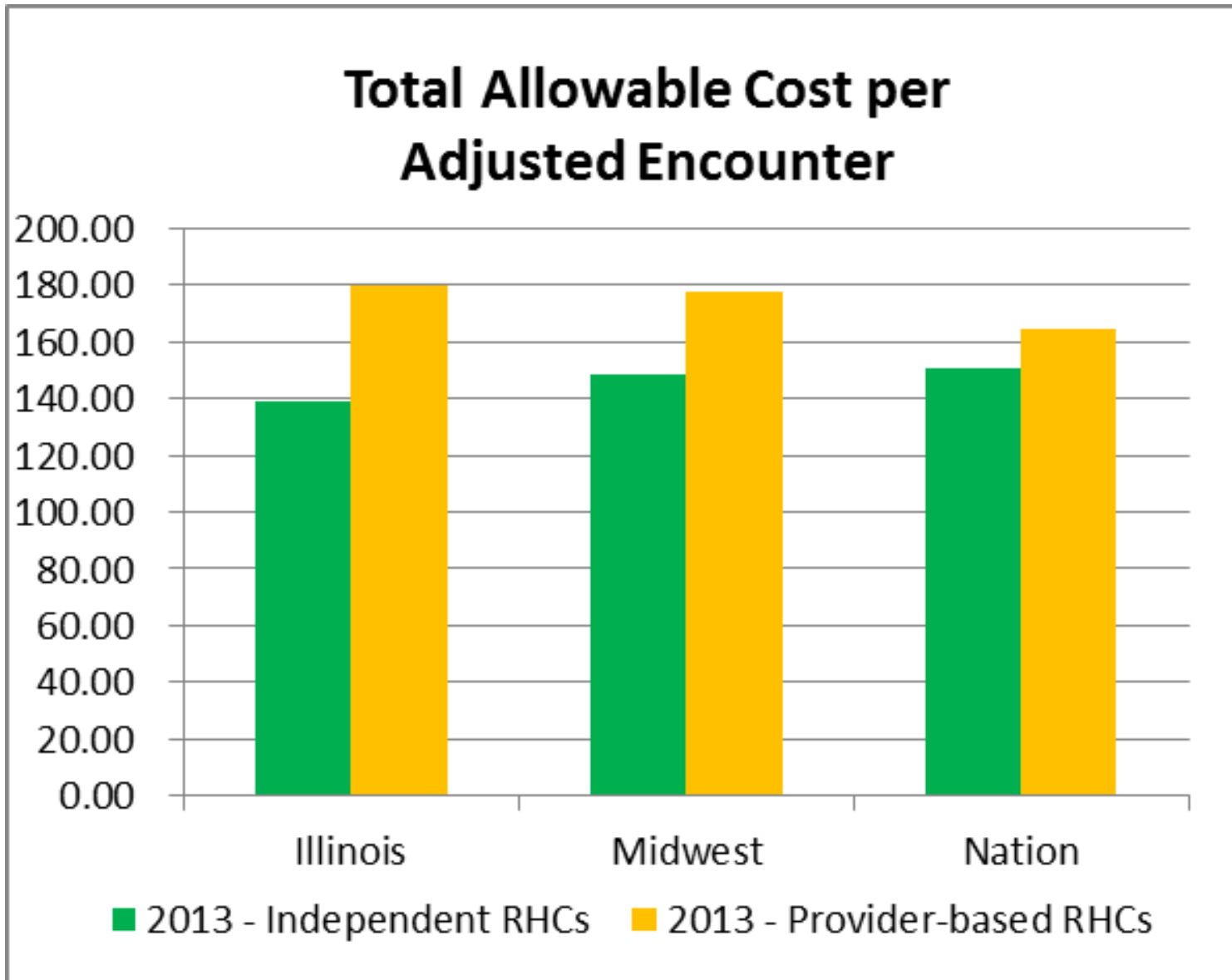
<http://www.cms.gov/Research-Statistics-Data-and-Systems/Files-for-Order/CostReports/index.html>



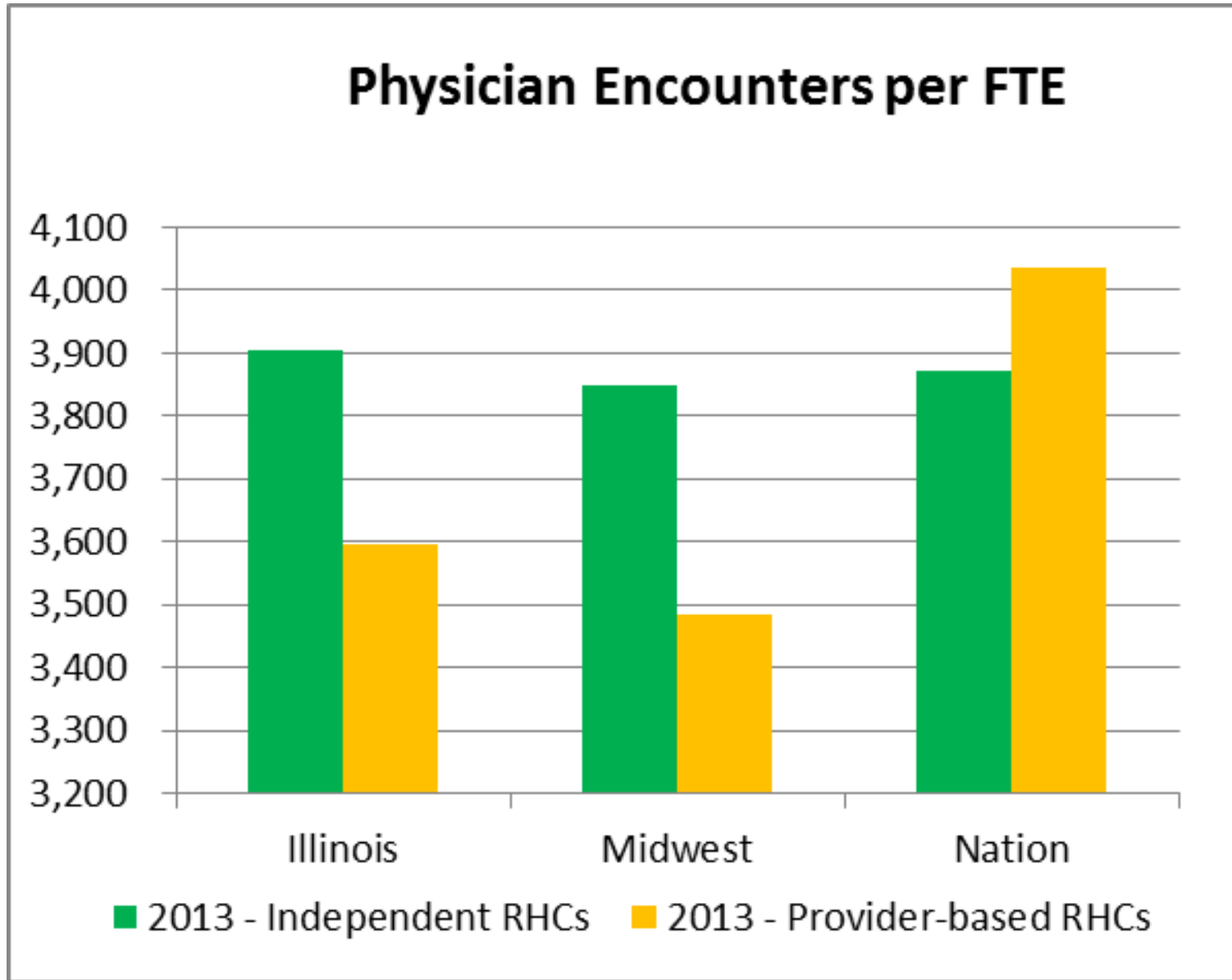
# RHC Benchmark Report - Organization of Comparative RHC Cost Data



# RHC Benchmark Report - Making Cost Comparisons



# RHC Benchmark Report - Making Productivity Comparisons



# SUMMARY



## **How can a certified RHC benefit your community?**

1. Increase access to primary health care (and mental health) services in rural underserved areas.
2. Leverage scarce primary care physicians by increased utilization of non-physician practitioners.
3. Improve Medicare and Medicaid reimbursement, based on the cost of care provided.

## **RHC Source Information:**

**Rural Assistance Center**

[www.raconline.org](http://www.raconline.org)

**CMS Rural Health Clinic Center**

[www.cms.hhs.gov/center/rural.asp](http://www.cms.hhs.gov/center/rural.asp)

**Shortage Area Designations**

<http://bhpr.hrsa.gov/shortage/>

## RHC Source Information:

- **42 CFR §491**
- **Appendix G**

## Interpretive Guidelines - Rural Health Clinics State Operations Manual (HCFA-Pub. 7)

- Starting a RHC - A How To Manual
- [www.bphc.hrsa.dhhs.gov](http://www.bphc.hrsa.dhhs.gov)
- [www.narhc.org](http://www.narhc.org)
- [www.nrharural.org](http://www.nrharural.org)

# For More Information

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