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Rural Referral Center Program

RURAL HEALTH FACT SHEET SERIES

Please note: The information in this publication applies only to the Medicare Fee-For-Service Program (also known as Original Medicare).

This publication provides the following information about the Rural Referral Center (RRC) Program:

❖ Background;
❖ RRC Program requirements;
❖ Urban to rural reclassification;
❖ RRC status; and
❖ Resources.

BACKGROUND

The RRC Program was established to support high-volume rural hospitals that treat a large number of complicated cases.

RRC PROGRAM REQUIREMENTS

The "Code of Federal Regulations" (CFR) at 42 CFR 412.96 contains a full description of the criteria for RRCs. In general, a Medicare participating acute care hospital is classified as a RRC if it is located in a rural area and it meets **one** of the following criteria:

1. It has 275 or more beds available for use during its most recently completed cost reporting period. If the hospital's bed count has changed, written documentation may be submitted with the application on one or more of the following reasons for the change:

   • The merger of two or more hospitals;
   • Acute care beds that previously were closed for renovation are reopened;

   • Acute care beds that previously were classified as part of an excluded unit are transferred to the Inpatient Prospective Payment System (IPPS); or
   • The hospital expands the number of acute care beds for use, and these beds are permanently maintained for inpatients. This expansion does not include beds in corridors or other temporary beds; **or**

2. It shows the following three elements:

   • At least 50 percent of the hospital's Medicare patients are referred from other hospitals or from physicians who are not on the staff of the hospital;
   • At least 60 percent of the hospital's Medicare patients live more than 25 miles from the hospital; and
   • At least 60 percent of all services the hospital furnishes to Medicare patients are furnished to patients who live more than 25 miles from the hospital; **or**

3. If the criteria in 1. or 2. on page 1 cannot be met, a hospital is classified as a RRC if it is located in a rural area and meets the criteria specified below in a. and b. **and** at least **one** of the criteria specified in paragraphs c., d., or e.:

   a. For discharges during the most recent Federal fiscal year (FY) ending at least 1 year prior to the beginning of the cost reporting period for which the hospital is seeking RRC status, its Case-Mix Index (CMI) equals at least:
      - The lower of the median CMI value for all urban hospitals nationally; or
      - The median CMI value for urban hospitals located in its region, excluding those hospitals receiving indirect medical education payments as provided in 42 CFR 412.105; **and**

   b. Its number of discharges is at least:
      - Five thousand or 3,000 for an osteopathic hospital; or
      - The median number of discharges for urban hospitals in the census region in which it is located, set by the Centers for Medicare & Medicaid Services (CMS) yearly in Acute Care Hospital IPPS rulemaking, in accordance with 42 CFR 412.96(c)(2); **and**

   c. Medical staff: More than 50 percent of its active medical staff are specialists who meet the conditions specified at 42 CFR 412.96(c)(3); **or**

   d. Source of inpatients: At least 60 percent of all discharges are for inpatients who reside more than 25 miles from the hospital; **or**

   e. Volume of referrals: At least 40 percent of all inpatients treated are referred from other hospitals or from physicians who are not on the hospital's staff.

Section 4202(b) of the Balanced Budget Act of 1997 states that any hospitals designated as RRCs in FY 1991 are grandfathered as such for FY 1998 and each subsequent year.

URBAN TO RURAL RECLASSIFICATION

Any IPPS hospital located in an urban area may be reclassified as rural by meeting one of the following criteria:

1. It is located in a rural census tract of a Metropolitan Statistical Area in the most recent version of the Goldsmith Modification, Rural-Urban Commuting Area codes;

2. Any State law or regulation deems it to be a rural hospital or located in a rural area; or

3. It would meet all requirements of a RRC or a Sole Community Hospital if it was located in a rural area.

Applications may be mailed to the CMS Regional Office (RO) at any time. The CMS RO will approve or disapprove applications within 60 days.

While the rural reclassification is in effect, the hospital may not be approved for any additional reclassification, and it must retain rural status for one full cost reporting cycle and until the start of the next Federal FY.

RRC STATUS

There are certain advantages for a hospital that currently has RRC status or once had RRC status:

1. Proximity:
   - Any hospital that is currently a RRC does not have to demonstrate a close proximity to the area to which it seeks reclassification; and
   - The hospital can apply for reclassification to the closest urban or rural area; and

2. Average Hourly Wage (AHW) Data Comparison:
   - Any hospital that was ever a RRC is exempt from the 106/108 percent AHW comparison test; and
   - Any hospital that was ever a RRC is only required to meet the 82 percent AHW comparison regardless of its location in an urban or rural area.

RESOURCES

The chart below provides RRC Program resource information.

Rural Referral Center Program Resources

For More Information About…	Resource
Rural Referral Center Program	Chapter 3 of the "Medicare Claims Processing Manual" (Publication 100-04) located at http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c03.pdf on the CMS website
	CFR located at http://www.gpo.gov/fdsys/search/home.action on the U.S. Government Printing Office website
Goldsmith Modification, Rural-Urban Commuting Area	http://www.hrsa.gov/ruralhealth/policy/definition_of_rural.html on the Health Resources and Services Administration website
Hospital Reclassifications	http://www.cms.gov/Regulations-and-Guidance/Review-Boards/MGCRB on the CMS website
	Medicare Learning Network® (MLN) publication titled "Hospital Reclassifications" located at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Hospital_Reclassifications_FactSheet_ICN907243.pdf on the CMS website
All Available MLN Products	"Medicare Learning Network® Catalog of Products" located at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MLNCatalog.pdf on the CMS website or scan the Quick Response (QR) code on the right with your mobile device
Provider-Specific Medicare Information	MLN publication titled "MLN Guided Pathways: Provider Specific Medicare Resources" booklet located at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Provider_Specific_Booklet.pdf on the CMS website
Medicare Information for Patients	http://www.medicare.gov on the CMS website

HELPFUL WEBSITES

American Hospital Association Rural Health Care
http://www.aha.org/advocacy-issues/rural

Critical Access Hospitals Center
http://www.cms.gov/Center/Provider-Type/Critical-Access-Hospitals-Center.html

Disproportionate Share Hospital
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/dsh.html

Federally Qualified Health Centers Center
http://www.cms.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html

Health Resources and Services Administration
http://www.hrsa.gov

Hospital Center
http://www.cms.gov/Center/Provider-Type/Hospital-Center.html

Medicare Learning Network®
http://go.cms.gov/MLNGenInfo

National Association of Community Health Centers
http://www.nachc.org

National Association of Rural Health Clinics
http://narhc.org

National Rural Health Association
http://www.ruralhealthweb.org

Physician Bonuses
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses

Rural Assistance Center
http://www.raconline.org

Rural Health Clinics Center
http://www.cms.gov/Center/Provider-Type/Rural-Health-Clinics-Center.html

Swing Bed Providers
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/SwingBed.html

Telehealth
http://www.cms.gov/Medicare/Medicare-General-Information/Telehealth

U.S. Census Bureau
http://www.census.gov

REGIONAL OFFICE RURAL HEALTH COORDINATORS

To find contact information for CMS Regional Office Rural Health Coordinators who provide technical, policy, and operational assistance on rural health issues, refer to http://www.cms.gov/Outreach-and-Education/Outreach/OpenDoorForums/Downloads/CMSRuralHealthCoordinators.pdf on the CMS website.

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