Summary of Legislation Related to Rural Emergency Hospitals (REH)

The Consolidated Appropriations Act of 2021 establishes a new Medicare provider type called the Rural Emergency Hospital. The REH model was developed by CMS to provide a new type of hospital in hope to slow or stop the closure of rural hospitals. that hospitals can remain viable in rural communities.

Effective January 1, 2023 Critical Access Hospitals and small rural PPS hospitals with no more than 50 beds; operate in a rural area; and open on December 27, 2020 will be eligible to convert and operate as an REH. Early analysis estimated that up to 70 rural hospitals nationwide may apply for conversion.

Rural Emergency Hospital Requirements:

* REHs must provide outpatient hospital and emergency department (ED) services.
  + Cannot exceed an annual per-patient average length of stay of 24 hours;
  + Must be staffed 24/7 by a physician, nurse practitioner, clinical nurse specialist, or physician assistant;
  + Must meet the licensure requirement and staffing responsibilities of an emergency department (ED);
  + Have a transfer agreement in place with a Level 1 or Level 2 trauma center;
  + Must meet the Conditions of Participation (CoPs) applicable to CAH emergency services; and,
  + If the facility has skilled nursing beds, must meet the licensure requirements of a skilled nursing facility.
* States must approve the licensure of REHs.

REH Quality metrics and evaluation reports.

* Beginning in 2023, REHs will be required to submit data for quality measurement. Quality measures will be made public and will be posted on the CMS website.
* Evaluations are required to assess the impact of REHs on the availability of health care and health outcomes in rural areas after 4 years, 7 years and 10 years.

Process to transition to an REH:

* Must submit an action plan for initiating REH services;
* Include a transition plan that specifies what services will be retained, modified, added, or discontinued; and,
* Provide a list of services that will be provided, such as primary and pediatric care.

REH Payment Overview:

Medicare:

* REHs will be paid for covered outpatient services using the Hospital Outpatient Prospective Payment System (OPPS) fee schedule plus 5% premium.
* Medicare will make add on-payments of $272,866 (annual payment of $3.27 million) for hospitals licensed as a REH.
  + Payment will be increased annually by the hospital market basket percentage increase (as determined by CMS).
  + All REHs will receive the same payment regardless of the size of the REH. Facilities must track and report how the AFP is used.

Medicaid, Medicare Advantage and Private Insurers have not yet decided how to reimburse REHs.