RURAL HEALTH CLINICS

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EXHIBIT G Health Care
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RHC Definition

What Is a Rural Health Clinic?

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

History of Rural Health Clinics

Rural health clinics 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 an RHC by physicians, NPs, and PAs 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 Census Bureau as non-urbanized and designated or certified by HRSA as a shortage area. Contained a “grandfather” clause that enabled an RHC to remain in the program even if it no longer met the location requirements.

History of Rural Health Clinics

After a slow start, popularity in the RHC program grew significantly in the 1990s.

There are over 4,000 RHCs throughout the United States. Over 50 percent are provider-based, mostly to Critical Access Hospitals.

Eight of the eleven rural health clinics in Nevada are owned by a Nevada critical access hospital (CAH), the other three by a Nevada rural sole community hospital (RSCH).

Rural Health Clinics (RHCs)

Source: Centers for Medicare and Medicaid Services; U.S. Department of Health and Human Services; Quarter 2, 2011.

Note: Alaska and Hawaii not shown to scale

RAC Rural Assistance Center

Nevada Rural Hospital Partners - 2014 Consortium Map

Pershing General Hospital
Acute Beds 13
LTC Beds 25
RHC 1
Miles to closest NV urban center 92

Humboldt General Hospital
Acute Beds 22
LTC Beds 30
RHC 1
Miles to closest NV urban center 167

Battle Mountain General Hospital
Acute Beds 7
LTC Beds 18
RHC 1
Miles to closest NV urban center 220

Banner Churchill Community Hospital
Acute Beds 40
Miles to closest NV urban center 70

Incline Village Community Hospital
Acute Beds 4
Miles to closest NV urban center 35

Carson Valley Medical Center
Acute Beds 23
RHC 2
Miles to closest NV urban center 19

South Lyon Medical Center
Acute Beds 14
LTC Beds 49
RHC 3
Miles to closest NV urban center 81

Mount Grant General Hospital
Acute Beds 11
LTC Beds 24
RHC 1
Miles to closest NV urban center 134

William Bee Ririe Hospital
Acute Beds 25
RHC 1
Miles to closest NV urban center 245

Nye Regional Medical Center
Acute Beds 44
Miles to closest NV urban center 210

Grover C Dils Medical Center
Acute Beds 4
LTC Beds 16
RHC 1
Miles to closest NV urban center 125

Mesa View Regional Hospital
Acute Beds 25
Miles to closest NV urban center 81

Boulder City Hospital
Acute Beds 24
LTC Beds 39
Miles to closest NV urban center 21

SUPPORTING RURAL HOSPITAL VIABILITY
NRHP

Desert View Hospital
Acute Beds 25
Miles to closest NV urban center 63

Population Served: 281,725

Total Area Served: 95,431 square miles

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Nevada RHCs and Associated Hospital

Battle Mountain Rural Health Clinic	Battle Mountain General Hospital (CAH)- Battle Mountain, NV
Grover C. Dils Rural Health Clinic	Grover C. Dils Medical Center (CAH)- Caliente, NV
William Bee Ririe Rural Health Clinic	William Bee Ririe Hospital (CAH)- Ely, NV
Minden Family Medicine (Minden, NV)	Carson Valley Medical Center (CAH)- Gardnerville , NV
Topaz Ranch Medical Clinic (Wellington, NV)	Carson Valley Medical Center (CAH)- Gardnerville , NV

Nevada RHCS and Associated Hospitals

Mt. Grant Rural Health Clinic	Mt. Grant General Hospital (CAH)-Hawthorne, NV
Pershing General Hospital Physicians Center	Pershing General Hospital (CAH)-Lovelock, NV
Physicians Clinic Barnett Clinic	South Lyon Medical Center (RSCH)-Yerington, NV
Smith Valley Clinic (Wellington, NV)	South Lyon Medical Center (RSCH)-Yerington, NV
Humboldt General Hospital RHC	Humboldt General Hospital-Winnemucca, NV

RHC Definition

- ✓ 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 which 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 Bureau of the Census."

RHC Definition

✓ Underserved areas include:

Governor-designated shortage areas.
Geographic Medically Underserved Areas (MUA).
Geographic Health Professional Shortage Area (HPSA).
Population-Based Health Professional Shortage Area.

*Population-Based Medically Underserved Areas (MUP) do not qualify.

RHC Definition

- ✓ 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 Requirements

- ✓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 must be present at least once every 2 weeks.

RHC Requirements

- ✓ Ability to perform 6 basic lab tests:
  - Chemical examinations of urine (CPT 81002)
  - Hemoglobin or hematacrit (CPT 83026)
  - Blood sugar (CPT 82962)
  - Examination of stool specimens (82270)
  - Pregnancy tests (81025)
  - Primary culturing for transmittal to a certified laboratory

RHC Requirements

- ✓ 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).

RHC Requirements

Example - Interpretative Guidelines (Appendix G SOM):

Physical Plant and Environment (42 CFR 491.6)

A. Physical Plant Safety–To insure the safety of patients, personnel, and the public, the physical plant should be maintained consistent with appropriate State and local building, fire, and safety codes. Reports prepared by State and local personnel responsible for insuring that the appropriate codes are met should be available for review. Determine whether the clinic has safe access and is free from hazards that may affect the safety of patients, personnel, and the public.

RHC Requirements

Example - Interpretative Guidelines (Appendix G SOM):

Physical Plant and Environment (42 CFR 491.6) (cont.)

B. Preventive Maintenance–A program of preventive maintenance should be followed by the clinic. This includes inspection of all clinic equipment at least yearly, or as the type, use, and condition of equipment dictates; the safe storage of drugs and biologicals (see 42 CFR 491.6(b)(2)) and inspection of the facility to assure that services are rendered in a clean and orderly environment. Inspection schedules and reports should be available for review by the surveyor.

RHC Requirements

Example - Interpretative Guidelines (Appendix G SOM):

Physical Plant and Environment (42 CFR 491.6) (cont.)

C. Non-medical Emergencies–Review written documentation and interview clinic personnel to determine what instructions for non-medical emergency procedures have been provided and whether clinic personnel are familiar with appropriate procedures. Non-medical emergency procedures may not necessarily be the same for each clinic.

Becoming an RHC

1. Calculate the financial potential of an RHC:

A. Listing of Medicare/Medicaid CPT code volume for at least 6 months for RHC-equivalent services.
   - Exclude hospital, lab, x-ray, and other non-RHC services.
   - Used to compute current MC/MA reimbursement.

B. Clinic operating expenses for at least 6 months, separated for RHC and non-RHC costs.

C. Listing of "All Payer" CPT code volume for at least 6 months for RHC-equivalent services – used to compute total encounters.

Becoming an RHC

1. Calculate the financial potential of an RHC: (continued)

D. Compute current reimbursement and cost for visits that qualify as RHC encounters:
   - Current reimbursement from T18 and T19 fee schedules.
   - Cost per encounter includes direct costs and overhead.

E. Determine if RHC limits apply.

F. Using appropriate reimbursement method (cost or RHC limit), compare to current reimbursement.

Becoming an RHC

Compare current reimbursement from Medicare with RHC rate.

CPT Code	Medicare Volume	Medicare Fee	Total Medicare FFS Reimburs.	RHC Visits	Independent RHC Rate	Total RHC Reimburs.
Surgical:						
17110	10	104.57	1,000	10	79.80	800
20610	5	57.95	300	5	79.80	400
Evaluation & Management:						
99211	70	19.35	1,400	0	79.80	-
99212	320	42.02	13,400	320	79.80	25,500
99213	1060	70.46	74,700	1060	79.80	84,600
99214	260	104.12	27,100	260	79.80	20,700
99215	50	139.61	7,000	50	79.80	4,000
99307	200	43.47	8,700	200	79.80	16,000
99308	175	66.97	11,700	175	79.80	14,000
Injections & Supplies:						
95115	15	8.44	100	0	79.80	-
95117	20	9.81	200	0	79.80	-
J3301	70	1.72	100	0	79.80	-
J3420	25	2.06	50	0	79.80	-
Totals			**145,750**	**2,080**		**166,000**
Average Per Visit			**$ 70.07**			**$ 79.80**
Percentage Change						**14%**

Becoming an RHC

Medicare Part B compared to Nat'l Provider-Based RHC average rate.

CPT Code	Medicare Volume	Medicare Fee	Total Medicare FFS Reimburs.	RHC Visits	PB Avg. RHC Rate	Total RHC Reimburs.
Surgical:						
17110	10	104.57	1,000	10	156.74	1,600
20610	5	57.95	300	5	156.74	800
Evaluation & Management:						
99211	70	19.35	1,400	0	156.74	-
99212	320	42.02	13,400	320	156.74	50,200
99213	1060	70.46	74,700	1060	156.74	166,100
99214	260	104.12	27,100	260	156.74	40,800
99215	50	139.61	7,000	50	156.74	7,800
99307	200	43.47	8,700	200	156.74	31,300
99308	175	66.97	11,700	175	156.74	27,400
Injections & Supplies:						
95115	15	8.44	100	0	156.74	-
95117	20	9.81	200	0	156.74	-
J3301	70	1.72	100	0	156.74	-
J3420	25	2.06	50	0	156.74	-
Totals			**145,750**	**2,080**		**326,000**
Average Per Visit			**$ 70.07**			**$ 156.70**
Percentage Change						**124%**

Becoming an RHC

- There is a distinct reimbursement advantage for provider-based RHCs that are part of a small (< 50 bed) hospital.

- 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 Payments- Medicare

- Receive cost-based reimbursement from Medicare using a cost per visit methodology, which limits payment to $79.80 per visit in 2014. (No limit for provider-based with < 50 beds.)

- 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 (Noridian) and bill with the UB-04 form.

RHC Payments (Existing Facilities)- Nevada Medicaid

- Beginning January 1, 2001 the State will pay current FQHCs/RHCs (including "FQHC look alike clinics") based on a PPS. The baseline for a PPS will be set at 100 percent of the average of an FQHC/RHC per visit rate based on the reported reasonable and allowable costs of providing Medicaid covered services during the FQHC/RHC fiscal years 1999 and 2000.

- Beginning in Federal fiscal year 2002, and for each fiscal year thereafter, each FQHC/RHC is entitled to the payment amount (on a per visit basis) to which the center or clinic was entitled under the Act in the previous year, increased each October 1st (FFY) by the percentage increase in the Medicare Economic Index (MEI) for primary care services as defined in Section 1842 (i) (4) of the Social Security Act.

RHC Payments (New Facilities)- Nevada Medicaid

- Newly qualified FQHCs/RHCs after Federal fiscal year 2000 will have initial payments (interim rate) established either by reference to payments to one or more other clinics in the same or adjacent areas with similar caseloads and/or similar scope of services or based on an average of rates for other FQHC/RHC clinics throughout the State. Once their average per visit reasonable costs of providing Medicaid-covered services based on their first full year of operation can be determined, the initial payments of the FQHC/RHC will be cost settled and any over or under payments will be determined and the PPS rate will then be established based on actual cost to provide those services for their first full year.

- The per visit PPS rate will then be adjusted annually every October 1st beginning at the next federal fiscal year by the percentage change in the Medicare Economic Index (MEI) for primary care services as defined in Section 1842 (i) (4) of the Social Security Act, for that calendar year as published in the Federal Register.

RHC Payments

- 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 Payments

General Billing Guidelines:

RHC encounters	Billed to FI/MAC (Cahaba, Noridian, NGS, etc.) on UB-04 form.
Incident to RHC visit	Combined with RHC visit. No separate billing or payment.
Non-RHC services	Billed to Part B carrier (independent) or FI/MAC (hospital-based).
Non-covered services	Issue ABN. Billed to patient.
Flu/pneumo vaccine	No separate billing. Keep patient log. Paid through cost report.

RHC Payments

RHC Payment Example:

- The customary charge for 99213 is $100.00.
- The Medicare encounter rate is $80.00.
- Deductibles have been met already.

RHC Payments

RHC Payment Example:

Description	Amount	Comment
Customary Charge	$100.00	UB-04, Revenue Code 521
Patient Co-Pay	$ 20.00	Based on 20% of customary charge.
Medicare Pays	$ 64.00	Based on 80% of $80.00 encounter rate.
Total Payment	$ 84.00	Payment in excess of the $80.00 rate was received because charge > $80 (increased coins.).
Contractual Adjustment	$16.00	

RHC Information

Acknowledgements and Sources of Additional Information

Wipfli, LLP
www.wipfli.com

Rural Assistance Center
www.raconline.org

CMS Rural Health Clinic Center www.cms.hhs.gov/center/rural.asp

Shortage Area Designations
http://bhpr.hrsa.gov/shortage/

RHC Information

Sources of Additional 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
- www.narhc.org
- www.nrharural.org