MIDWEST
HEALTH CARE, INC.

Rural Health Clinic Questions

1. **Q:** ***What is a Rural Health Clinic?***

   A: A Rural Health Clinic (RHC) is a clinic certified to receive special Medicare and Medicaid reimbursement. The purpose of the RHC program is improving access to primary care in underserved rural areas. RHCs are required to use a team approach of Physicians and Mid-Level Practitioners such as Nurse Practitioners (NP), Physician Assistants (PA), and Certified Nurse Midwives (CNM) to provide services. The clinic must be staffed at least 50%of the time with a Mid-Level Practitioner. RHCs are required to provide out-patient primary care services and basic laboratory services. Medicare visits are reimbursed based on allowable costs based on provider type and Medicaid visits are reimbursed under the cost-based method or an alternative Prospective Payment System (PPS). Ordinarily, this will result in an increase in reimbursement. RHCs may see improved patient flow through the utilization of NPs, PAs and CNMs, as well as more efficient clinic operations.

2. **Q:** ***What does it mean that "A Clinic cannot be Medicare approved concurrently as a RHC and a Federally Qualified Health Center?***

   A: Simply that a clinic can not be designated as a RHC and FQHC at the same time.

3. **Q:** ***Why should I apply for RHC status, or how will I profit as a Physician/ Provider by having RHC status?***

   A: You should know beforehand that attaining RHC status does not guarantee a better financial return. It is very important to complete a financial assessment to see if the RHC program is right for your clinic. Financial benefits of RHC status depend on the mix of payers and services offered. Traditional fee-for-service reimbursement could be better in some cases. When evaluating financial feasibility, look at the broader financial picture rather than individual visits. You will want to hire an RHC consultant to conduct a financial feasibility study.

4. **Q:** ***What is needed to be designated as a RHC?***

   A: The Clinic must be located in a non-urbanized area, as defined by the U.S. Census Bureau, and in an area with one of the following designations:

   - Medically Underserved Area; (no longer currently used)
   - Geographic or population-based HPSA; or
   - Governor designated and Secretary-certified shortage area.

   (A shortage or underserved designation must have been designated or Re-designated in the current year or in one(1) of the previous four (4) years.)

Also, a RHC must:

- Employ a Mid-Level Practitioner (Nurse Practitioner, Physician Assistant, or Certified Nurse Midwife) who is available to provide services at least 50% of the time the Clinic is furnishing services
- Furnish routine diagnostic and laboratory services
- Establish arrangements with providers and suppliers to furnish medically necessary services not available at the Clinic
- Furnish first response emergency care.

5. **Q:** ***If my clinic does not have a lab, X-ray, or other diagnostic equipment does this disqualify my clinic as a possible RHC? If so, would it be wise to invest in the required equipment in order to qualify?***
A: No, your clinic can become a RHC as long as you have a CLIA waived lab is in the clinic. A clinic is not required to provide X-ray or other diagnostic procedures.

6. **Q:** ***What is the time frame from the point at which the process begins until the certification?***
A: This varies from state to state. However, it is not unusual to take anywhere from six(6) to twelve(12) months.

7. **Q:** ***If my county is designated as Rural, but not currently a HPSA, is there a way to renew the HPSA designation and pursue RHC status?***
A: Yes, but you will need to seek professional help.

8. **Q:** ***Once my clinic is designated as an Independent RHC how does the billing change?***
A: For Medicare patient visits you will bill using the institutional form (UB04 CMS 1450). Revenue Codes will be billed along with CPT codes, and there will be a learning curve for your billers. Professional training is suggested.

9. **Q:** ***Are there any incentives to hire one type of Mid-Level Provider over another (ex: NP over PA)?***
A: This can vary from state to state. Most states require a collaborative/ Physician Supervisor agreement between the Physician and the Mid-Level Provider.

10. **Q:** ***What is the cost involved with this project?***
A: Project cost varies from state to state. Average cost is $15,500 in consulting fees. These fees are often recouped in staff time saved in the process and speed of facilitation. Accreditation Survey is not included in the cost. In most states you must now request to have an Accreditation Survey.

11. **Q:** ***Does a clinic have to be public or non-profit to be a RHC?***
A: No. RHCs can be for-profit or not-for-profit, public or private, based on state law.

12. **Q:** ***What makes a RHC provider-based?***
A: Provider-based RHCs are considered an integral part of a hospital, nursing home or home health agency that is already a Medicare Certified Provider.

13. **Q:** ***What makes a RHC independent?***
A: Independent RHCs are generally stand-alone clinics, owned by Provider or organizations. RHCs are capped at the RHC AIR rate, effective 1/1/2022 of $113.00, increasing each year by the MEI and will eventually cap at $190.00 in 2028.

14. **Q:** ***If a location loses its HPSA shortage designation or rural designation, is it possible to remain a Rural Health Clinic?***
A: Yes. Under the current rules, existing RHCs do not have to be in a current shortage area or rural area. However you will not be able to move.

15. **Q:** ***Do I need a separate building to have a RHC?***
A: No. A RHC can be in a stand-alone building, a part of another building or a mobile unit.

16. **Q:** ***How do states reimburse RHCs for Medicaid?***
A: All state Medicaid programs are required to recognize RHC core services. The states may reimburse RHCs under one(1) of two(2) different methodologies. The first is a prospective payment system. Under this methodology, for FY (fiscal year) 2001, the state calculates a per visit rate based on an average of 100 percent of the reasonable costs furnished in FY 1999 and FY 2000. For each succeeding year, this per-visit baseline rate is then increased by the Medi care Economic Index factor. For new facilities after FY 2001, the state will establish a per-visit rate based on 100 percent of reasonable costs of furnishing services during the fiscal year. The second methodology is an Alternative Payment methodology. Under this methodology, there are only two requirements: 1) the clinic must agree to the methodology, and, 2) the payment to the clinic must at least equal the payment under a prospective payment system. Medicaid agencies also may cover additional services that are not normally considered RHC services, such as dental services. States can cap an RHC, this is state specific.

Highlights Medicare

- As the Evaluation & Management CPT codes stay consistent, the reimbursement under the Rural Health Clinic (RHC) status becomes more advantageous because the Medicare fee-for-service rate will not meet the RHC cost-per-visit rate.

- The current independent RHC AIR cap rate is $113.00 effective 1/1/2022.

- The RHC cost-per-visit rate is an all inclusive rate. Therefore, if a Provider insists on performing numerous procedures and injections, it may not be financially beneficial.

- With the higher level office visit CPT codes often used by internal medicine Providers, the cost-per-visit reimbursement is not always higher than fee-for-service reimbursement. However, with the RHC Modernization Act, a financial analysis is very beneficial.

- There is an increase each year for RHC cost-per-visit rate which is based on the MEI (Medicare Economic Index).

- There are certain Professional services that you cannot bill for an encounter, such as Home Health Certification, Diabetic Education, E Prescribe, Telehealth Services, etc. (Telehealth is allowable during the Public Health Emergency)

- Hospital encounters are not included in the RHC program. However a provider can bill for the service under Part B on a CMS 1500.

- Nursing Home encounters are included in the RHC program and are paid at the RHC AIR rate.

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Highlights Medicaid

- Under the Rural Health Clinic (RHC) program, clinics see the largest reimbursement gains with their Medicaid patients. This is because the state Medicaid programs fee schedule is less than the Medicare program fee schedule.

- With most primary and pediatric care patient visits, an average increase of about $50.00 or more per visit, is common.

- When reviewing coding strategies, lower Evaluation & Management codes will have the largest gains under RHC reimbursement.

- Medicaid programs usually have a wrap around payment model for RHCs. This wrap around payment model guarantees the clinic it's Federal Rate for RHCs. A report will be required to be filed with the state to receive this additional reimbursement.

A Nurse Practitioner or Physician Assistant is required to be on site equal or greater than 50% of the time patients are seen in the clinic. If you must hire a NP or PA, you want to ensure they will see enough patients to justify the additional cost of adding this position. It is our opinion all clinics should be looking at the value of adding NP and PA services, especially in a Family and Pediatric practice to be positioned for the future.

Note: This document was prepared for clients of Midwest Health Care, Inc. These notes are subject to change and not meant for distribution beyond the client.