PROVIDER BASED RURAL HEALTH CLINICS

RHCs attached to a 50 bed or smaller critical access hospital have ***uncapped RHC reimbursement rates***.

- Hospital must have average daily census of less than 40 beds in use;
- Hospital must be located within 35 miles of the PBD;
- Hospital must be a sole community hospital or an essential access community hospital; and
- Hospital must be located in a rural area.

RHC must be 100% owned by the hospital; operated as an operational and financial integral and subordinate part of the hospital and governed by the same governing body.

Provider-based RHCs can bill as hospital outpatient departments where appropriate for the services provided.

- However, CMS site neutrality rules reduced payments to off-site PBDs that began billing Medicare as provider based RHCs (PBDs) after 11/2/15 to the PFS (Physician Fee Schedule) rate of 40% of the OPPS (Outpatient Prospective Payment System) rate in 2018.
- Further reductions can be expected.

Operational control is evidenced by:

- The PBD and the hospital operate under the same license, unless otherwise required by the state
- RHC professional staff have privileges at the hospital
- The hospital maintains the same monitoring and oversight of the RHC as it does for any other department of the provider
- The medical director of the PBD has a reporting relationship with the chief medical officer or similar official of the hospital that has the same frequency, intensity, and level of accountability that exists in the relationship between the medical director of a department of the hospital and the chief medical officer or similar official of the hospital, and is under the same type of supervision and accountability as any other director, medical or otherwise, of the hospital.
- Medical staff committees or other professional committees at the hospital are responsible for medical activities in the PBD, including quality assurance, utilization review, and the coordination and integration of services, to the extent practicable, between the PBD and the hospital.

- Medical records for patients treated in the PBD are integrated into a unified retrieval system (or cross reference) of the hospital.
- Inpatient and outpatient services of the PBD and the hospital are integrated, and patients treated at the PBD who require further care have full access to all services of the hospital and are referred where appropriate to the corresponding inpatient or outpatient department or service of the hospital.
- The PBD and hospital operate under the same organizational documents. For example, the hospital and PBD must be subject to common bylaws and operating decisions of the hospital's governing body.
- The hospital has final responsibility for administrative decisions
- The hospital has final approval for contracts with outside parties,
- The hospital has final approval for personnel actions,
- The hospital has final responsibility for personnel policies (such as fringe benefits or code of conduct), and
- The hospital has final approval for medical staff appointments in the facility or organization.
- The following administrative functions of the PBD are integrated with those of the hospital: billing services, records, human resources, payroll, employee benefit package, salary structure, and purchasing services.

Financial control is evidenced by:

- The financial system of the hospital shares income and expenses between the hospital and the RHC.
- The costs of a PBD are reported in the appropriate cost center or cost centers of the hospital, and the financial status of the PBD is incorporated and readily identified in the hospital's trial balance.

In addition, there needs to be public awareness that the PBD is part of the hospital. When patients enter the PBD, they are aware that they are entering the hospital and are billed accordingly.