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## Health Reform Act: A Positive Step in Improving Access to Healthcare in Rural America

CLIENT ADVISORY

A critical challenge facing rural America is access to healthcare. Rural Americans tend to be older, have lower incomes, and are the most in need of healthcare. Despite the need, many rural Americans are unable to obtain adequate healthcare due to access limitations. A key focus of healthcare reform is expanding coverage options so that more Americans, including those in rural communities, have access to healthcare coverage. But offering coverage to rural America, does little if the number of healthcare providers serving those communities is lacking.

Many provisions within the Patient Protection and Affordable Care Act (the "Health Reform Act" or the "Act") seek to resolve the healthcare professional shortage crisis in rural America and to eliminate the long-standing payment inequities faced by rural providers. These critical building blocks have the potential address the challenge faced by rural patients and providers across the nation. But, the Health Reform Act is only the first step. Without continued support and a sustained focus on the rural health community, efforts made today will be of little value to future generations.

Below is an outline of the critical provisions of the Health Reform Act that seek to improve the nation's healthcare professional shortage and that will provide the greatest benefit to rural providers and their communities.

### **How Does Healthcare Reform Improve Reimbursement for Rural Providers?**

#### Sec. 5501 – Expanding Access to Primary Care Services and General Care Services:

- 1) 10% Bonus to Primary Care Physicians: The Health Reform Act includes a 10% bonus between the years 2011 and 2016 on certain fee schedule evaluation and management codes related to office, home, nursing facility, domiciliary, rest home, or custodial care visits. This bonus is available to primary care, internal medicine, pediatric, and geriatric physicians, as well as nurse practitioners, clinical nurse specialists, or physician assistants for whom primary care Medicare services related to evaluation and management accounted for at least 60% of the practitioner's charges.
- 2) 10% Bonus to General Surgeons Performing Surgery in HPSAs: The Health Reform Act also provides an extra 10% bonus payment to general surgeons who perform major surgical procedures in an area designated as a Health Professional Shortage Area (HPSA) between the years 2011 and 2016.

Sec. 3131 - Rural Home Health Add On: For the period between April 1, 2010 and January 1, 2016, the Health Reform Act reinstates a 3% bonus payment for home health providers serving rural areas.

Sec. 1109 - Counties with Lowest Medicare Spending: For the years



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2010 and 2011, hospitals in the lowest quartile of counties in terms of Medicare spending will receive additional payments to offset disproportionately low rates. The Health Reform Act has allotted \$400,000,000 from the Federal Hospital Insurance Trust Fund for these payments.

Sec. 3127 - MedPac Study on Adequacy of Medicare Payments for Health Care Providers Serving in Rural Areas: Under this provision, MedPac is required to review payment adequacy for rural healthcare providers and suppliers serving the Medicare program and provide a report to Congress by January 1, 2011. The MedPac study is intended to provide useful information on the adequacy of payments to rural providers, quality of care in rural areas, and access problems in rural communities.

### **How Does Healthcare Reform Improve the Healthcare Professional Shortage in Rural Communities?**

Sec. 747 – Primary Care Training and Enhancement: The Health Reform Act has appropriated \$125,000,000 for FY2010 (and additional sums as determined necessary in FY2011-FY2014) in grant money to medical colleges that place special emphasis on improving clinical teaching and research in family medicine, general internal medicine, or general pediatrics. Priority will be given to programs that have a record of training individuals who are from underrepresented minority groups or from a rural or disadvantaged background; and to programs that establish formal relationships and submit joint applications with federally qualified health centers (FQHCs), rural health clinics (RHCs), area health education centers, or clinics located in underserved areas or that serve underserved populations. According to the National Rural Health Association, this “grow-your-

own” approach is one of the best and most cost-effective ways to ensure a robust rural healthcare workforce in the future.<sup>1</sup>

Sec. 749B – Rural Physician Training Grants: The Health Reform Act also establishes grant programs for the purpose of assisting allopathic and osteopathic medical schools in recruiting students to practice medicine in underserved rural communities, providing rural-focused training and experience, and increasing the number of graduates who practice in underserved rural communities.

Sec 751 - Expanding Area Health Education Centers (AHEC): Under the Health Reform Act, AHECs will receive at least \$250,000, annually, to:

- 1) develop and implement strategies to recruit individuals from underrepresented minority populations or from disadvantaged or rural backgrounds into health professions;
- 2) develop and implement strategies to foster and provide community-based training and education to individuals seeking careers in health professions within under-served areas for the purpose of developing and maintaining a diverse health care workforce that is prepared to deliver high-quality care, with an emphasis on primary care, in underserved areas or for health disparity populations;
- 3) prepare individuals to more effectively provide health services to underserved areas and health disparity populations through field placements or preceptorships in conjunction with community-based organizations, accredited primary care residency training programs, FQHCs, RHCs, public health departments, or

<sup>1</sup> The National Rural Health Association was instrumental in securing many of the provisions that will benefit rural healthcare providers. Information regarding the Association's efforts can be found on the organization's website at [www.ruralhealthweb.org](http://www.ruralhealthweb.org).



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other appropriate facilities;

- 4) conduct and participate in interdisciplinary training that involves physicians, physician assistants, nurse practitioners, nurse midwives, dentists, psychologists, pharmacists, optometrists, community health workers, and allied health professionals;
- 5) deliver or facilitate continuing education and information dissemination programs for healthcare professionals, with an emphasis on individuals providing care in underserved areas and for health disparity populations;
- 6) propose and implement effective program and outcomes measurement and evaluation strategies; and
- 7) establish a youth public health program to expose and recruit high school students into health careers.

Sec. 340H - Graduate Medical Education Improvements: The Health Reform Act establishes a program for training medical residents in community based settings by awarding grants or contracts. This funding will help develop new primary care residency programs in RHCs and FQHCs.

Sec. 4201 - Community Transformation Grants: Grants will be awarded to State and local government agencies and community-based organizations for the implementation, evaluation and dissemination of evidence-based community preventative health activities in order to reduce chronic disease rates, prevent the development of secondary conditions, address health disparities, and develop a stronger evidence-base of effective prevention programming. At least 20% of these grants must go to rural or frontier communities.

Sec. 5503 - Distribution of Additional Residency Slots: The Health Reform Act redistributes unused residency slots under the Medicare GME program to hospitals in rural and other communities and health professional shortage areas that commit to train primary care or general surgery residents.

Sec. 5101 - National Healthcare Workforce Commission: The Health Reform Act also establishes a National Healthcare Workforce Commission (NHWC) comprised of healthcare professional experts representing rural, urban and suburban perspectives. NHWC will provide recommendations to Congress, the President, States and localities to enhance the status of the national healthcare workforce and the geographic distribution of healthcare workers. The primary responsibilities of the NHWC are to develop and commission evaluations of education and training activities to determine whether the demand for healthcare workers is being met; to identify barriers to improved coordination at the Federal, State and local levels and recommend ways to address such barriers; and to encourage innovations to address population needs, constant changes in technology, and other environmental factors.

Sec. 10334 - Office of Minority Health: The Health Reform Act transfers the Office of Minority Health to the Office of the Secretary, which will serve to strengthen the agencies' authority, improving minority health and the quality of care minorities receive by eliminating racial and ethnic disparities.

Sec. 10503 - Community Health Centers and the National Health Service Corps Funds: The Health Reform Act appropriates \$11 billion in new funds over the next five years to support community health centers with rural areas receiving special consideration for distribution of the funds. In addition, \$1.5 billion is



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appropriated over the next five years to expand the National Health Services Corps (NHSC) in order to address health professional shortages in high-need areas.

Program Extensions: To ensure access to physicians and other services in rural communities, the Health Reform Act will also extend and in some instances improve the following programs:

- Outpatient Hold Harmless Provision (Sec. 3121)
- Medicare Reasonable Cost Payments for Clinical Diagnostic Laboratory Tests Furnished to Hospital Patients in Certain Rural Areas (Sec. 3122)
- Rural Community Hospital Demonstration Program (Sec. 3123)
- Medicare Dependent Hospital Program (Sec. 3124)
- Medicare Inpatient Hospital Payment Adjustment for Low-Volume Hospitals (Sec. 3125)
- Improvements to the Demonstration Project on Community Health Integration Models in Certain Rural Counties (Sec. 3126)
- Medicare Rural Hospital Flexibility Program (Sec. 3129)

### **Are There Provisions in the Health Reform Act Specific to Critical Access Hospitals or Sole Community Hospitals?**

Sec. 3128 - Technical Correction for CAH Method II Billing: This provision of the Health Reform Act clarifies that CAHs continue to be eligible for 101% reimbursement of reasonable costs for providing outpatient care to Medicare beneficiaries and for qualifying ambulance services. This provision was included in response to the FY2010 CMS Inpatient Prospective Payment System (IPPS) final rule in which CMS interpreted current law to disallow CAHs that bill under Method II

from receiving 101% reimbursement.

Sec. 3121 – Extension of Outpatient Hold Harmless Provision: Under the Hold Harmless Provision, small rural hospitals with no more than 100 beds, including sole community hospitals (SCHs), are eligible to receive additional Medicare payments if their outpatient payments under the prospective payment system are less than under the prior hospital outpatient department reimbursement system. The Health Reform Act extends the Hold Harmless Provision so that in CY 2010, rural hospitals and SCHs will be eligible to receive 85% of the difference between payments under the prospective payment system and those that would have been made under the prior outpatient department reimbursement system. In addition, the 100-bed limitation was removed for SCHs so that all SCHs will be eligible to receive 85% of the payment difference in CY 2010.

Sec. 7101 - Expansion of the 340B Drug Program: The Health Reform Act will expand the 340B Drug Program providing low cost drugs to Critical Access Hospitals, Sole Community Hospitals and Rural Referral Centers.

While the Health Reform Act is a positive step for rural America, processing the information and determining how the Act will impact your organization can be overwhelming and resource intensive. If you have questions, or would like additional information on these provisions of the Health Reform Act or others, please contact Mary C. Malone or Michelle Calloway at 866) 967-9604, or by email at: [mmalone@hdjn.com](mailto:mmalone@hdjn.com) or [mcalloway@hdjn.com](mailto:mcalloway@hdjn.com). Additional information about Hancock, Daniel, Johnson & Nagle, P.C. is available on the firm's website at: [www.hdjn.com](http://www.hdjn.com).



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