To amend title XVIII of the Social Security Act to create a sustainable future for rural healthcare.

IN THE SENATE OF THE UNITED STATES

Mr. Grassley (for himself, Ms. Klobuchar, and Mr. Gardner) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend title XVIII of the Social Security Act to create a sustainable future for rural healthcare.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Rural Emergency Acute Care Hospital Act”.

SEC. 2. FINDINGS.

Congress finds the following:

(1) According to the University of North Carolina’s Center for Health Services Research, 55 rural
hospitals have closed in the United States since January 2010.

(2) In 2014, iVantage conducted a study for the National Rural Health Association and found 283 hospitals at risk of closure based upon performance indicators that matched those facilities already forced to close in this decade.

(3) Researchers at the University of North Carolina identified inpatient volume as a substantial contributing factor to the financial performance of rural hospitals, with many of the at-risk hospitals having an average daily bed census of less than 2.

(4) Adverse impacts to the local economy and the loss of timely access to emergency medical care are 2 major effects of rural hospital closures.

(5) According to the National Center for Rural Health Works, the typical rural hospital creates over 140 jobs and generates $6,800,000 in compensation while serving an average population of 14,600.

(6) The 2014 iVantage study estimates that the 283 at-risk hospitals could result in the loss of 36,000 health care jobs, 50,000 community jobs, and $10,600,000,000 in gross domestic product.

(7) Time is the most critical factor for achieving successful outcomes in emergency medicine, and
emergency medical clinicians refer to the time-sensitive period during which successful outcomes may be best achieved as the “golden hour”.

(8) The National Conference of State Legislatures states that 60 percent of trauma deaths in the United States occur in rural areas, where only 15 percent of the population is represented.

(9) The disproportionate percentage of trauma deaths in rural areas is likely attributable in large part to a combination of response time to the scene and distance to the nearest emergency room to stabilize trauma victims.

(10) The percentage of trauma deaths occurring in rural areas could continue to increase as more rural hospitals close, further limiting access to emergency services and requiring patients to travel longer distances to receive emergency medical care.

(11) The creation of a rural emergency hospital designation under the Medicare program will allow facilities in rural areas to provide emergency medical services without having to maintain inpatient beds.

(12) In addition to providing emergency care, rural emergency hospitals could convert the space previously used for inpatient services to provide other medical services including, but not limited to,
observation care, skilled nursing facility care, infusion services, hemodialysis, home health, hospice, nursing home care, population health, and telemedicine services.

SEC. 3. RURAL EMERGENCY HOSPITAL PROGRAM.

(a) IN GENERAL.—

(1) Rural emergency hospital and services defined.—Section 1861 of the Social Security Act (42 U.S.C. 1395x) is amended—

(A) in subsection (e), in the last sentence of the matter following paragraph (9), by inserting “or a rural emergency hospital (as defined in section 1861(jj)(1))” before the period at the end; and

(B) by adding at the end the following subsection:

“Rural Emergency Hospital; Rural Emergency Hospital Outpatient Services

“(jjj)(1) The term ‘rural emergency hospital’ means a facility that—

“(A)(i) as of December 31, 2016—

“(I) was a critical access hospital; or

“(II) was a hospital with not more than 50 beds located in a county (or equivalent unit of local government) in a rural
area (as defined in section 1886(d)(2)(D)),

or was a hospital with not more than 50

beds that was treated as being located in

a rural area pursuant to section

1886(d)(8)(E); or

“(ii) was a critical access hospital des-

cribed in clause (i)(I) or a hospital described

in clause (i)(II) that ceased operations during

the period beginning on the date that is 5 years

prior to the date of the enactment of this sub-

section and ending on December 30, 2016;

“(B) provides 24-hour emergency medical care

and observation care that does not exceed an annual

per patient average of 24 hours or more than 1 mid-

night;

“(C) does not provide any acute care inpatient

beds and has protocols in place for the timely trans-

fer of patients who require acute care inpatient serv-

ices or other inpatient services;

“(D) has elected to be designated as a rural

emergency hospital;

“(E) has received approval to operate as a rural

eergency hospital from the State under section

1834(v)(3)(A); and
“(F) is certified by the Secretary under section 1834(v)(3)(B).

“(2) The term ‘rural emergency hospital outpatient services’ means medical and other health services furnished by a rural emergency hospital on an outpatient basis.

“(3) Nothing in this subsection or section 1834(v)(3) shall be construed to prohibit a rural emergency hospital from providing extended care services.”.

(2) Payment for Rural Emergency Hospital Services.—

(A) In General.—Section 1833(a) of the Social Security Act (42 U.S.C. 1395l(a)) is amended—

(i) in paragraph (8), by striking “and” at the end;

(ii) in paragraph (9), by striking the period at the end and inserting “; and”;

and

(iii) by inserting after paragraph (9) the following new paragraph:

“(10) in the case of rural emergency hospital emergency services and services provided by a rural emergency hospital or other provider of ambulance services to transport patients who require acute care
inpatient services or other inpatient services from such rural emergency hospital to a hospital or critical access hospital, the amounts described in section 1834(v).”.

(B) PAYMENT AMOUNT.—Section 1834 of the Social Security Act (42 U.S.C. 1395m) is amended by adding at the end the following subsection:

“(v) PAYMENT RULES RELATING TO RURAL EMERGENCY HOSPITALS.—

“(1) PAYMENT FOR RURAL EMERGENCY HOSPITAL OUTPATIENT SERVICES.—

“(A) IN GENERAL.—The amount of payment for rural emergency hospital outpatient services of a rural emergency hospital is equal to 110 percent of the reasonable costs of providing such services.

“(B) TELEHEALTH SERVICES.—For purposes of this paragraph, in determining the reasonable costs of providing rural emergency hospital outpatient services, costs associated with having a backup physician available via a telecommunications system shall be considered reasonable costs.
“(2) Payment for transportation services.—The amount of payment for services provided by a rural emergency hospital or other provider of ambulance services to transport patients who require acute care inpatient services or other inpatient services from such rural emergency hospital to a hospital or critical access hospital is equal to 110 percent of the reasonable costs of providing such services.

“(3) Requirements for rural emergency hospitals.—

“(A) State approval to operate as a rural emergency hospital.—No payment shall be made under this subsection to a facility, or to a provider of ambulance services providing transportation services from such facility, unless the State in which the facility is located has approved the facility’s designation as a rural emergency hospital.

“(B) Certification of rural emergency hospital.—

“(i) In general.—No payment shall be made under this subsection to a facility, or to a provider of ambulance services providing transportation services from such facility, unless the facility has been cer-
certified by the Secretary as a rural emergency hospital.

“(ii) Certification requirements.—The Secretary shall certify a facility as a rural emergency hospital if the facility—

“(I) meets the criteria for rural emergency hospitals described in subparagraphs (A) through (E) of section 1861(jjj)(1);

“(II) either—

“(aa) is verified by the American College of Surgeons or a State as having the resources required of a level IV trauma center or higher; or

“(bb) employs healthcare professionals that successfully completed within the preceding 4 years—

“(AA) the Advanced Trauma Life Support Course offered by the American College of Surgeons; or
“(BB) another trauma training program for healthcare professionals that is accepted by a State trauma system for certification purposes;

“(III) has in effect a transfer agreement with a level I or level II trauma center; and

“(IV) meets such staff training and certification requirements as the Secretary may require.

“(4) COINSURANCE.—

“(A) IN GENERAL.—The amount of payment for rural emergency hospital services or transportation services made to a rural emergency hospital or other provider of ambulance services under this subsection shall be reduced by the coinsurance amount described in subparagraph (B).

“(B) COINSURANCE AMOUNT.—The coinsurance amount described in this subparagraph, with respect to an item or service provided by a rural emergency hospital or provider of ambulance services, shall be calculated in the same
manner as the coinsurance amount for an outpatient critical access hospital service is calculated under section 1866(a)(2).”.

(b) WAIVER OF DISTANCE REQUIREMENT FOR REPLACEMENT CAHS; SUBSEQUENT REDESIGNATION OF RURAL EMERGENCY HOSPITALS AS CAHS.—Section 1820(c)(2) of the Social Security Act (42 U.S.C. 1395i–4(c)(2)) is amended—

(1) in subparagraph (B)(i)(I), by inserting “subject to subparagraph (F),” before “is located”; and

(2) by adding at the end the following new subparagraphs:

“(F) OPTION TO WAIVE DISTANCE REQUIREMENT.—Beginning on the date of the enactment of this subparagraph, for every critical access hospital located in a State that is certified as a rural emergency hospital under section 1834(v)(3)(B), the State shall have the option of waiving the distance requirement described in subparagraph (B)(i)(I) with respect to another facility located in the State that is seeking designation as a critical access hospital under this paragraph.
“(G) Redesignation of a rural emergency hospital as a critical access hospital.—A rural emergency hospital that was previously designated as a critical access hospital under this paragraph may elect to be redesignated as a critical access hospital (in the same manner that the hospital was originally designated as a critical access hospital) at any time, subject to such conditions as the Secretary may establish.”.

(c) Studies and Reports.—

(1) Studies.—The Secretary of Health & Human Services shall conduct 3 studies to evaluate the impact of rural emergency hospitals on the availability of health care and health outcomes in rural areas (as defined in section 1886(d)(2)(D) of the Social Security Act (42 U.S.C. 1395ww(d)(2)(D))). The Secretary shall conduct a study—

(A) 2 years after the date of the enactment of this Act; 

(B) 5 years after the date of the enactment of this Act; and 

(C) 10 years after the date of the enactment of this Act.
(2) REPORTS.—Not later than 6 months after each date that the Secretary of Health & Human Services is required to conduct a study under paragraph (1), the Secretary shall submit a report to Congress containing the results of each such study.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after the date that is 1 year after the date of the enactment of this Act.

SEC. 4. INCLUSION OF EMERGENCY MEDICINE AS HEALTH SERVICES UNDER THE NATIONAL HEALTH SERVICE CORPS.

Section 331(a)(3)(D) of the Public Health Service Act (42 U.S.C. 254d(a)(3)(D)) is amended by inserting “, and includes emergency medicine provided by physicians in a rural emergency hospital (as defined in section 1861(jjj) of the Social Security Act)” before the period.

SEC. 5. PERMITTING HOSPITALS WITH APPROVED RESIDENCY PROGRAMS IN EMERGENCY MEDICINE TO INCLUDE TIME SPENT BY INTERNS AND RESIDENTS IN THE EMERGENCY DEPARTMENT OF A RURAL HOSPITAL IN FULL-TIME EQUIVALENT COUNT.

(a) INDIRECT MEDICAL EDUCATION.—Section 1886(d)(5)(B)(iv) of the Social Security Act (42 U.S.C.
1395ww(d)(5)(B)(iv)) is amended by adding at the end the following new subclause:

“(III) Effective for discharges occurring on or after October 1, 2017, all of the time spent in patient care activities in the emergency department of a rural hospital by interns and residents in emergency medicine from a hospital with an approved medical residency training program (as defined in subsection (h)(5)(A)) in such specialty shall be included in determining the number of full-time equivalent interns and residents in such program if the hospital with such program incurs the costs of the stipends and fringe benefits of the interns or residents during the time the interns or residents spend in that rural hospital in accordance with subclause (II). In this subclause, the term ‘rural hospital’ means a hospital that is located in a rural area (as defined for purposes of paragraph (2)(D)).”.

(b) DIRECT MEDICAL EDUCATION.—Section 1886(h)(4)(E) of the Social Security Act (42 U.S.C. 1395(h)(4)(E)) is amended—

(1) in clause (ii), by striking the period at the end and inserting “; and”;

(2) by inserting after clause (ii) the following new clause:
“(iii) effective for cost reporting periods beginning on or after July 1, 2017, all of the time so spent in the emergency department of a rural hospital by residents in emergency medicine from a hospital with an approved medical residency training program in such specialty shall be counted towards the determination of full-time equivalency in such program if the hospital with such program bears all, or substantially all, of the costs of training such residents in the rural hospital. In this subparagraph, the term ‘rural hospital’ means a hospital that is located in a rural area (as defined for purposes of subsection (d)(2)(D)).”; and

(3) by adding at the end the following new sentence: “For purposes of this subparagraph, the emergency department of a rural hospital described in clause (iii) is a nonprovider setting.”.