FEDERAL OFFICE OF RURAL HEALTH POLICY (FORHP) UPDATES
DECEMBER 2017

CMS Finalizes Changes to Hospital-based Bundled Payment Programs

CMS finalized its proposed changes to the Episode Payment Models (EPMs) and Comprehensive Care for Joint Replacement (CJR) models on December 1.

The rule finalizes the following, effective January 1, 2018:

1. Cancels the EPMs for care related to acute myocardial infarction (AMI) and coronary artery bypass graft (CABG) surgeries, including the Cardiac Rehabilitation Incentive Payment.
2. Makes CJR participation voluntary for hospitals in 33 of the 67 selected metropolitan statistical areas (MSAs) and low-volume or rural hospitals in any of the 67 MSAs
    a. Low-volume defined as fewer than 20 total CJR episodes over three years
    b. Low-volume hospitals, rural hospitals, and those in the 33 MSAs with voluntary status may choose to participate by making a one-time election from January 1-31, 2018 (all others will be automatically excluded from the model as of February 1, 2018)
    c. See the CMS website for a list of participating hospitals
    d. Hospitals not participating in CJR may act as post-acute care CJR collaborators with participating hospitals to share responsibility for quality and clinical outcomes (i.e., both penalties and incentives)

Comments are due by **January 30, 2018**. See the CMS fact sheet on the proposed rule for more information.

Proposed Rule for Medicare Advantage and the Prescription Drug Benefit Program

CMS has proposed several changes to Medicare Advantage and Part D Plan rules for 2019 that are relevant to rural enrollees, providers, and stakeholders, such as allowing plans to send more materials to enrollees electronically, increasing flexibilities in plan design, and adding tools for Part D plans to manage and monitor access to opioids.

Comments are due by **January 16, 2018**. See the CMS fact sheet for more information.

New Participants for Rural Community Hospital Demonstration

CMS announced that 13 new hospitals will join the Rural Community Hospital (RCH) demonstration. First implemented in 2004 as a five-year demonstration, RCH demonstration has been twice extended, most recently by section 15003 of the 21st Century Cures Act. As authorized by the Cures Act, RCH will run for another five years through 2021.

RCH seeks to determine the feasibility of cost-based reimbursement for small rural hospitals that are too large to be Critical Access Hospitals. Hospitals new to the demonstration will receive cost-based reimbursement in the first year, followed by the lesser of reasonable costs or a target amount equal to reasonable costs increased by the IPPS update factor in the second and subsequent years.

See the fact sheet for more information.

CMS Updates Hospital Policy for Inpatient Services

CMS recently updated guidance to provide clarification related to hospital inpatient services. In order to participate under Medicare and Medicaid, a hospital (but not a critical access hospital) must meet the statutory provisions of §1861(e) of the Social Security Act. Through this guidance, CMS further clarifies that in order for a hospital to be “primarily engaged” in inpatient services, the hospital must formally admit a patient as an inpatient with the expectation that he or she will require hospital care that is expected to span at least two midnights. Therefore, an average length of stay of two midnights would be one of the benchmarks considered for certification as a hospital.

This policy guidance applies to rural hospitals (but not Critical Access Hospitals) subject to section 1861(e)(1) of the Social Security Act. For more information, see the CMS memo to State Survey Agency Directors.

Essential Community Provider (ECP) Petition

CMS has extended the submission window to **December 22, 2017** for providers that serve predominantly low-income, medically-underserved individuals to be included as Essential Community Providers in Health Insurance Marketplace plans during 2019. ECPs include (but are not limited to) Rural Health Clinics, Critical Access Hospitals, and Black Lung Clinics. For ongoing provider updates, the ECP petition submission process remains open year-round.

Provider petitions submitted after December 22, 2017 will be reviewed for inclusion on the plan year 2020 ECP List. See the CMS 2019 Draft Letter to Issuers for more information.

Ombudsman for New Medicare Cards

CMS announcement a new ombudsman, **Dr. Eugene Freund**, who will serve as a resource for health care providers with concerns or questions about the new Medicare beneficiary enrollment cards. CMS will begin mailing the new cards to people with Medicare benefits, including rural beneficiaries, in April 2018 to meet the statutory deadline for replacing all existing Medicare cards by April 2019. The new Medicare cards will contain a unique, randomly-assigned number that replaces the current Social Security-based number. To reach the new ombudsman, email NMCProviderQuestions@cms.hhs.gov.

FCC Proposes Updates to the Rural Health Care (RHC) Program

In late November, the Federal Communication Commission (FCC) issued a Notice of Proposed Rulemaking and Order to begin a rulemaking to review the RHC Program. This program provides up to $400 million each year to fund broadband and telecommunications for public and non-profit health care providers serving rural areas across the country. In 2016 and again likely in 2017, demand exceeded the $400 million cap and the FCC is proposing changes to meet demand within the funding limit. Among several changes, proposals include an increase in the cap, prioritizing funding requests based on need and other parameters, redefining standards of cost-effectiveness, and simplifying the application process.

One proposal would waive FCC rules for the program to 1) roll forward unused funds from previous years with priority for rural providers not participating in an health care provider buying consortium, and 2) encourage broadband/internet service providers to voluntarily lower their rates for program participants in order to ease the cost burden on health care providers caused by any 2017 funding shortfall.

The FCC voted at their Dec 14, 2017 meeting to issue a Notice of Proposed Rulemaking (NPRM) that will require a 30-60 day period for public comment on proposed reforms. They also voted to implement the Order to waive rules to permit funding roll-forward and service cost-reduction by vendors. If the NPRM and Order are passed, FORHP will convene a call for interested rural health care providers to help them understand the issues and consider their response to these actions.