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House Bill 6245 (Substitute H-1 as passed by the House)
Sponsor: Representative Mary Ann Middaugh
House Committee: Health Policy
Senate Committee: Health Policy

Date Completed: 11-30-04

CONTENT

The bill would amend the Public Health Code to specify that, in order to be a rural hospital and qualify as an eligible hospital under the Federal Medicare Rural Hospital Flexibility Program (described below), a hospital not located outside of a metropolitan statistical area (MSA) would have to be located in a city, village, or township with a maximum population of 10,000 and in a county with a maximum population of 110,000. (As used in the bill, "rural hospital" would mean a hospital that was located outside of an MSA or that satisfied the criteria established by the bill.) Population would have to be determined according to the official 2000 Federal decennial census.

A hospital that was determined to be a rural hospital could be designated by the Department of Community Health as a critical provider to satisfy the eligibility requirements for certification as a critical access hospital (CAH).

Proposed MCL 333.21571

BACKGROUND

Section 1395i-4 of Title 42 of the U.S. Code (42 USC 1395i-4) provides for the Medicare Rural Hospital Flexibility Program. Under the statute, in order to establish a Rural Hospital Flexibility Program, a state must submit to the Secretary of the U.S. Department of Health and Human Services (HHS) an application containing assurances that the state has developed, or is in the process of developing a state rural health care plan that provides for the creation of at least one rural health network; promotes regionalization or rural health services in the state; and improves access to hospital and other health services for rural residents of the state. The HHS Secretary may award grants to states that have submitted applications in accordance with the statute for engaging in activities related to planning and implementing a rural health care plan and rural health networks, and designating facilities as CAHs.

(The statute defines "rural health network" as an organization consisting of at least one facility that the state has designated or plans to designate as a CAH and at least one hospital that furnishes acute care services.)

A state may designate a facility as a CAH if it is a hospital located in a county or equivalent unit of local government in a rural area or is treated as being located in a rural area; and is located more than a 35-mile drive (or, in the case of mountainous terrain or in areas with

only secondary roads available, a 15-mile drive) from a hospital, or is certified by the state as being a necessary provider of health care services to residents in the area.

The facility also must make available 24-hour emergency care services that a state determines are necessary for ensuring access to emergency care services in each area served by the facility, and must provide not more than 15 (or, under a specific agreement, 25) acute care inpatient beds for providing inpatient care for a maximum average period of 96 hours per patient per year. Additionally, the facility must meet certain staffing requirements.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would expand the number of hospitals that could qualify for the Federal Medicare Rural Hospital Flexibility Program. Hospitals receiving this designation could receive enhanced Medicare payments. This would not affect Medicaid payments. Furthermore, as the hospital Quality Assurance Assessment Program exempts Medicare revenue from the assessment, passage of the bill would not affect revenue.

Fiscal Analyst: Steve Angelotti

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.