

114TH CONGRESS
1ST SESSION

S. 1648

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

IN THE SENATE OF THE UNITED STATES

JUNE 23, 2015

Mr. GRASSLEY (for himself and Mr. GARDNER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) According to the University of North Caro-
9 lina’s Center for Health Services Research, 55 rural

1 hospitals have closed in the Unites States since Jan-
2 uary 2010.

3 (2) In 2014, iVantage conducted a study for
4 the National Rural Health Association and found
5 283 hospitals at risk of closure based upon perform-
6 ance indicators that matched those facilities already
7 forced to close in this decade.

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

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

16 (5) According to the National Center for Rural
17 Health Works, the typical rural hospital creates over
18 140 jobs and generates \$6,800,000 in compensation
19 while serving an average population of 14,600.

20 (6) The 2014 iVantage study estimates that the
21 283 at-risk hospitals could result in the loss of
22 36,000 health care jobs, 50,000 community jobs,
23 and \$10,600,000,000 in gross domestic product.

24 (7) Time is the most critical factor for achiev-
25 ing successful outcomes in emergency medicine, and

1 emergency medical clinicians refer to the time-sen-
2 sitive period during which successful outcomes may
3 be best achieved as the “golden hour”.

4 (8) The National Conference of State Legisla-
5 tures states that 60 percent of trauma deaths in the
6 United States occur in rural areas, where only 15
7 percent of the population is represented.

8 (9) The disproportionate percentage of trauma
9 deaths in rural areas is likely attributable in large
10 part to a combination of response time to the scene
11 and distance to the nearest emergency room to sta-
12 bilize trauma victims.

13 (10) The percentage of trauma deaths occur-
14 ring in rural areas could continue to increase as
15 more rural hospitals close, further limiting access to
16 emergency services and requiring patients to travel
17 longer distances to receive emergency medical care.

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

22 (12) In addition to providing emergency care,
23 rural emergency hospitals could convert the space
24 previously used for inpatient services to provide
25 other medical services including, but not limited to,

1 observation care, skilled nursing facility care, infu-
 2 sion services, hemodialysis, home health, hospice,
 3 nursing home care, population health, and telemedi-
 4 cine services.

5 **SEC. 3. RURAL EMERGENCY HOSPITAL PROGRAM.**

6 (a) IN GENERAL.—

7 (1) RURAL EMERGENCY HOSPITAL AND SERV-
 8 ICES DEFINED.—Section 1861 of the Social Security
 9 Act (42 U.S.C. 1395x) is amended—

10 (A) in subsection (e), in the last sentence
 11 of the matter following paragraph (9), by in-
 12 serting “or a rural emergency hospital (as de-
 13 fined in section 1861(iii)(1))” before the period
 14 at the end; and

15 (B) by adding at the end the following sub-
 16 section:

17 “Rural Emergency Hospital; Rural Emergency Hospital
 18 Outpatient Services

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

21 “(A)(i) as of December 31, 2014—

22 “(I) was a critical access hospital; or

23 “(II) was a hospital with not more
 24 than 50 beds located in a county (or equiv-
 25 alent unit of local government) in a rural

1 area (as defined in section 1886(d)(2)(D)),
2 or was a hospital with not more than 50
3 beds that was treated as being located in
4 a rural area pursuant to section
5 1886(d)(8)(E); or

6 “(ii) was a critical access hospital de-
7 scribed in clause (i)(I) or a hospital described
8 in clause (i)(II) that ceased operations during
9 the period beginning on the date that is 5 years
10 prior to the date of the enactment of this sub-
11 section and ending on December 30, 2014;

12 “(B) provides 24-hour emergency medical care
13 and observation care that does not exceed an annual
14 per patient average of 24 hours or more than 1 mid-
15 night;

16 “(C) does not provide any acute care inpatient
17 beds and has protocols in place for the timely trans-
18 fer of patients who require acute care inpatient serv-
19 ices or other inpatient services;

20 “(D) has elected to be designated as a rural
21 emergency hospital;

22 “(E) has received approval to operate as a rural
23 emergency hospital from the State under section
24 1834(r)(3)(A); and

1 “(F) is certified by the Secretary under section
2 1834(r)(3)(B).

3 “(2) The term ‘rural emergency hospital outpatient
4 services’ means medical and other health services fur-
5 nished by a rural emergency hospital on an outpatient
6 basis.

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

10 (2) PAYMENT FOR RURAL EMERGENCY HOS-
11 PITAL SERVICES.—

12 (A) IN GENERAL.—Section 1833(a) of the
13 Social Security Act (42 U.S.C. 1395l(a)) is
14 amended—

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

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

19 and

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

22 “(10) in the case of rural emergency hospital
23 emergency services and services provided by a rural
24 emergency hospital or other provider of ambulance
25 services to transport patients who require acute care

1 inpatient services or other inpatient services from
2 such rural emergency hospital to a hospital or crit-
3 ical access hospital, the amounts described in section
4 1834(r).”.

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

9 “(r) PAYMENT RULES RELATING TO RURAL EMER-
10 GENCY HOSPITALS.—

11 “(1) PAYMENT FOR RURAL EMERGENCY HOS-
12 PITAL OUTPATIENT SERVICES.—

13 “(A) IN GENERAL.—The amount of pay-
14 ment for rural emergency hospital outpatient
15 services of a rural emergency hospital is equal
16 to 110 percent of the reasonable costs of pro-
17 viding such services.

18 “(B) TELEHEALTH SERVICES.—For pur-
19 poses of this paragraph, in determining the rea-
20 sonable costs of providing rural emergency hos-
21 pital outpatient services, costs associated with
22 having a backup physician available via a tele-
23 communications system shall be considered rea-
24 sonable costs.

1 “(2) PAYMENT FOR TRANSPORTATION SERV-
2 ICES.—The amount of payment for services provided
3 by a rural emergency hospital or other provider of
4 ambulance services to transport patients who require
5 acute care inpatient services or other inpatient serv-
6 ices from such rural emergency hospital to a hospital
7 or critical access hospital is equal to 110 percent of
8 the reasonable costs of providing such services.

9 “(3) REQUIREMENTS FOR RURAL EMERGENCY
10 HOSPITALS.—

11 “(A) STATE APPROVAL TO OPERATE AS A
12 RURAL EMERGENCY HOSPITAL.—No payment
13 shall be made under this subsection to a facil-
14 ity, or to a provider of ambulance services pro-
15 viding transportation services from such facil-
16 ity, unless the State in which the facility is lo-
17 cated has approved the facility’s designation as
18 a rural emergency hospital.

19 “(B) CERTIFICATION OF RURAL EMER-
20 GENCY HOSPITAL.—

21 “(i) IN GENERAL.—No payment shall
22 be made under this subsection to a facility,
23 or to a provider of ambulance services pro-
24 viding transportation services from such
25 facility, unless the facility has been cer-

1 tified by the Secretary as a rural emer-
2 gency hospital.

3 “(ii) CERTIFICATION REQUIRE-
4 MENTS.—The Secretary shall certify a fa-
5 cility as a rural emergency hospital if the
6 facility—

7 “(I) meets the criteria for rural
8 emergency hospitals described in sub-
9 paragraphs (A) through (E) of section
10 1861(iii)(1);

11 “(II) either—

12 “(aa) is verified by the
13 American College of Surgeons as
14 having the resources required of
15 a level IV trauma center or high-
16 er; or

17 “(bb) employs healthcare
18 professionals that successfully
19 completed the Advanced Trauma
20 Life Support Course offered by
21 the American College of Sur-
22 geons within the preceding 4
23 years;

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

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

7 “(4) COINSURANCE.—

8 “(A) IN GENERAL.—The amount of pay-
9 ment for rural emergency hospital services or
10 transportation services made to a rural emer-
11 gency hospital or other provider of ambulance
12 services under this subsection shall be reduced
13 by the coinsurance amount described in sub-
14 paragraph (B).

15 “(B) COINSURANCE AMOUNT.—The coin-
16 surance amount described in this subparagraph,
17 with respect to an item or service provided by
18 a rural emergency hospital or provider of ambu-
19 lance services, shall be calculated in the same
20 manner as the coinsurance amount for an out-
21 patient critical access hospital service is cal-
22 culated under section 1866(a)(2).”.

23 (b) WAIVER OF DISTANCE REQUIREMENT FOR RE-
24 PLACEMENT CAHS; SUBSEQUENT REDESIGNATION OF
25 RURAL EMERGENCY HOSPITALS AS CAHS.—Section

1 1820(c)(2) of the Social Security Act (42 U.S.C. 1395i-
2 4(c)(2)) is amended—

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

6 (2) by adding at the end the following new sub-
7 paragraphs:

8 “(F) OPTION TO WAIVE DISTANCE RE-
9 QUIREMENT.—Beginning on the date of the en-
10 actment of this subparagraph, for every critical
11 access hospital located in a State that is cer-
12 tified as a rural emergency hospital under sec-
13 tion 1834(r)(3)(B), the State shall have the op-
14 tion of waiving the distance requirement de-
15 scribed in subparagraph (B)(i)(I) with respect
16 to another facility located in the State that is
17 seeking designation as a critical access hospital
18 under this paragraph.

19 “(G) REDESIGNATION OF A RURAL EMER-
20 GENCY HOSPITAL AS A CRITICAL ACCESS HOS-
21 PITAL.—A rural emergency hospital that was
22 previously designated as a critical access hos-
23 pital under this paragraph may elect to be re-
24 designated as a critical access hospital (in the
25 same manner that the hospital was originally

1 designated as a critical access hospital) at any
2 time, subject to such conditions as the Sec-
3 retary may establish.”.

4 (c) STUDIES AND REPORTS.—

5 (1) STUDIES.—The Secretary of Health &
6 Human Services shall conduct 3 studies to evaluate
7 the impact of rural emergency hospitals on the avail-
8 ability of health care and health outcomes in rural
9 areas (as defined in section 1886(d)(2)(D) of the
10 Social Security Act (42 U.S.C. 1395ww)). The Sec-
11 retary shall conduct a study—

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

14 (B) 5 years after the date of the enact-
15 ment of this Act; and

16 (C) 10 years after the date of the enact-
17 ment of this Act.

18 (2) REPORTS.—Not later than 6 months after
19 each date that the Secretary of Health & Human
20 Services is required to conduct a study under para-
21 graph (1), the Secretary shall submit a report to
22 Congress containing the results of each such study.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to items and services furnished on

1 or after the date that is 1 year after the date of the enact-
 2 ment of this Act.

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

6 Section 331(a)(3)(D) of the Public Health Service
 7 Act (42 U.S.C. 254d(a)(3)(D)) is amended by inserting
 8 “, and includes emergency medicine provided by physi-
 9 cians in a rural emergency hospital (as defined in section
 10 1861(iii) of the Social Security Act)” before the period.

11 **SEC. 5. PERMITTING HOSPITALS WITH APPROVED RESI-**
 12 **DENCY PROGRAMS IN EMERGENCY MEDI-**
 13 **CINE TO INCLUDE TIME SPENT BY INTERNS**
 14 **AND RESIDENTS IN THE EMERGENCY DE-**
 15 **PARTMENT OF A RURAL HOSPITAL IN FULL-**
 16 **TIME EQUIVALENT COUNT.**

17 (a) **INDIRECT MEDICAL EDUCATION.**—Section
 18 1886(d)(5)(B)(iv) of the Social Security Act (42 U.S.C.
 19 1395ww(d)(5)(B)(iv)) is amended by adding at the end
 20 the following new subclause:

21 “(III) Effective for discharges occurring on or
 22 after October 1, 2015, all of the time spent in pa-
 23 tient care activities in the emergency department of
 24 a rural hospital by interns and residents in emer-
 25 gency medicine from a hospital with an approved

1 medical residency training program (as defined in
2 subsection (h)(5)(A)) in such specialty shall be in-
3 cluded in determining the number of full-time equiv-
4 alent interns and residents in such program if the
5 hospital with such program incurs the costs of the
6 stipends and fringe benefits of the interns or resi-
7 dents during the time the interns or residents spend
8 in that rural hospital in accordance with subclause
9 (II). In this subclause, the term ‘rural hospital’
10 means a hospital that is located in a rural area (as
11 defined for purposes of paragraph (2)(D)).”.

12 (b) DIRECT MEDICAL EDUCATION.—Section
13 1886(h)(4)(E) of the Social Security Act (42 U.S.C.
14 1395(h)(4)) is amended—

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

17 (2) by inserting after clause (ii) the following
18 new clause:

19 “(iii) effective for cost reporting peri-
20 ods beginning on or after July 1, 2015, all
21 of the time so spent in the emergency de-
22 partment of a rural hospital by residents in
23 emergency medicine from a hospital with
24 an approved medical residency training
25 program in such specialty shall be counted

1 towards the determination of full-time
2 equivalency in such program if the hospital
3 with such program bears all, or substan-
4 tially all, of the costs of training such resi-
5 dents in the rural hospital. In this sub-
6 paragraph, the term ‘rural hospital’ means
7 a hospital that is located in a rural area
8 (as defined for purposes of subsection
9 (d)(2)(D)).”; and

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

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