

Rural Health Clinics

Rural Health Clinics (RHCs) are an essential source of outpatient primary healthcare services throughout the country and especially in rural Colorado. As of July 2009, there were 44 certified RHCs in the state. In some cases RHCs are the only source of outpatient primary care located in a rural county or community. In Colorado, this is the case in Crowley, Hinsdale, Jackson, Washington, and Mineral counties, among others.

Once certified by the Centers for Medicare and Medicaid Services (CMS), RHCs receive enhanced (cost-based) Medicare and Medicaid reimbursement for the services they provide. Even though the greatest financial benefit to RHCs is the enhanced reimbursement, RHCs provide healthcare services to the privately insured as well as the uninsured and underinsured. RHCs can be certified under one of two designations: 1) provider-based, meaning they are affiliated with a hospital or other healthcare entity; or 2) independent/freestanding, which means the RHC is privately owned and operated.

While there are many healthcare entities that make up the healthcare safety net in Colorado, RHCs differ from Federally Qualified Health Centers (FQHCs), also known as Community Health Centers, in a variety of ways. The main similarity between these two healthcare delivery systems is that they are both federally designated programs. The differences between the two are more relevant in regards to how the federal government administers these programs. Notably, RHCs provide care in non-urbanized areas, which have been designated as Health Professional Shortage Areas (HPSA) or Medically Underserved Areas (MUA), while FQHCs provide care in both urban and rural areas that have been designated as MUAs or Medically Underserved Populations (MUP). This sheet summarizes the major differences between RHCs and FQHCs.

Colorado Rural Health Center

The Colorado Rural Health Center (CRHC) is Colorado's nonprofit State Office of Rural Health, as well as the organizing partner of the Association of Rural Health Clinics of Colorado (ARHCC). CRHC works with federal, state and local partners to offer services and resources to rural healthcare facilities, providers, and communities and has a statewide constituency of over 3,500 people and organizations.

CRHC's mission is to enhance healthcare services in the state by providing information, education, linkages, tools, and energy toward addressing rural health issues. Our vision is to improve healthcare services available in rural communities to ensure that all rural Coloradans have access to comprehensive, affordable, high quality healthcare.

For more information about rural health policy issues, please contact Terri Hurst, Policy Analyst, at 303.407.2031 or th@coruralhealth.org.

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RHCs

FQHCs

Primary Care & Preventative Services

All RHCs must provide:

- Basic outpatient primary care
- Emergency care for life-threatening conditions, regardless of cost
- Basic lab services

All RHCs must have:

- Written guidelines and protocols for medical management
- Annual evaluation and planning process
- Multiple written policies and procedures, such as referral and tracking of patients, risk management, and patient grievances
- A Quality Improvement/Assurance Plan

In addition to the RHC requirements, FQHCs must provide, directly or by formal arrangement, more comprehensive services, including:

- Diagnostic lab & radiology services;
- Pharmaceutical services;
- Behavioral & oral healthcare services;
- Hospital & specialty care arrangements;
- After-hours care;
- Case management;
- Transportation; and
- Interpretive services

Population Served*

*Data from "The State of Colorado's Health Care Safety Net", the Colorado Health Institute, 2009

- RHCs serve a significant proportion of Medicare patients (up to 40%) due to the aging population in rural communities
- In 2007, the largest proportion of FQHC patients was uninsured (46%) followed by Medicaid (32%)

HPSA or MUA Designation

All RHCs:

- Must be located in a Health Professional Shortage Area (HPSA) or Medically Underserved Area (MUA); designations are assessed & updated every 3 years
- Must be located in a non-urbanized area

All FQHCs:

- Must be located in a community designated an MUA or MUP
- Receive automatic HPSA facility designations, but most also serve geographic or population HPSAs, which are updated every 3 years
- Are located in urban or rural communities

Providers

- A non-physician provider (NP, PA, CNM) must be on-site at least 50% of the clinic's open hours
- A physician must be on-site once every two weeks to serve as medical director and review patient charts

- No requirement to employ non-physician providers; however, FQHCs employ physicians and non-physician providers along with clinical support staff

Status

- RHCs may be public, for-profit, or nonprofit and do not have a specific requirement for governance by a Board of Directors
- FQHCs must be nonprofit or public entities governed by a board composed of a majority of active, registered patients of the center

Funding

- RHCs do not receive federal funding for start-up or to support the provision of patient care services
- Although RHCs care for Medicaid, CHP+ and the uninsured, the Amendment 35 Primary Care Fund program requirements make it difficult to acquire such funding; therefore, RHCs rely on sound business practice, with Medicare, Medicaid, private insurance, and minimal grant funding as their principle revenue sources
- RHCs must submit an annual cost report to CMS, which determines a clinic's per visit reimbursement rate each year

All FQHCs:

- May receive federal funding for start-up and expansion; funding subsidizes some of the cost of serving the uninsured
- Are automatically eligible for Amendment 35 Primary Care Fund dollars, and received funding through the American Recovery and Reinvestment Act (ARRA) for capital expansion
- Submit an annual audit, regular financial reports, and an in-depth annual report called the Uniform Data Set (UDS)
- Are required to submit in-depth quarterly reports as part of receiving ARRA funds

Malpractice Insurance

- RHCs must provide their own malpractice insurance coverage, which results in a significant financial burden
- FQHCs are eligible for coverage under the Federal Tort Claims Act, which provides free coverage for most services

Cost for Services

- Most RHCs provide services to anyone and/or provide services on a sliding fee scale, though they are not required to
- FQHCs are required to serve all residents of their service area on a sliding fee scale based upon family size & income

Survey & Inspection

- RHCs are subject to on-site survey and inspection in order to maintain their RHC certification by CMS
- Some RHCs are licensed as Community Clinics, and surveyed to maintain this designation
- FQHCs are subject to a Federal Objective Review at least every five years
- All Colorado FQHCs are licensed as Community Clinics, and are surveyed by the state to maintain their designation

Reimbursement

- RHCs receive an all-inclusive, per visit Medicare reimbursement for outpatient primary care services provided
- Independent, free-standing RHCs are reimbursed by Medicare up to the federally-established cap of \$76.84 per visit; however, not all of them are reimbursed up to the cap
- There is no per visit Medicare reimbursement cap for provider-based RHCs affiliated with a hospital under 50 beds
- Medicaid reimburses all RHCs at a cost-based rate which varies between clinics
- FQHCs receive enhanced reimbursement from Medicare & Medicaid
- The Medicare Reimbursement Rate Cap for FQHCs in 2009 is \$119.29 for urban clinics and \$102.58 for rural clinics
- Medicaid rates are set for each individual FQHC and are reviewed annually

The Colorado Community Health Network (CCHN) serves as the state Primary Care Association and is the membership association for the Federally Qualified Health Centers in Colorado. For more information, visit: www.cchn.org