

SFY 2015-16 Rural Hospital Supplemental Funding and Rate Enhancements

Statutorily defined rural hospitals in Florida are eligible to receive funding based on their rural designation. Florida Statute 395.602 (see below) lays out the guidelines a hospital must meet to be considered rural. If a facility is designated a Statutory Rural Hospital they will qualify for several supplemental funding categories as well as additional hospital reimbursement funding. This additional rate enhancer is provided through the hospital inpatient DRG rural policy adjustor. The reimbursements referenced below are for the statutorily defined rural hospitals only. The Low Income Pool (LIP) payments specifically for rural hospitals have been in place since SFY 2006-07 and the rural Disproportionate Share (DSH) payments have been in place since 1994. The rural hospital DRG policy adjustor has been in place since DRGs were implemented effective July 1, 2013.

- **Special Proportional Rural LIP** - Rural LIP distributions are made to providers who qualify for Rural DSH payments. The distributions are made in proportion to their Rural DSH distributions.
- **LIP 5 Rural LIP** - Rural hospitals with Medicaid, charity and 50 percent of bad debt equal to or greater than 10 percent are eligible to receive LIP 5 funding. Distributions are based on the percent of Medicaid, charity and bad debt to total of all qualified hospitals using accepted FHURS data.
- **Rural DSH** - Under the DSH program a payment is made to the Statutory Rural Hospitals as defined in 409.9116, Florida Statutes.
- **Rural DRG Policy Adjustor** - The Rural designation also affects the facility's DRG rate. If the facility is a statutorily designated rural hospital, the facility will receive a policy adjustor when distinguishing their rate. The policy adjustor increases the DRG payment to the hospital.
- Rural hospitals are eligible for swing beds under Certificate of Need (CON) s. 408.043(3).
- Rural health networks are given preference for CONs in 408.043 (3), rural hospital replacement facilities in 395.6025 as well as some licensure information in 395.603 (1) that relates to CON inventory.
- A rural hospital with a Critical Access Hospital designation is not required to offer surgery, obstetrical care, or similar services as long as it maintains its critical access hospital designation, s. 395.002(12). Federal Conditions of Participation require CAHs to offer emergency services.
- Optional info: Critical Access Hospital designation is a Medicare certification process which requires meeting the federal COPs at [§485 subpart F](#), Conditions of Participation. Definition of rural hospital per 395.602(2)(e)6 references 408.07 (15), which references s. 1861(mm)(1), which references s. 1820(e) that sets the criteria for certification by the (HHS) Secretary. These are: (1) is located in a State that has established a Medicare rural hospital flexibility program; (2) is designated as a critical access hospital by the State in which it is located; and (3) meets such other criteria as the Secretary may require. Besides COPs, this section requires membership in a rural health network.
- DOH, Office of Rural Health seeks federal grants for rural hospitals ([Medicare Rural Hospital Flexibility Program](#)) and provides other technical assistance. [381.0405](#).

Florida Statute 395.602 Rural Hospitals

(e) *“Rural hospital” means an acute care hospital licensed under this chapter, having 100 or fewer licensed beds and an emergency room, which is:*

- 1. The sole provider within a county with a population density of up to 100 persons per square mile;*
- 2. An acute care hospital, in a county with a population density of up to 100 persons per square mile, which is at least 30 minutes of travel time, on normally traveled roads under normal traffic conditions, from any other acute care hospital within the same county;*
- 3. A hospital supported by a tax district or subdistrict whose boundaries encompass a population of up to 100 persons per square mile;*
- 4. A hospital classified as a sole community hospital under 42 C.F.R. s. 412.92 which has up to 340 licensed beds;*
- 5. A hospital with a service area that has a population of up to 100 persons per square mile. As used in this subparagraph, the term “service area” means the fewest number of zip codes that account for 75 percent of the hospital’s discharges for the most recent 5-year period, based on information available from the hospital inpatient discharge database in the Florida Center for Health Information and Policy Analysis at the agency; or*
- 6. A hospital designated as a critical access hospital, as defined in s. 408.07.*

Population densities used in this paragraph must be based upon the most recently completed United States census. A hospital that received funds under s. 409.9116 for a quarter beginning no later than July 1, 2002, is deemed to have been and shall continue to be a rural hospital from that date through June 30, 2015, if the hospital continues to have up to 100 licensed beds and an emergency room. An acute care hospital that has not previously been designated as a rural hospital and that meets the criteria of this paragraph shall be granted such designation upon application, including supporting documentation, to the agency. A hospital that was licensed as a rural hospital during the 2010-2011 or 2011-2012 fiscal year shall continue to be a rural hospital from the date of designation through June 30, 2015, if the hospital continues to have up to 100 licensed beds and an emergency room.