



Iowa HFMA – Spark Session #3
Rural Health Clinic Payment Changes
The Consolidated Appropriations Act, 2021

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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Agenda

- **Historical RHC Rate setting**
- **Consolidated Appropriations Act – Dec 2020**
 - Freestanding RHC impacts
 - RHC in a Hospital with less than 50 beds
- **Some Initial Strategic thoughts**



RHC Rates prior to 4/1/2021

- **Rural Health Clinics attached to a rural hospital with less than 50 beds;**
 - Uncapped cost per visit, updated annually with the filing of the Medicare cost report
- **Freestanding Rural Health Clinics**
 - Paid the lesser of (1) Cost per visit or (2) Published per visit limit (currently \$87.52 effective 1/1/2021)

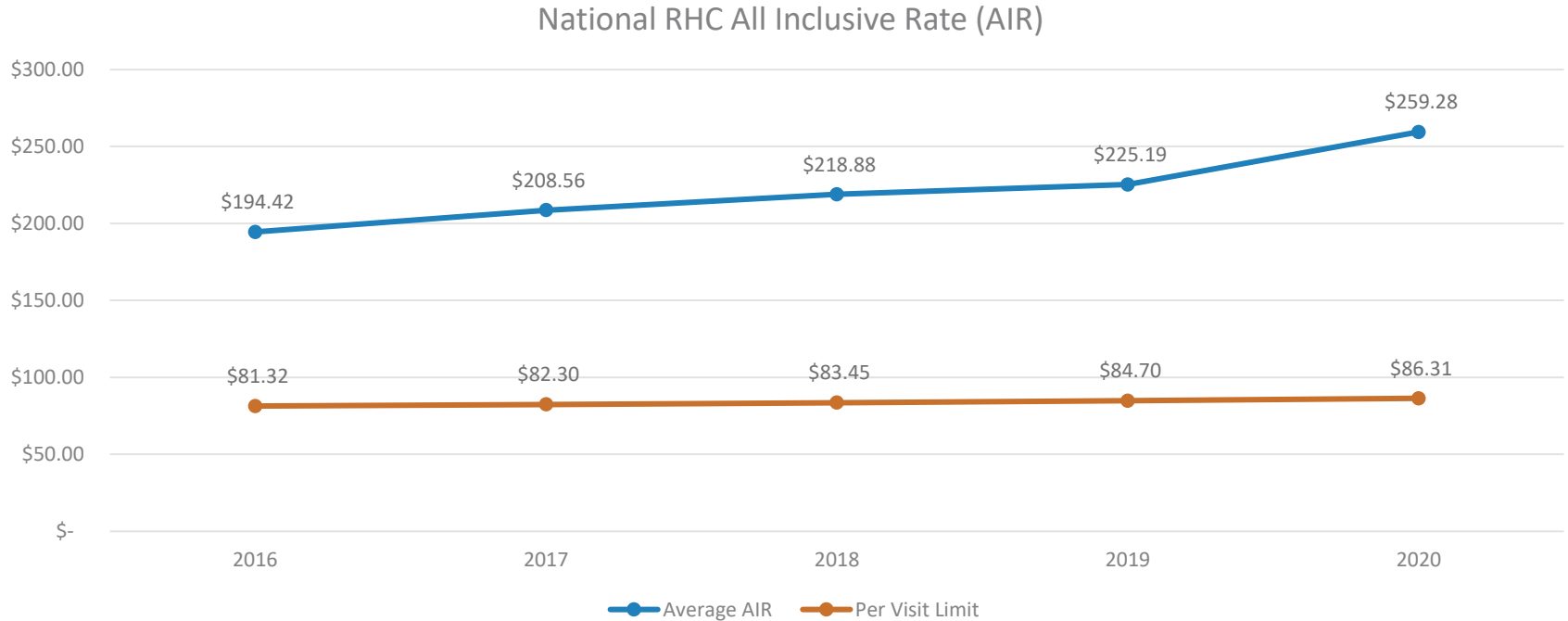


Catalyst for a Change in RHC Payment Rates

- How did this payment reform come about?
 - ◇ Large push for site-neutral payments in Washington.
 - ◇ The per visit cap on independent and hospital-based RHCs with more than 50 beds was well below cost. This led to the closing of hundreds of RHCs
 - Average cost per visit per NARHC – over \$130 per visit
 - Per visit cap - \$87.52 effective 1/1/2021
 - ◇ Average per visit payment for uncapped RHCs was about \$237
 - Many with significantly higher rates



Historical - National Average AIR with Per Visit Limit

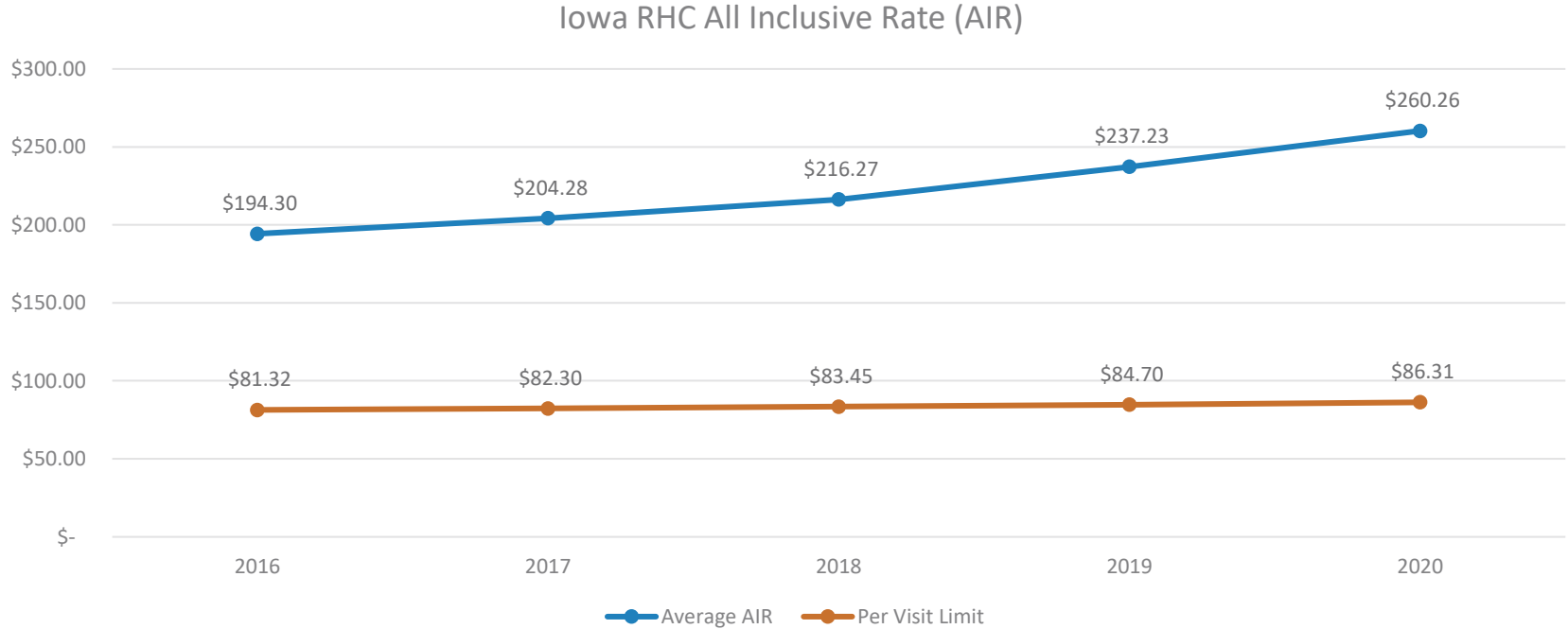


5-year look-back - National

- **Average increase in RHC cost per visit is about 5.03%**
 - Excludes FY2020 global pandemic. If FY2020 were included this would be 7.56%

	2016	2017	2018	2019	2020
Average AIR	\$ 194.42	\$ 208.56	\$ 218.88	\$ 225.19	\$ 259.28
Per Visit Limit	\$ 81.32	\$ 82.30	\$ 83.45	\$ 84.70	\$ 86.31
Maximum AIR	\$ 694	\$ 1,087	\$ 891	\$ 1,415	\$ 3,173
Minimum AIR	\$ 40	\$ 5	\$ 66	\$ 24	\$ 70
Dollar Increase		\$ 14.13	\$ 10.33	\$ 6.31	\$ 34.09
% increase		7.27%	4.95%	2.88%	15.14%

Historical - Iowa Average AIR with Per Visit Limit



5-year look-back - Iowa

- **Average increase in RHC cost per visit for Iowa was about 6.90%**
 - Excludes FY2020 global pandemic. If FY2020 were included this would be 7.60%

	2016	2017	2018	2019	2020
Average AIR	\$ 194.30	\$ 204.28	\$ 216.27	\$ 237.23	\$ 260.26
Per Visit Limit	\$ 81.32	\$ 82.30	\$ 83.45	\$ 84.70	\$ 86.31
Maximum AIR	\$ 340	\$ 389	\$ 408	\$ 559	\$ 553
Minimum AIR	\$ 77	\$ 97	\$ 100	\$ 100	\$ 136
Dollar Increase		\$ 9.98	\$ 11.99	\$ 20.96	\$ 23.03
% increase		5.13%	5.87%	9.69%	9.71%



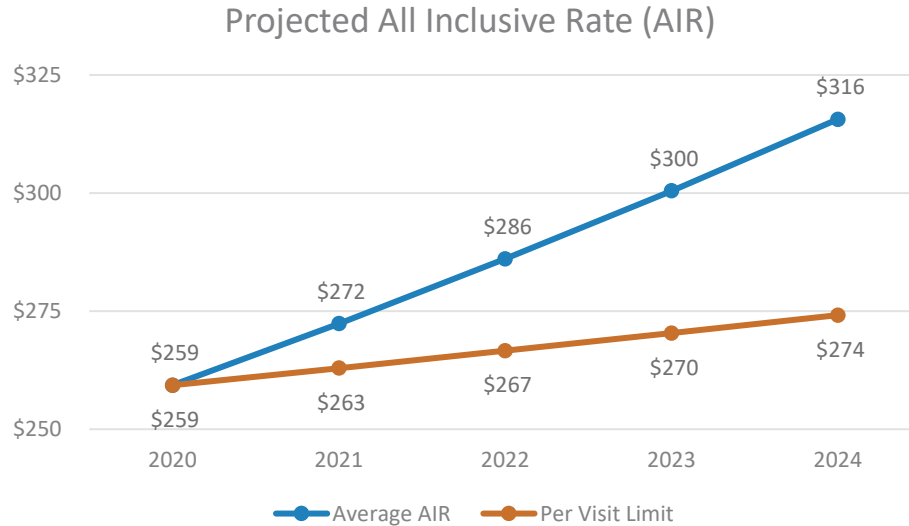
Historical MEI

- **CY 2015** **0.80%**
- **CY 2016** **1.10%**
- **CY 2017** **1.20%**
- **CY 2018** **1.40%**
- **CY 2019** **1.50%**
- **CY 2020** **1.90%**
- **CY 2021** **1.40%**



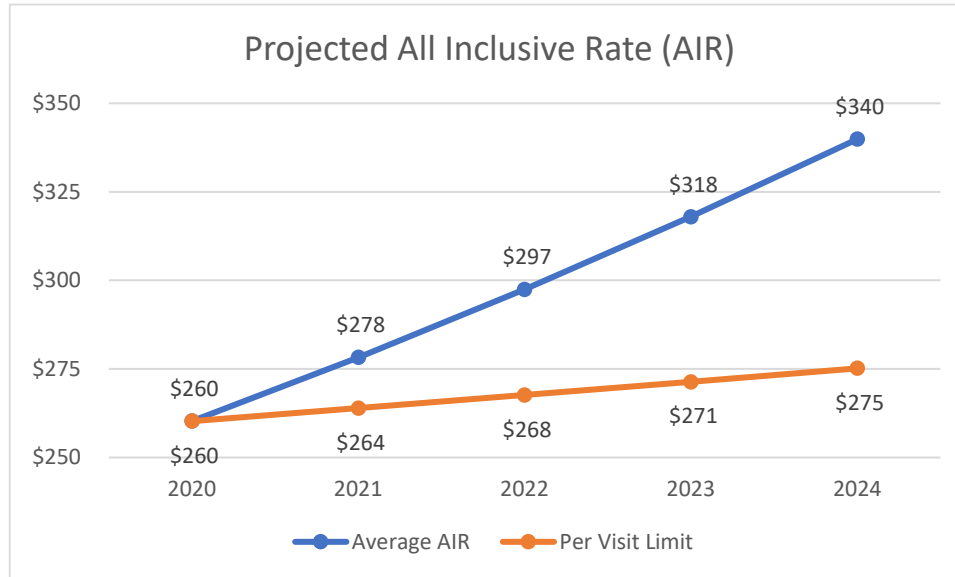
Projected- National Average AIR with facility specific cap

- Use average increase 5.03% to assumed MEI of 1.4%



Projected- Iowa Average AIR with facility specific cap

- Use average increase 6.90% to assumed MEI of 1.4%



Consolidated Appropriations Act - 2021

- Updated per visit payment limits through 2028.
- The limit increases 13% from 2021 to 2022. The limit continues to increase through 2028.
- In 2028 the limit will be \$190. This will increase thereafter based on the Medicare Economic Index (MEI)
- Applicable to RHCs other than those described in 3B (in a hospital with less than 50 beds as of 12/31/2020)

14 “(2) In establishing limits under subsection (a) on
 15 payment for rural health clinic services furnished on or
 16 after April 1, 2021, by a rural health clinic (other than
 17 a rural health clinic described in paragraph (3)(B)), the
 18 Secretary shall establish such limit, for services pro-
 19 vided—

20 “(A) in 2021, after March 31, at \$100 per
 21 visit;

22 “(B) in 2022, at \$113 per visit;

23 “(C) in 2023, at \$126 per visit;

24 “(D) in 2024, at \$139 per visit;

25 “(E) in 2025, at \$152 per visit;

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1 “(F) in 2026, at \$165 per visit;

2 “(G) in 2027, at \$178 per visit;

3 “(H) in 2028, at \$190 per visit; and

4 “(I) in a subsequent year, at the limit estab-
 5 lished under this paragraph for the previous year in-
 6 creased by the percentage increase in the MEI appli-
 7 cable to primary care services furnished as of the
 8 first day of such subsequent year.



Hospital-based RHC – Per visit cap

12 subparagraph (B), the Secretary shall establish such limit,
13 with respect to each such rural health clinic, for services
14 provided—

15 “(i) in 2021, after March 31, at an amount
16 equal to the greater of—

17 “(I) the per visit payment amount applica-
18 ble to such rural health clinic for rural health
19 clinic services furnished in 2020, increased by
20 the percentage increase in the MEI applicable
21 to primary care services furnished as of the
22 first day of 2021; or

23 “(II) the limit described in paragraph
24 (2)(A); and



Hospital-based RHC – Per visit cap

- **New per visit cap for previously uncapped RHCs**
- **Cap is equal to the greater of;**
 - The per visit payment amount for RHC services furnished in 2020, increased by the MEI
 - The limitations in place on freestanding RHCs (\$100 effective 4/1/2021)
- **Effective date is for services furnished on or after 4/1/2021**



Hospital-based RHC – Per visit cap

- **New per visit cap for previously uncapped RHCs**
- **Cap is equal to the greater of;**
 - The per visit payment amount for RHC services furnished in 2020, increased by the MEI
 - The limitations in place on freestanding RHCs (\$100 effective 4/1/2021)
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Immediate Reimbursement Opportunity #1 - 2020 Cost Per Visit Calculation (Base year)

- Exception to Productivity Limits
- Verify FTEs reported
- Reporting of Telehealth Visit Counts
- Methodology to Carve out of Telehealth cost, Chronic Care Management costs, or other non-RHC costs



Immediate Reimbursement Opportunity #1 - 2020 Cost Per Visit Calculation (Base year)

- Request a reduction to the Physician productivity standard
- Increased Medicare reimbursement in FY2020 of about \$101,000
- Increase in Base Year 2020 All Inclusive Rate (AIR) from \$252 to \$365. An increase of \$113 per visit or 45%
- This provider was about \$10 Million in net patient revenue in FY2020, clinic is about 3% of operations



Additional Operational and Reimbursement Opportunities and Discussion

- Numerous areas to review
- Planning to include these in a later presentation





References

[The Consolidated Appropriations Act \(12/21/2020\) – Improving Rural Health Clinic Payments begins on page 4,691](#)

RHC fix signed into law by the President April 14, 2021

[H.R.1868 - 117th Congress \(2021-2022\): To prevent across-the-board direct spending cuts, and for other purposes. | Congress.gov | Library of Congress](#)

[Rural Health Clinics Center | CMS – COVID-19 Vaccines in RHCs](#)

[Telehealth Rates MLN Matters SE20016 \(cms.gov\)](#)



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