Please note: The information in this publication applies only to the Medicare Fee-For-Service Program (also known as Original Medicare).

This publication provides the following information about Sole Community Hospitals (SCH):
- SCH classification criteria;
- SCH payments;
- Urban to rural hospital reclassifications;
- Resources; and
- Lists of helpful websites and Regional Office Rural Health Coordinators.

SCH CLASSIFICATION CRITERIA

A hospital paid under the Medicare Acute Care Hospital Inpatient Prospective Payment System (IPPS) is eligible for classification as a SCH if it meets one of the following criteria:

1. The hospital is located at least 35 miles from other like hospitals;
2. The hospital is rural (located in a rural area), located between 25 and 35 miles from other like hospitals, and meets one of the following criteria:
   - No more than 25 percent of residents who become hospital inpatients or no more than 25 percent of the Medicare beneficiaries who become hospital inpatients in the hospital’s service area are admitted to other like hospitals located within a 35-mile radius of the hospital or, if larger, within its service area; or
   - The hospital has fewer than 50 beds and would meet the 25 percent criterion above if not for the fact that some beneficiaries or residents were forced to seek specialized care outside of the service area due to the unavailability of necessary specialty services at the hospital;
3. The hospital is rural and located between 15 and 25 miles from other like hospitals but because of local topography or periods of prolonged severe weather conditions, the other like hospitals are inaccessible for at least 30 days in each of 2 out of 3 years; or
4. The hospital is rural and because of distance, posted speed limits, and predictable weather conditions, the travel time between the hospital and the nearest like hospital is at least 45 minutes.
A like hospital:
- Furnishes short-term, acute care;
- Is paid under the Medicare Acute Care Hospital IPPS;
- Is not a Critical Access Hospital; and
- Is not paid under any other Medicare PPS.

A hospital’s service area is the area from which it draws at least 75 percent of its inpatients during the most recent 12-month cost reporting period ending before it applies for classification as a SCH.

Certain hospitals formerly designated as Essential Access Community Hospitals (EACH) are also treated as SCHs for payment purposes under the IPPS. For more information about EACHs, refer to the “Code of Federal Regulations” (CFR) at 42 CFR 412.109.

**SCH PAYMENTS**

Medicare makes SCH payments based upon which of the following yields the greatest aggregate payment for the cost reporting period:
- The IPPS Federal rate applicable to the hospital;
- The updated hospital-specific rate based on fiscal year (FY) 1982 costs per discharge;
- The updated hospital-specific rate based on FY 1987 costs per discharge;
- The updated hospital-specific rate based on FY 1996 costs per discharge; or
- The updated hospital-specific rate based on FY 2006 costs per discharge.

For discharges occurring on and after October 1, 2012, SCH payments also include any applicable adjustments under the Hospital Value-Based Purchasing (VBP) Program and the Hospital Readmissions Reduction Program. Under the Hospital-Acquired Conditions (HAC) Program, effective for discharges beginning on or after October 1, 2014, an adjustment will be made for those hospitals ranked in the lowest quartile for medical errors or serious infections. If applicable, these adjustments are made in determining a SCH’s payment regardless of whether its payments are based on the applicable IPPS Federal rate or its applicable hospital-specific rate.

SCHs may also qualify for a payment adjustment for hospitals experiencing a significant volume decrease. For more information about the low-volume hospital payment adjustment, refer to the CFR at 42 CFR 412.92(e).

**URBAN TO RURAL HOSPITAL RECLASSIFICATIONS**

Any IPPS hospital located in an urban area may be reclassified as rural by meeting one of the following criteria:

1. It is located in a rural census tract of a Metropolitan Statistical Area (MSA) in the most recent version of the Goldsmith Modification, Rural-Urban Commuting Area (RUCA) codes;
2. Any State law or regulation deems it to be a rural hospital or located in a rural area; or
3. It would meet all requirements of a Rural Referral Center or SCH if it was located in a rural area.

Applications may be mailed to the Centers for Medicare & Medicaid Services (CMS) Regional Office (RO) at any time. The CMS RO will approve or disapprove applications within 60 days.

While the rural reclassification is in effect, the hospital may not be approved for any additional reclassification, and it must retain rural status for one full cost reporting cycle and until the start of the next Federal FY.
RESOURCES

The chart below provides SCH resource information.

### SCH Resources

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<th>For More Information About…</th>
<th>Resource</th>
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<td>Hospital Readmissions Reduction Program</td>
<td><a href="http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html">http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html</a> on the CMS website</td>
</tr>
<tr>
<td>Medicare Information for Patients</td>
<td><a href="http://www.medicare.gov">http://www.medicare.gov</a> on the CMS website</td>
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HELPFUL WEBSITES

American Hospital Association Rural Health Care
http://www.aha.org/advocacy-issues/rural

Critical Access Hospitals Center
http://www.cms.gov/Center/Provider-Type/Critical-Access-Hospitals-Center.html

Disproportionate Share Hospital
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/dsh.html

Federally Qualified Health Centers Center
http://www.cms.gov/Center/Provider-Type/Federally-Qualified-Health-Centers-FQHC-Center.html

Health Resources and Services Administration
http://www.hrsa.gov

Hospital Center
http://www.cms.gov/Center/Provider-Type/Hospital-Center.html

Medicare Learning Network®
http://go.cms.gov/MLNGenInfo

National Association of Community Health Centers
http://www.nachc.org

National Association of Rural Health Clinics
http://narhc.org

National Rural Health Association
http://www.ruralhealthweb.org

Physician Bonuses
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSA/PhysicianBonuses

Rural Assistance Center
http://www.raconline.org

Rural Health Clinics Center
http://www.cms.gov/Center/Provider-Type/Rural-Health-Clinics-Center.html

Swing Bed Providers
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPSSwingBed.html

Telehealth
http://www.cms.gov/Medicare/Medicare-General-Information/Telehealth

U.S. Census Bureau
http://www.census.gov

REGIONAL OFFICE RURAL HEALTH COORDINATORS

Below is a list of contact information for CMS Regional Office Rural Health Coordinators who provide technical, policy, and operational assistance on rural health issues.

Region I – Boston
Rick Hoover
E-mail: rick.hoover@cms.hhs.gov
Telephone: (617) 565-1258
States: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont

Region II – New York
Miechal Lefkowitz
E-mail: miechal.lefkowitz@cms.hhs.gov
Telephone: (212) 616-2517
States: New Jersey, New York, Puerto Rico, and Virgin Islands

Region III – Philadelphia
Patrick Hamilton
E-mail: patrick.hamilton@cms.hhs.gov
Telephone: (215) 881-4097
States: Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and the District of Columbia

Region IV – Atlanta
Lana Dennis
E-mail: lana.dennis@cms.hhs.gov
Telephone: (404) 562-7379
States: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee

Region V – Chicago
Nicole Jacobson
E-mail: nicole.jacobson@cms.hhs.gov
Telephone: (312) 353-5737
States: Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin

Region VI – Dallas
Kaleigh Emerson
E-mail: kaleigh.emerson@cms.hhs.gov
Telephone: (214) 767-6444
States: Arkansas, Louisiana, New Mexico, Oklahoma, and Texas

Region VII – Kansas City
Claudia Odgers
E-mail: claudia.odgers@cms.hhs.gov
Telephone: (816) 426-6524
States: Iowa, Kansas, Missouri, and Nebraska

Region VIII – Denver
Lyla Nichols
E-mail: lyla.nichols@cms.hhs.gov
Telephone: (303) 844-6218
States: Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming

Region IX – San Francisco
Neal Logue
E-mail: neal.logue@cms.hhs.gov
Telephone: (415) 744-3551
States: Arizona, California, Hawaii, Nevada, Guam, Commonwealth of the Northern Mariana Islands, and American Samoa

Region X – Seattle
Teresa Cumpton
E-mail: teresa.cumpton@cms.hhs.gov
Telephone: (206) 615-2391
States: Alaska, Idaho, Oregon, and Washington

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