



# Rural Link

Up-to-date information for Rural Health Hospitals

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*Thank you for signing up for our FREE **Rural Link** for the most up-to-date information on news and regulations affecting Rural Health Hospitals today.*

## News Flash: H.R. 6331 – What does it mean to Sole Community Hospitals?

The Medicare Improvements for Patients and Providers Act (H.R. 6331), recently passed by congress, includes more than \$2 billion in rural health care provisions. One of these provisions allows a Sole Community Hospital (SCH) to rebase its hospital specific reimbursement rate utilizing the FY 2006 cost reporting period. Currently, SCHs are paid the higher of the Federal PPS rate; the updated hospital-specific rate based on the hospital's 1982 or 1987 costs per discharge; or in some cases, the updated hospital-specific rate based on 1996 costs per discharge.

H.R. 6331 states a SCH's rate will be rebased utilizing the FY 2006 costs per discharge if it results in a higher reimbursement rate and will be effective for cost reporting periods beginning on or after January 1, 2009. It is expected that the update to the base cost reporting period will result in an increase in rates for most SCHs.

The passage of H.R. 6331 stresses the importance of conducting ongoing base year reviews to optimize the cost report in anticipation of an update to the rebasing period. Conducting annual cost report reviews not only identifies additional reimbursement opportunities, but also ensures that the structure of the cost report is accurate and reflects the proper allocation of costs. Inaccurate statistical allocations, mismatching of a cost center's revenue and expense or not taking advantage of various election opportunities may dilute the actual inpatient operating costs and therefore result in a decreased calculated cost per discharge.



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Please call or email Michele Causley if you have any questions or need a calculation of the potential benefits of H.R. 6331.



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