

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



# Sole Community Hospital



## RURAL HEALTH FACT SHEET SERIES

This publication provides the following information about Sole Community Hospitals (SCH):

- ❖ SCH classification criteria;
- ❖ SCH payments;
- ❖ Hospital reclassifications; and
- ❖ Resources.

### Sole Community Hospital Classification Criteria

A hospital paid under the Medicare Acute Care Hospital Inpatient Prospective Payment System (IPPS) is eligible to be classified 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 located at <http://www.gpo.gov/fdsys/search/home.action> on the U.S. Government Printing Office (GPO) website.

## Sole Community Hospital Payments

SCH payments are made based upon whichever 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.

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) located at <http://www.gpo.gov/fdsys/search/home.action> on the GPO website.

## Hospital Reclassifications

Any IPPS hospital located in an urban area may be reclassified as rural if it meets certain criteria. Therefore, some hospitals may be physically located in an urban



area but be treated as rural for the purposes of IPPS payment, including SCH designation. For more information about urban to rural reclassifications, refer to the “CFR” at 42 CFR 412.103 located at <http://www.gpo.gov/fdsys/search/home.action> on the GPO website and the Medicare Learning Network<sup>®</sup> publication titled “Hospital Reclassifications” located at [http://www.cms.gov/MLNProducts/downloads/Hospital\\_Reclassifications\\_FactSheet\\_ICN907243.pdf](http://www.cms.gov/MLNProducts/downloads/Hospital_Reclassifications_FactSheet_ICN907243.pdf) on the Centers for Medicare & Medicaid Services (CMS) website.

## Resources

For more information about SCHs, refer to Chapter 3 of the “Medicare Claims Processing Manual” (Publication 100-04) located at <http://www.cms.gov/Manuals/IOM/list.asp> and Chapter 28, Section 2810, of the “Provider Reimbursement Manual – Part 1” (Publication 15-1) located at <http://www.cms.gov/Manuals/PBM/list.asp> on the CMS website. To find Medicare information for beneficiaries (e.g., Medicare basics, managing health, and resources), visit <http://www.medicare.gov> on the CMS website.



## Helpful Websites

### American Hospital Association Rural Health Care

<http://www.aha.org/advocacy-issues/rural>

### Critical Access Hospitals Center

<http://www.cms.gov/center/cah.asp>

### Disproportionate Share Hospital

[http://www.cms.gov/AcutelInpatientPPS/05\\_dsh.asp](http://www.cms.gov/AcutelInpatientPPS/05_dsh.asp)

### Federally Qualified Health Centers Center

<http://www.cms.gov/center/fqhc.asp>

### Health Resources and Services Administration

<http://www.hrsa.gov>

### Hospital Center

<http://www.cms.gov/center/hospital.asp>

### HPSA/PSA (Physician Bonuses)

<http://www.cms.gov/hpsapsaphysicianbonuses>

### Medicare Learning Network

<http://www.cms.gov/MLNGenInfo>

### National Association of Community Health Centers

<http://www.nachc.org>

### National Association of Rural Health Clinics

<http://www.narhc.org>

### National Rural Health Association

<http://www.ruralhealthweb.org>

### Rural Health Clinics Center

<http://www.cms.gov/center/rural.asp>

### Rural Assistance Center

<http://www.raonline.org>

### Swing Bed Providers

[http://www.cms.gov/SNFPPS/03\\_SwingBed.asp](http://www.cms.gov/SNFPPS/03_SwingBed.asp)

### Telehealth

<http://www.cms.gov/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

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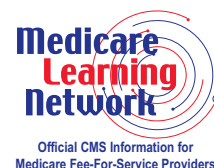
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