



**MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP**

---

**DATE:** July 27, 2011

**TO:** Medicare Advantage Regional Preferred Provider Organizations

**FROM:** Danielle R. Moon, J.D., M.P.A.  
Director, Medicare Drug & Health Plan Contract Administration Group

**SUBJECT:** 2012 Essential Hospital Designation and Attestations

The Medicare Prescription Drug Improvement and Modernization Act (MMA) of 2003 allowed Regional Preferred Provider Organizations (RPPOs) to designate essential hospitals in rural areas to ensure adequate access to inpatient hospital services for Medicare beneficiaries enrolled in RPPOs. Essential hospitals do not contract with RPPOs, but are essential for providing access to inpatient emergency hospital services to rural enrollees. In addition, MMA allowed bonus payments to these hospitals providing inpatient care services to Medicare beneficiaries.

RPPOs with an existing Medicare Advantage (MA) contract may designate a non-contracting hospital as an essential hospital. Once approved by CMS, the designation will be effective in January of the following year. Initial and Service Area Expansion RPPO applicants must submit essential hospital requests as a part of their MA application package.

RPPOs seeking this designation must establish a HIPAA compliant electronic claims transmission connection with Noridian, which serves as the legacy fiscal intermediary for CMS. To ensure that the bonus payments are processed in a timely manner your organization must be properly connected to Noridian. Please contact Wayne LeMier at (701) 277-2152 by September 1, 2011 to discuss the system requirements.

Current RPPOs, which received approval for essential hospitals in 2011, must provide CMS with updated Essential Hospital Designation Tables and signed attestations for all hospitals that the RPPO would like designated as essential for 2012. Please indicate any additions or deletions to the 2011 approved hospital list when it is submitted to CMS.

The RPPO must provide written documentation showing it made a "good faith" effort to contract with each hospital the RPPO seeks to designate as essential. The documentation may include: emails, hard copy letters, etc., and the RPPO must also demonstrate there are no competing hospitals in the area pursuant to CFR §422.112 (c). Requests for new essential hospitals will be reviewed by CMS and RPPOs will be notified of CMS' decision.

The RPPO Essential Hospital Designation Table and attestation are attached to this memo. Please follow the instructions on the Designation Table and send your updated Essential Hospital Designation Tables and attestations to CMS by Friday, August 19, 2011. Tables may be submitted to: [Melissa.Staud@cms.hhs.gov](mailto:Melissa.Staud@cms.hhs.gov)

You must also mail two copies of the attestation with original signatures to:

Ms. Melissa Staud  
CMS  
7500 Security Boulevard, C4-21-26  
Baltimore, Maryland 21244

If you have questions concerning this document or need assistance, please contact Melissa Staud at 410-786-3669 or [Melissa.Staud@cms.hhs.gov](mailto:Melissa.Staud@cms.hhs.gov) .