

**PBTRC Summary of Medicare Final Rule  
Relating to Rural Designation of HPSAs and Telehealth Reimbursement  
December 2013**

Medicare changed their definition of “rural” for Health Professional Shortage Areas (HPSAs) that may now include some areas of the State of Hawaii that previously were not eligible for telehealth reimbursement. The changes go into effect as of January 1, 2014. The rural designation will be reviewed every year.

To check your rural status, visit: <http://datawarehouse.hrsa.gov/ruralAdvisor/TelehealthEligibility.aspx>

*Due to geoprocessing limitations, the eligibility result provided may be inaccurate and does not constitute an official determination. If you feel the result is in error, please contact the Centers for Medicare and Medicaid Services (CMS)*

**Summary of Issue:** Prior to the Final Rule (December 2013), the Medicare definition of rural HPSAs excluded reimbursement for telehealth for eligible Medicare patients located in a designated Metropolitan Statistical Area (MSA).

**Resolution of Issue:** The Centers for Medicaid and Medicare Services (CMS) released a final rule, 42 CFR Parts 405, 410, 411, 414, 423, and 425 relating to Medicare program revisions. The final rule to be effective on January 1, 2014 adopted **RUCA codes 4 through 10 as rural designations for rural HPSAs** (even if the location is in an MSA).

For additional information see following pages.

## FINAL RULE: Changes to Medicare Telehealth Policy – Eligible Originating Sites

December 2, 2013

### Previous Geographic Designation of Eligible Originating Sites:

An originating site is the location of the eligible Medicare patient at the time the telehealth service is being provided through a telecommunications system.<sup>1</sup>

The originating sites authorized by law are<sup>1</sup>:

- Offices of physicians or practitioners;
- Hospitals;
- Critical Access Hospitals (CAH);
- Rural Health Clinics (RHC);
- Federally Qualified Health Centers (FQHC);
- Hospital-based or CAH-based Renal Dialysis Centers (including satellites);
  - Independent Renal Dialysis Facilities are not eligible originating sites
- Skilled Nursing Facilities (SNF);
- Community Mental Health Centers (CMHC)

To be eligible for reimbursement for telehealth services under Medicare, the originating site must be in one of the following three geographic locations<sup>1</sup>:

1. Located in a county that is **NOT** a Metropolitan Statistical Area (MSA); OR
2. Located in an area that is designated as a rural Health Professional Shortage Area (HPSA) under section 332(a)(1)(A) of the Public Health Service Act (PHSA)\*; OR
3. Participating in a federal telemedicine demonstration project approved by (or received funding from) the Secretary of the Department of Health and Human Services as of December 31, 2000

\*Section 332(a)(1)(A) of the Public Health Service Act does not define a “rural” HPSA. Due to the lack of a definition for “rural”, CMS has defined “rural” for the purposes of determining eligibility to mean any area **NOT** located in an MSA.<sup>2</sup>

### Updated Geographical Designation of Eligible Originating Sites:

The Centers for Medicare & Medicaid Services (CMS) has finalized a rule to modify the definition of a rural HPSA, extending rural eligibility to more originating sites for telehealth services.<sup>2</sup> See the main points of the Final Rule below:

1. Define rural HPSAs as those located in rural census tracts as determined by the Office of Rural Health Policy (ORHP)<sup>2</sup>
  - a. CMS believes that defining “rural” to include geographical areas located in rural census tracts within MSAs would allow for the inclusion of additional HPSAs as areas for telehealth originating sites
2. ORHP will employ the Rural Urban Commuting Areas (RUCAs) to determine rural areas<sup>2</sup>
  - a. RUCAs rely on a census tract-based classification that considers a variety of components to determine rural/urban status for an area
  - b. ORHP considers census tracts with RUCA codes of 4 through 10 to be rural (even if they are located in an MSA county). In addition, census tracts with RUCA codes 2 and 3 that

are at least 400 square miles and have a population density of less than 35 people per square mile will also be considered rural

3. CMS is also proposing that geographical eligibility be maintained on an annual basis to reduce the likelihood of mid-year changes to geographic designations<sup>2</sup>

To view the final rule in its entirety, please see the link below:

[CMS Final Rule 1600-FC](#)<sup>3</sup>

#### Additional Elements:

Due to the comments received on the proposed rule, CMS has also agreed to include two other elements in the Final Rule. These elements are as follows:

1. CMS has agreed to update data used to determine which areas are rural to reflect the 2010 Census information
2. Due to the complexity in determining the eligibility of a location under the new definition, CMS has worked with the Health Resources and Services Administration (HRSA) to develop a website tool to provide assistance in determining the eligibility of potential originating sites

The Medicare Telehealth Payment Eligibility Analyzer can be found in the link below:

[Medicare Telehealth Payment Eligibility Analyzer](#)<sup>6</sup>

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#### Implications in Hawaii:

As of the most recent Metropolitan and Micropolitan Statistical Area delineations (2013), three of the five counties in the State of Hawaii are considered to be Metropolitan Statistical Areas (MSAs)<sup>4</sup>:

- Honolulu County
- Kalawao County
- Maui County

Currently, Hawaii County and Kauai County are considered “rural” areas (not an MSA County).

Under the previous rule, Honolulu, Kalawao, and Maui counties were not eligible originating sites as they were MSAs.

However, due to the Final Rule, some HPSAs that are in MSAs, are now considered rural and may be eligible for telehealth reimbursement under Medicare.<sup>5</sup>

See appendix for most recent RUCA codes (2010).<sup>5</sup>

**REFERENCES**

<sup>1</sup><http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/telehealthsrvcfsctsht.pdf>

<sup>2</sup><http://telehealthpolicy.us/sites/telehealthpolicy.us/files/uploader/Changes%20to%20Medicare.pdf>

<sup>3</sup><http://www.gpo.gov/fdsys/pkg/FR-2013-12-10/pdf/2013-28696.pdf>

<sup>4</sup><http://www.whitehouse.gov/sites/default/files/omb/bulletins/2013/b-13-01.pdf> (page 36 & 50)

<sup>5</sup><http://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes.aspx#.Uml61XCsjTp>

<sup>6</sup><http://datawarehouse.hrsa.gov/ruralAdvisor/TelehealthEligibility.aspx>