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## **Statewide Analysis of Centers for Medicare/Medicaid Services (CMS) Proposed Rule on California Rural Health Clinics**

### **I. Introduction**

The Office of Statewide Health Planning and Development (OSHPD) engaged in a Statewide Analysis of the CMS Proposed Rule for Changes in Conditions of Participation Requirements and Payment Provisions for Rural Health Clinics and Federally Qualified Health Centers (FQHCs). In particular, this rule specifies that any Rural Health Center (RHC) with a new or existing Rural Health Certification must be located in a Health Professional Shortage Area (HPSA) or Medically Underserved Area (MUA) designation dated January 2, 2006 or later. The Statewide Analysis determined which of California's 256 RHCs potentially met this proposed federal requirement. Because FQHCs are not impacted by the 3-year rule, they were not evaluated as part of this Statewide Analysis.

### **II. Impact Results**

A Statewide Analysis using current Health Resources and Services Administration (HRSA) data was conducted using the Medical Service Study Area (MSSA) or Census Tract (CT) location of the RHC compared to the location of HPSAs and MUAs dated January 2, 2006 or later. Of the total 256 RHCs in California, 142 RHCs are in danger of losing their certification if no renewal application is submitted. As a result, RHC providers will not be eligible for higher Medicaid/Medicare reimbursements under the prospective payment method, making them unable to sustain their practice and to care for rural underserved communities.

OSHPD did not conduct any analysis based on the four CMS exception criteria.

### **III. Recommendations**

If the current designation date is earlier than January 2, 2006, RHCs must submit new or renewal HPSA or MUA applications to be received by HRSA no later than January 2, 2009. If applying for an exception, the RHC has until 4/2/09 (90 days) to submit a request to the Regional Office.

### **IV. Conclusions**

Given the adverse affects the proposed method imposes on California, OSHPD respectfully declines to recommend the proposed rule be formally enacted.