



## What is a rural emergency hospital?

- Rural emergency hospitals (REH) can offer services typically provided by other types of hospitals but cannot provide inpatient services.
- Hospitals most likely to convert are those with small inpatient volumes.
- REHs must have transfer agreements with larger, nearby hospitals with inpatient services.

## Eligibility and structure

- Facilities enrolled as critical access hospitals or small rural hospitals with fewer than 50 beds as of December 27, 2020, are eligible to convert. Hospitals that close after that date are also eligible if they reenroll in Medicare and meet all rural emergency hospital conditions of participation and requirements, including state licensure.
- Hospitals that convert to the REH designation can convert to their original designation, but critical access hospitals that convert back would no longer have necessary provider status.
- The REH designation allows facilities to meet community needs for emergency and outpatient services. Emergency services will always be available.
- REHs may furnish additional medical services in their communities, such as observation care, outpatient hospital services, telehealth, ambulance services and skilled nursing. But these hospitals must maintain an annual average length of stay of 24 hours or less.

**The Consolidated Appropriations Act of 2021 established the rural emergency hospital designation. The designation responds to rural hospitals facing distinct financial challenges, low inpatient utilization and increasing hospital closures over the past 15 years.**

## Reimbursement

- REHs will receive a 5% add-on to the Outpatient Prospective Payment System rate for covered outpatient services. Hospitals will be reimbursed on the applicable service fee schedule for services outside of covered outpatient services.
- REHs will receive a fixed monthly payment of 1/12th the average annual payment critical access hospitals received beyond the prospective payment system in 2019. This payment will be adjusted annually based on the hospital marketbasket update.

## Regulatory requirements

- The Centers for Medicare and Medicaid Services 2023 Outpatient Prospective Payment System final rule included rules for the REH designation.
- State rules requiring REH licensure were enacted in January 2024 and aligned with the federal rules.





**Health and  
Human Services**

**Iowa Flex Program**

**Iowa Department of Health  
and Human Services**

**515-322-9708**



**Department of Inspections,  
Appeals, & Licensing**

**Department of Inspection,  
Appeals and Licensing  
Health Facilities**

**515-281-4115**



## Resources

- 2023 Outpatient Perspective Payment System Final Rule
- CMS Rural Emergency Hospital Overview
- Consolidation Appropriations Act of 2021
- Guidance for Rural Emergency Hospital Provisions, Conversion Process and Conditions of Participation
- Iowa Administrative Code Chapter 51, Hospitals (rural emergency hospital state rules)
- Rural Emergency Hospital Enrollment
- Rural Emergency Hospital Technical Assistance Center
- Rural Health Information Hub



Follow the QR code to access resources.

## Facts to Know about Rural Emergency Hospitals in Iowa



**Health and  
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