PREFACE

The Centers for Medicare and Medicaid Services (CMS, formerly the Health Care Financing Administration) contracted with RAND to analyze Medicare special payments to rural providers and implications for access and costs of care for rural Medicare beneficiaries, with a focus on underserved areas. The payment provisions examined included (1) special payments for sole community hospitals, Medicare-dependent hospitals, rural referral centers, networks of Essential Access Community Hospitals and Rural Primary Care Hospitals (EACH/RPCH), and Medical Assistance Facilities; (2) reimbursements to rural health clinics and federally qualified health centers; (3) bonus payments to physicians in rural Health Professional Shortage Areas (HPSAs); and (4) capitation payments in rural counties. In addition, the effect of special payments for designated rural hospitals on Medicare Part A costs per capita was estimated.

This report presents the findings of our analysis of payment trends for providers qualifying under these Medicare special payment provisions.

The research results will be of interest to policymakers, researchers, and other parties involved with rural health policy or Medicare payment policy. The trend information and findings generated by the research can be used to formulate future Medicare payment policy as well as to guide subsequent research on relevant issues. The research was performed under Task 11 of Centers for Medicare and Medicaid Services Contract Number HCFA-500-96-0056, Project Officer William Buczko.