



**LEVERAGING RHC FLEXIBILITY TO EXPAND
SPECIALTY SERVICES: FINANCIAL, OPERATIONAL,
AND STRATEGIC CONSIDERATIONS**

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PANEL



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Moderator



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ASCENSION ST. THOMAS MEDICAL PARTNERS



PROJECT OVERVIEW



- Ascension St. Thomas Medical Partners sought to evaluate redesignation opportunities across several regional freestanding practices in Tennessee
 - Practices included Family Medicine, Women’s Health, General Surgery, and other specialties
 - Evaluation included regulatory, operational, and financial impact analyses, including:
 - Medicare & Medicaid reimbursement
 - Provider complement
 - Services offered
 - Location
 - Other



PROJECT OUTPUT

Education on key requirements of available clinic designations

Set of practice-specific recommendations around designation options, emphasizing operational feasibility and financial impact





PBC & RHC REQUIREMENTS

PROVIDER-BASED CLINIC

- **Provider-Based Clinic (PBC)**
 - A PBC must be operated as an integrated department of a main provider, including a hospital or a CAH, as evidenced by:
 - Operating under the same license as the main provider (unless the state requires a separate license)
 - Clinical and financial integration with the main provider (e.g., shared clinical privileges, medical record integration, shared trial balance)
 - Held out to the public and other payers as a department of the main provider, and patients must be made aware when they enter the PBC that they are entering a department of the main provider and will be billed accordingly



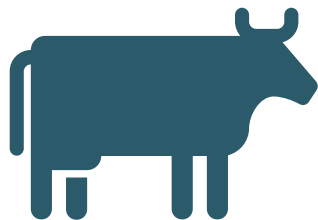
PROVIDER-BASED CLINIC, CONT.

- **Provider-Based Clinic (PBC)**
 - For off-campus PBCs, the following additional requirements include:
 - Must be operated under the ownership and control of the main provider
 - Must have the same frequency, intensity, and level of accountability in the reporting relationship as any other hospital department
 - Located within a 35-mile radius of the campus of the hospital that is the main provider (except RHCs)
 - Demonstrates that it serves the same patient population as the main provider
 - Must be located in the same state or, when consistent with the laws of both states, in adjacent states
 - All PBCs must comply with all other applicable Medicare rules and regulations
 - CMS has the right to evaluate PBCs for compliance; non-compliance can result in adjustments to future payments from Medicare



RURAL HEALTH CLINIC

- **Rural Health Clinic (RHC)**



- An RHC can be a public, nonprofit, or for-profit healthcare entity, and must meet the following requirements:
 - Be located in a rural area that is designated as a shortage area
 - Must be constructed, arranged, and maintained to ensure access to and safety of patients, providing adequate space for services
 - Have a preventative maintenance program
 - Must employ, or contract with, a physician to provide medical direction and supervision of the clinic
 - Must have an Advanced Practice Provider (APP), which includes a physician assistant (PA), certified nurse midwife (CNM), and/or nurse practitioner (NP) available to provide patient care for at least 50% of the time the RHC operates
 - Must comply with all federal, state, and local laws
 - Must be primarily engaged in providing outpatient health services, and must provide primary care services
 - Must maintain appropriate written patient care policies consistent with state law and developed with the advice of appropriate professional personnel



RURAL HEALTH CLINIC, CONT.

- **Rural Health Clinic (RHC)**

- An RHC must meet the following requirements (cont.):
 - In addition to diagnostic and therapeutic services typically furnished in a physician's office, RHCs must provide basic laboratory services essential to the immediate diagnosis and treatment of the patient
 - Must provide medical emergency procedures as a first response to common life-threatening injuries and acute illness, and have available the drugs and biologicals commonly used in life-saving procedures
 - Must maintain a clinical record system and designate a member of the professional staff who is responsible for maintaining and ensuring the accuracy and accessibility of the information included
 - Must conduct a biennial evaluation of its total program
 - Must maintain an emergency preparedness program that meets all federal, state, and local requirements
- For further details on these listed requirements, in addition to a complete list of requirements, please refer to 42 CFR 491

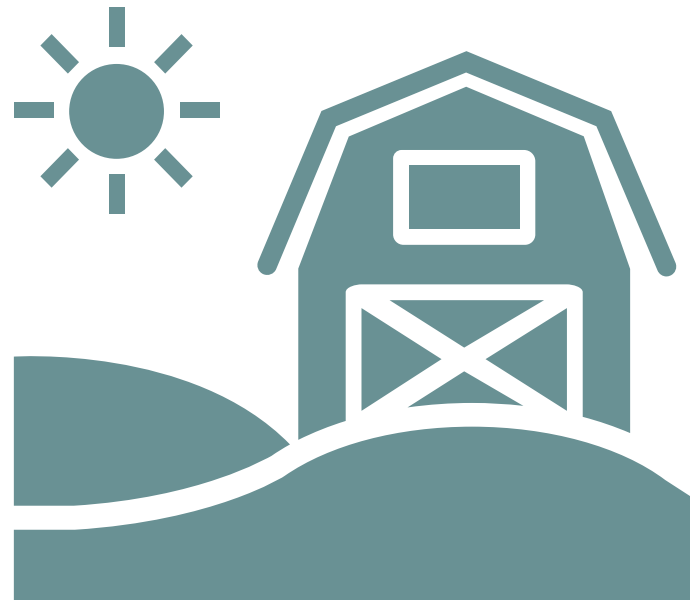


RURAL HEALTH CLINIC, CONT.

- **Provider-Based Rural Health Clinic (PB-RHC)**
 - A PB-RHC is an RHC that also meets the applicable criteria for provider-based status
 - Hospital with which the facility or organization has a provider-based relationship and is located in a rural area



DEFINITIONS: “RURAL” AREAS



- **Rural Area(s)**
 - The federal government uses both the U.S. Census Bureau (CB) and the Office of Management and Budget to define “rural” communities
 - On March 24, 2022, the U.S. CB finalized new criteria for defining what constitutes an area as urban
 - Before the new regulations, to determine RHC eligibility, a clinic was considered “rural” if its physical address was in a “non-urbanized” area, or an “urban cluster”
 - An “urbanized” area was considered an area with 50,000 or more people, whereas an “urban cluster” was considered an area with at least 2,500 people, but less than 50,000
 - **According to the new criteria, the CB has retired the terms “urbanized” and “urban cluster”, and now refers to an area that meets certain criteria as an “urban area”**
 - For an area to be considered urban under the new criteria, it must have at least 2,000 housing units **or** a population of at least 5,000



DEFINITIONS: SHORTAGE AREA DESIGNATIONS

Health Professional Shortage Area (HPSA)

- Health Professional Shortage Areas (HPSAs) are designated by HRSA as having shortages of primary care, dental care, and/or mental health providers within a specific geographic area, population, or facility
- Primary care HPSAs are based on a physician-to-population ratio of 1:3,500 (or 1:3,000 if “unusually high needs” exist)
- An entity pursuing RHC designation in an HPSA must do so in an area where the HPSA designation is less than four (4) years old

Medically Underserved Area (MUA)

- To qualify as an MUA, the clinic must operate in an area with an Index of Medical Underservice (IMU) rating of 62.0 or less on a scale from 0 to 100
- The IMU evaluates four variables: ratio of primary medical care physicians per 1,000 population, infant mortality rate, percentage of the population with incomes below the poverty level, and percentage of the population age 65 and over



POLLING QUESTION #1

- How familiar are you with clinic designation options for your organization?
 - Very familiar
 - Somewhat familiar
 - Not familiar



POLLING QUESTION #2

- For those who have redesignated a clinic, what was your biggest challenge in the redesignation process?
 - Billing setup
 - Staff education
 - Accreditation process
 - Project management
 - Other





Q&A



STROUDWATER

COMMITTED TO INCREASING THE IMPACT OF RURAL AND COMMUNITY HEALTHCARE.

Our team of rural and community healthcare experts support the leadership of hospitals, health systems with a rural footprint, and the groups and clinics that form an essential care network across the 97% of the US that is defined as rural.



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