NC Rural Health Research & Policy Analysis Center

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Profile of Rural Health Clinics: Medicare Payments & Common Diagnoses

Review of 2009 Medicare Outpatient Claims Data

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OVERVIEW

In 1977, Public Law 95-210 created the Rural Health Clinic (RHC) Medicare and Medicaid reimbursement designation for qualified primary care practices. With over 3,900 certified sites located across the county, RHCs are an important component of the rural health care infrastructure.[1] RHCs receive cost-based reimbursement, subject to tests of reasonableness, for core Medicare services. For independent RHCs and provider-based RHCs that are an integrated part of hospitals with 50 beds or more, one of these tests of reasonableness is a cap or upper limit on their cost-based rate per visit; in 2009 this cap was $76.84 per visit. Provider-based RHCs of hospitals with 49 beds or less are not subject to the cap.[2] Medicare reimburses 80% of the cost-based rate for RHC services, with beneficiaries responsible for deductible and 20% coinsurance (calculated using the RHC's charges).

Using data extracted from 2009 Medicare outpatient provider claims, this Findings Brief presents a summary profile of Medicare billing and reimbursement activity for independent and provider-based RHCs. This Findings Brief is the first in a series on RHCs which draws on a large, national secondary dataset that includes data on all RHCs that bill Medicare.[3] Subsequent findings briefs in this series will profile the distribution and characteristics of individual clinics as well as the characteristics of Medicare beneficiaries served by RHCs.

KEY FINDINGS

- In 2009, RHCs filed over 8.1 million claims to Medicare with total charges of $869 million, and $809 million due in reimbursement from all sources (Medicare, patient, other).
- The majority of RHC Medicare claims are for clinic visits (89%) and another 9% are for home, skilled nursing facility (SNF) or long-term care (LTC) visits. Revenue codes for behavioral health, visiting nurse services, and telemedicine are rarely billed.
- The most common medical conditions for Medicare beneficiaries seen by RHCs in 2009 include hypertension, diabetes mellitus, respiratory infections and diseases of the heart.

1. *CMS Name & Address Listing for RHC Based on Current Survey,* 01/09/2012. Available at www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/rhclistbyprovidername.pdf

2. Center for Medicare & Medicaid Services, *MLN Matters* #MM6218, 10/31/2008

3. Approximately 90% of all RHCs billed Medicare for RHC services in 2009.

DATA SOURCE AND METHODS

The study included all RHC Medicare claims filed in 2009. Medicare RHC claims data were obtained through an agreement between the Federal Office of Rural Health Policy and the Centers for Medicare and Medicaid Services (CMS). RHCs were classified as independent or provider-based according to their Medicare Provider Number (last 4 digits identify facility type). Uncapped provider-based RHCs were identified as those clinics with a parent hospital reporting 49 beds or less according to CMS' Online Survey, Certification, and Reporting (OSCAR) Provider of Services system data base.

RESULTS

RHC Medicare Billing Profile

Over 8.1 million outpatient claims were filed by 3,494 RHCs in 45 states in 2009. The distribution of provider types was consistent with the distribution of claims filed, with independent RHCs representing just over 50% of each (see Figures 1A and 1B.) Total RHC Medicare claim charges and payments are summarized in Table 1. Table 2 presents per claim amounts for charges and payments. Charges for RHC services are taken from the provider's usual and customary fee structure used for all insurers and may or may not be tied to cost; these charges are used to calculate the beneficiary's deductible and coinsurance amount. Thus, it is possible for total RHC payment to exceed the total charge since the total payment is a combination of the RHC cost-based rate and deductible / coinsurance.

Figure 1A: RHC Types

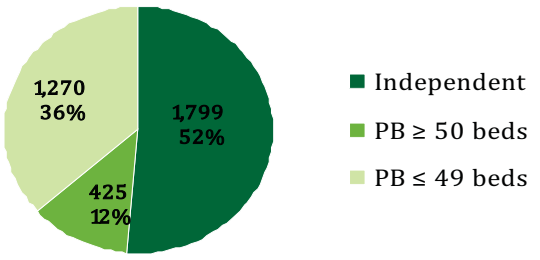
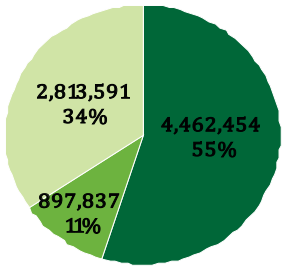


Figure 1B: Claims by RHC Type



PB = provider -based

Table 1: 2009 Medicare RHC Claims - Total Charges & Payments by RHC Type

Type	Charges	Payments by Source							
		Medicare		Beneficiary [i]		Other [ii]		Total	
Independent	$446,896,487	$231,347,116	*64.5%*	$125,170,822	*34.9%*	$2,227,332	*0.6%*	$358,745,271	*100%*
Provider-based ≥50 beds	101,174,427	65,890,363	*69.2%*	28,623,439	*30.1%*	630,741	*0.7%*	95,144,543	*100%*
Provider-based ≤49 bed	321,429,401	266,196,128	*74.9%*	87,645,957	*24.6%*	1,639,746	*0.5%*	355,481,830	*100%*
All RHCs	$869,500,315	$563,433,607	*69.6%*	$241,440,218	*29.8%*	$4,497,819	*0.6%*	$809,371,644	*100%*

i Beneficiary = patient deductible and coinsurance (may be covered by secondary insurance)
ii Other = primary payment responsibility is from source other than Medicare

Table 2: 2009 Medicare RHC Average Claim Charges & Payments by RHC Type

Type	# of Claims	Charges	Payments by Source							
			Medicare		Beneficiary [i]		Other [ii]		Total	
Independent	4,462,454	$ 100.15	$ 51.84	*64.5%*	$ 28.05	*34.9%*	$ 0.50	*0.6%*	$ 80.39	*100%*
Provider-based ≥50 beds	897,837	$ 112.69	$ 73.39	*69.2%*	$ 31.88	*30.1%*	$ 0.70	*0.7%*	$105.97	*100%*
Provider-based ≤49 bed	2,813,591	$114.24	$ 94.61	*74.9%*	$ 31.15	*24.6%*	$0.58	*0.5%*	$ 126.34	*100%*
All RHCs	8,173,882	$ 106.38	$ 68.93	*69.6%*	$ 29.54	*29.8%*	$ 0.55	*0.6%*	$ 99.02	*100%*

i Beneficiary = patient deductible and coinsurance (may be covered by secondary insurance)
ii Other = primary payment responsibility is from source other than Medicare

For core Medicare services, RHCs bill Medicare using revenue codes that provide limited information on the type or level of care provided as compared to the CPT codes used by physician practices. Thus, RHC visits can only be grouped into broad categories, clinic, home, long term care facility, etc. Table 3 presents the distribution of revenue codes billed by RHCs in 2009.

Table 3: 2009 Medicare Revenue Codes Billed by RHC Type

Revenue Code	Description	Independent		Provider-based ≥50 beds		Provider-based ≤49 beds		Total	
520 & 521	Clinic Visit	3,988,863	88.8%	833,314	92.5%	2,566,048	90.6%	7,388,225	89.8%
522	Home Visit	155,244	3.5%	12,324	1.4%	41,701	1.5%	209,269	2.5%
524	SNF Visit (Part A stay)	103,594	2.3%	9,371	1.0%	61,291	2.2%	174,256	2.1%
525	SNF/LTC Visit (not Part A stay)	221,065	4.9%	30,006	3.3%	149,388	5.3%	400,459	4.9%
527	Visiting Nurse Service	171	>0.1%	15	>0.1%	1,616	0.1%	1,802	>0.1%
528	Other Location	6	>0.1%	0	>0.1%	2,895	0.1%	2,901	>0.1%
780	Telemedicine	0	>0.1%	26	>0.1%	18	>0.1%	44	>0.1%
900	Behavioral Health	11,139	0.2%	15,896	1.8%	8,544	0.3%	35,579	0.4%
	All Other	11,843	0.3%	190	>0.1%	1,119	>0.1%	13,152	0.2%
	Total	4,491,925		901,142		2,832,620		8,225,687	

More data are available on the diagnoses of Medicare beneficiaries seen by RHCs. Using the claims' primary diagnosis codes, the most common 15 medical conditions for Medicare beneficiaries seen at RHCs, ranked by number of beneficiaries and by number of claims, are summarized in Table 4. The data presented are for all types of RHCs combined. Conditions and rankings were similar irrespective of ranking criterion (i.e., number of beneficiaries versus number of claims) or type of RHC (independent or provider-based).

Table 4: Most Common Medical Conditions for Medicare Patients at RHCs (2009)

Medical Condition [i]	Beneficiaries			Claims		
	Rank	Number [ii]	Percent	Rank	Number [iii]	Percent
Hypertension	1	526,745	11.5%	1	1,001,440	12.3%
Respiratory infections	2	367,170	8.0%	3	567,997	6.9%
Symptoms/conditions/factors influencing care	3	345,337	7.5%	5	496,687	6.1%
Diabetes mellitus	4	319,660	7.0%	2	677,007	8.3%
Diseases of the heart	5	247,015	5.4%	4	532,818	6.5%
Non-traumatic joint disorders	6	240,790	5.3%	6	393,162	4.8%
Spondylosis; other back problems	7	187,853	4.1%	7	353,040	4.3%
Diseases of the urinary system	8	183,114	4.0%	8	290,047	3.5%
Disorders of lipid metabolism	9	178,337	3.9%	12	244,600	3.0%
Skin infections/disorders	10	172,584	3.8%	11	245,745	3.0%
Other respiratory diseases	11	165,758	3.6%	13	213,022	2.6%
COPD/bronchiectasis	12	145,836	3.2%	9	282,675	3.5%
Other gastrointestinal disorders	13	143,040	3.1%	14	187,894	2.3%
Other connective tissue disease	14	135,772	3.0%	15	187,572	2.3%
Ear conditions [iv]	15	124,920	2.7%			
Mental illness [v]				10	276,668	3.4%
All other conditions		1,096,816	23.9%		2,223,508	27.2%
TOTAL		4,580,747			8,173,882	

i Diagnosis codes categorized into Medical Conditions using Clinical Classifications Software (CCS) 2012. US Agency for Healthcare Research and Quality; available at www.hcup-us.ahrq.gov/toolssoftware/ccs/ccs.jsp
ii Count of Medicare patients seen at an RHC with one or more claims with listed condition as primary diagnoses
iii Count of Medicare claims with listed condition as primary diagnoses
iv Not included in the Top 15 for Number of Claims; Ear Conditions comprise the primary diagnosis for 2.0% of claims
v Not included in the Top 15 for Number of Patients; Mental Illness comprises the primary diagnosis for 2.5% of beneficiaries

CONCLUSION

Rural health clinics are seen as key rural providers, but without information on the numbers and types of patients seen, it is difficult to determine how changes in Medicare and Medicaid policies or implementation of components of the Patient Protection & Affordable Care Act such as the Medicare Shared Savings Program and Accountable Care Organizations may affect RHCs. Because RHCs bill through a different mechanism than other primary care providers using a limited code set, it is often difficult to integrate them into new reimbursement and/or incentive payment structures or to quantify the impact of their participation. This series of findings briefs will provide a national baseline on RHCs' Medicare billing and reimbursement activity as well as a profile of Medicare beneficiaries served by RHCs.

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