



**House
Legislative
Analysis
Section**

JUN 26 1990

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BIENNIAL PLAN FOR RURAL HEALTH

House Bill 5700 (Substitute H-2)
First Analysis (5-22-90)

Sponsor: Rep. Michael J. Bennane
Committee: Public Health

THE APPARENT PROBLEM:

As part of the Omnibus Budget Reconciliation Act (OBRA) of 1989, the U.S. Congress authorized a program (the "Essential Access Community Hospital Program") intended to establish networks of small, rural primary care hospitals (RPCHs) that would hold and refer patients to larger, "Essential Access Community Hospitals" (EACHs). The program (known informally as "eaches and peaches") would fund seven state demonstration projects. To be eligible to be chosen for one of these federal demonstration projects, however, a state must have developed or be in the process of developing a rural health plan that would (a) provide for the creation of the kind of rural health network specified in the federal program, (b) promote regionalization of rural health services, and (c) enhance the provision of emergency and other transportation services. Legislation has been introduced that would enable Michigan to be eligible for the federal EACH program.

THE CONTENT OF THE BILL:

The bill would add a section to the Public Health Code to require the Center for Rural Health (which would be created by House Bill 5652), in consultation with the Department of Public Health and professional associations representing health facilities and health professions, to prepare a plan for rural health every two years. The center, again in consultation with the department, would have to submit the plan to the House and Senate committees dealing with public health. The bill is not tie-barred to House Bill 5652.

MCL 333.2223

BACKGROUND INFORMATION:

The federal Essential Access Community Hospital Program authorized \$25 million for each of fiscal years 1989-90, 1990-91, and 1991-92; \$10 million for grants to states and \$15 million for grants to facilities. Although there has been no appropriation for 1990, the Health Care Financing Administration (HCFA) is in the process of preparing for implementing the program beginning on October 1, 1990, if funds are appropriated.

Under the program, states could apply to the Department of Health and Human Services to set up "Essential Access Community Hospital" networks. The state, after consulting with the state hospital association and rural hospitals, could designate certain facilities that volunteer to be EACH and RPCH hospitals. The larger EACH hospitals would have to have at least 75 beds, be at least 35 miles from another EACH hospital (or from a rural referral center, or an urban hospital that met the criteria for a referral center), accept transfer patients from RPCHs, provide emergency services, and give staff privileges to physicians in the service area providing care at RPCH hospitals. The smaller RPCHs could have only six holding beds, could not provide acute inpatient care, and could care for patients for up to 72

hours before transferring them. EACHs would be reimbursed using the same criteria as sole community providers, while RPCHs would be reimbursed on a cost basis. States could request waivers of certain requirements.

FISCAL IMPLICATIONS:

Fiscal information is not available. (5-22-90)

ARGUMENTS:

For:

Access to health care in rural areas nationwide, as well as within the state, is threatened due to a number of complex, interrelated reasons, including poverty, lack of insurance, a higher incidence of serious chronic health conditions, and differential reimbursement by Medicare. The federal government has recognized the need to address this issue, and the bill would allow Michigan to at least be eligible to participate in a federal demonstration project that could result in improving access to health care for the state's rural population.

POSITIONS:

The Department of Public Health supports the bill. (5-18-90)

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