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Fact Sheet: Frontier Community Health Integration Project (FCHIP) Demonstration

The Issue

The Frontier Community Health Integration Project (FCHIP) Demonstration tests several new models of health care delivery for rural Critical Access Hospitals (CAHs) in the most sparsely populated states. Specifically, CAHs serve as essential health care access points for frontier areas, yet geographic isolation and persistently low patient volumes may make some services unsustainable in the context of traditional Medicare payment rules. In response to these unique circumstances, the FCHIP demonstration tests the impact of enhanced payment and opportunities for providing certain services, with the goals of improving access and quality of care and reducing Medicare expenditures. Specifically, by supporting CAHs and their local delivery systems, the FCHIP demonstration aims to increase the integration and coordination of care among providers; reduce avoidable hospitalizations, admissions, and transfers; and ultimately keep patients within the community who might otherwise be transferred to distant providers.

The program allows CAHs to test interventions across three service categories[1] (Table 1), and some participants are testing more than one intervention (Table 2). FCHIP participants receive waivers from Medicare payment rules associated with the interventions they are testing.

Table 1: Interventions Being Tested Under the FCHIP Demonstration

SNF/NF Beds	Participants are allowed to maintain up to ten additional inpatient beds dedicated to Skilled Nursing Facility (SNF)/ Nursing Facility (NF) care; Medicare services provided for these additional beds are paid according to standard payment rules for CAHs.
Telehealth	Participants serving as "originating sites" for telehealth services receive 101 percent of cost for overhead, salaries, fringe benefits, and the depreciation value of the telehealth equipment, in lieu of the standard fixed fee through the physician fee schedule.
Ambulance Services	Participants are paid 101 percent of reasonable costs of furnishing ambulance services irrespective of other providers or suppliers of ambulance services located within a thirty-five mile drive of the CAH.

The Affordable Care Act (ACA) amended the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) to provide legislative authority for FCHIP. Under the ACA, a provider is eligible if it is 1) a Rural Hospital Flexibility Program grantee and 2) located in a state in which at least 65 percent of the counties have six or fewer residents per square mile. The only states that meet the latter requirement are AK, MT, NV, ND, and WY, but MIPPA limits the number of participating states to four.

Ten CAHs - located in MT, NV, and ND - currently participate in the demonstration. FCHIP is jointly administered by the Centers for Medicare & Medicaid Services (CMS) and the Health Resources & Services Administration (HRSA), and the participants receive technical assistance through HRSA's Federal Office of Rural Health Policy. FCHIP is budget-neutral, i.e., aggregate payments cannot exceed the amount which

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would have been paid if the demonstration project was not implemented. The program began on August 1, 2016 and is set to expire on July 31, 2019.

AHA Position

The FCHIP demonstration should be extended, including solicitation for additional applicants. New models of care that address the varying circumstances of rural hospitals should continue to be tested and evaluated.

Why?

Access to care is especially challenging in frontier communities, given their geographic isolation, limited transportation options, variable terrain, and unpredictable weather. Maintaining services locally is therefore of utmost importance in these areas. However, low patient volumes make it difficult for providers to sustain certain services based on standard payment methods. Preliminary findings from the *2018 Interim Report to Congress* suggest that FCHIP participants are demonstrating improved access associated with the intervention(s), and enhanced capability to provide services in the local community. However, in light of the small number of participants and limited years of data available thus far, further analyses are needed to more closely evaluate the impact of the demonstration on quality, coordination, and cost of care. Extending and expanding the FCHIP demonstration will allow for more detailed assessments of the interventions over time.

Table 2: Participating CAHs and FCHIP Interventions

Participating Sites		Interventions		
State	CAH	SNF/NF Beds	Telehealth	Ambulance
MT	Dahl Memorial Healthcare Association		✓	
	McCone County Health Center	✓	✓	
	Roosevelt Medical Center	✓	✓	✓
NV	Battle Mountain General Hospital		✓	
	Grover C. Dils Medical Center		✓	
	Mt. Grant General Hospital		✓	
	Pershing General Hospital		✓	
ND	Jacobson Memorial Hospital Care Center	✓		
	McKenzie County Healthcare Systems		✓	
	Southwest Healthcare Services			✓

Notes

1. CMMI also had considered an enhanced payment for home health; however, none of the applicants proposing this service category were selected to participate in FCHIP.