United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

H.R. 8246, The Second Chances for Rural Hospitals Act

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The Rural Emergency Hospital (REH) designation is promising but needs commonsense updates.

- In 2020, Congress created the **REH designation** to allow low-volume rural hospitals at risk of closure to eliminate underused inpatient beds but keep needed emergency and outpatient services, thus converting to become a REH, preserving care access for communities who would otherwise lose services.
  - Currently, only Critical Access Hospitals (CAH) and rural hospitals that were open as of December 2020 and had **50** or fewer inpatient beds are eligible to **convert to REH status**.
  - Medicare pays REHs approximately **$276,000** monthly to offset the cost of maintaining a 24/7 emergency department, plus a **five percent** add-on payment to the normal Medicare rate for outpatient services.
- Only **19** of the nearly **400** eligible hospitals have converted to REH status, in part because:
  - Each state must create licensure rules for the new model, and some have not.
  - A hospital must "fail first" before converting to REH status. Currently, **new REHs may not be built or hospitals that closed prior to December 2020 can't reopen as an REH**.
  - Hospitals must weigh tradeoffs when forfeiting inpatient and post-acute care beds.

Solution: The Second Chances for Rural Hospitals Act (H.R. 8246).

- Moves back the eligibility date for a closed hospital to **convert to an REH** from **December 27, 2020** to **January 1, 2014**, allowing previously closed rural hospitals to convert to an REH and bring back services to rural and underserved communities.
- Includes a tiered funding structure for hospitals reopening as an REH so not to financially harm existing points of care.