

Stricken language would be deleted from and underlined language would be added to present law.
Act 59 of the Regular Session

State of Arkansas
94th General Assembly
Regular Session, 2023

As Engrossed: H2/1/23
A Bill

HOUSE BILL 1127

By: Representative L. Johnson

By: Senator Irvin

For An Act To Be Entitled

AN ACT TO CREATE THE RURAL EMERGENCY HOSPITAL ACT; TO
AUTHORIZE LICENSURE OF RURAL EMERGENCY HOSPITALS BY
*THE DEPARTMENT OF HEALTH; TO DECLARE AN EMERGENCY;
AND FOR OTHER PURPOSES.*

Subtitle

*TO CREATE THE RURAL EMERGENCY HOSPITAL
ACT; TO AUTHORIZE THE LICENSURE OF RURAL
EMERGENCY HOSPITALS BY THE DEPARTMENT OF
HEALTH; AND TO DECLARE AN EMERGENCY.*

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Title.

This act shall be known and may be cited as the "Rural Emergency
Hospital Act".

SECTION 2. DO NOT CODIFY. Legislative findings and intent.

(a) The General Assembly finds that the importance and necessity of
providing and regulating the system by which healthcare services are
structured and integrated promotes the availability of and access to
necessary and appropriate healthcare services to protect the general health,
safety, and welfare of the rural residents of this state.

(b) It is the intent of the General Assembly to create a category of
licensure to enable certain hospitals within this state to receive federal
healthcare reimbursement as rural emergency hospitals in order to:



- (1) Improve the health of the rural population of this state;
- (2) Preserve access to healthcare services and providers;
- (3) Encourage collaboration among healthcare providers;
- (4) Promote delivery of quality rural healthcare services and the efficiency and efficacy of rural healthcare services;
- (5) Embrace technology in the delivery of rural healthcare services; and
- (6) Promote adequate and fair reimbursement for rural healthcare services.

SECTION 3. Arkansas Code § 20-9-201, concerning definitions relating to health facilities, is amended to add additional subdivisions to read as follows:

- (13) "Rural emergency hospital" means an establishment that:
 - (A) Meets the eligibility requirements described in this subchapter;
 - (B) Provides rural emergency hospital services;
 - (C) Provides rural emergency services in the facility twenty-four (24) hours per day by maintaining an emergency department that is staffed twenty-four (24) hours per day and seven (7) days per week with a physician, nurse practitioner, clinical nurse specialist, or physician assistant;
 - (D) Has a transfer agreement in effect with a Level I or Level II trauma center; and
 - (E) Meets other requirements as the Department of Health finds necessary:
 - (i) In the interest of the health and safety of individuals who receive rural emergency hospital services; and
 - (ii) For implementation of a state licensure that satisfies requirements for reimbursement by federal healthcare programs as a rural emergency hospital; and
 - (14) "Rural emergency hospital services" means the following services provided by a rural emergency hospital that do not require more than twenty-four (24) hours on average in a rural emergency hospital:
 - (A) Emergency department services and observation care;
- and

(B) At the election of the rural emergency hospital, other medical and health services provided on an outpatient basis as specified in regulations adopted by the United States Secretary of Health and Human Services and authorized by the Department of Health.

SECTION 4. Arkansas Code § 20-9-214(b), concerning fees for the issuance of healthcare facility licenses, is amended to read as follows:

(b) The Department of Health may levy and collect the following annual fees for issuance of an annual license to hospitals or institutions:

Per facility	FY 2018	FY 2019
(unless otherwise noted)		
(1) Hospitals (per bed)	\$ 4.00	\$ 6.00
(2) Ambulatory Surgery Center	1,000.00	1,000.00
<u>(3) Rural Emergency Hospital</u>		<u>500.00</u>
(3)(4) Hospital-Based Recuperation Center	160.00	275.00
(4)(5) Freestanding Recuperation Center	2,000.00	2,000.00
(5)(6) Hospital-Based Alcohol/Drug Unit	60.00	75.00
(6)(7) Freestanding Alcohol/Drug Unit	1,000.00	1,000.00
(7)(8) Hospital-Based Outpatient Psychiatric Center	60.00	75.00
(8)(9) Freestanding Outpatient Psychiatric Center	1,000.00	1,000.00
(9)(10) Infirmary	100.00	100.00
(10)(11) Reissuance of license due to name/address change	100.00	100.00

SECTION 5. Arkansas Code Title 20, Chapter 9, Subchapter 2, is amended to add an additional section to read as follows:

20-9-224. Rural emergency hospitals.

(a) A healthcare facility shall be eligible to apply for a rural emergency hospital license if the healthcare facility on or before December 27, 2020, was a:

(1) Licensed critical access hospital;

(2) General hospital with not more than fifty (50) licensed beds located in a county in a rural area under 42 U.S.C. § 1395ww(d)(10)(C)(ii);
or

(3) General hospital with not more than fifty (50) licensed beds that is deemed as being located in a rural area under 42 U.S.C. §

1395ww(d)(8)(E).

(b) A healthcare facility applying for licensure as a rural emergency hospital shall include with the licensure application:

(1) An action plan for initiating rural emergency hospital services, including a detailed transition plan that lists the specific services that the healthcare facility shall retain, modify, add, or discontinue, or any combination of retain, modify, add, or discontinue;

(2) A description of services that the healthcare facility intends to provide on an outpatient basis; and

(3) Other information as required by rules adopted by the Department of Health.

(c) A rural emergency hospital shall not have inpatient beds unless the rural emergency hospital has a unit that is a distinct part of the rural emergency hospital that

(1) Is licensed as a skilled nursing facility to provide post-hospital extended care services; or

(2) Provides behavioral health services in accordance with the Arkansas Health and Opportunity for Me Act of 2021, § 23-61-1001 et seq.

(d) A rural emergency hospital may own and operate an entity that provides ambulance services.

(e)(1) A licensed general hospital or critical access hospital that applies for and receives licensure as a rural emergency hospital and elects to operate as a rural emergency hospital shall retain its original license as a general hospital or critical access hospital.

(2) The original license shall remain inactive while the rural emergency hospital license is in effect.

(f)(1) A rural emergency hospital, including a city, county, or other governmental or quasi-governmental hospital, may enter into any contracts required to be eligible for federal reimbursement as a rural emergency hospital.

(2)(A) An entity engaging in activities and entering into contracts required to meet the requirements for licensure and reimbursement as a rural emergency hospital and its officers, agents, representatives, employees, and directors are acting pursuant to clearly expressed state policy under the supervision of the state.

(B) An entity is not subject to state or federal antitrust

laws while acting in this manner.

(g) The State Board of Health shall adopt rules establishing the minimum standards for the establishment and operation of rural emergency hospitals in accordance with this section, including licensure of rural emergency hospitals.

(h)(1) A health benefit plan that is offered, issued, or renewed in this state shall provide benefits and coverage for services performed by a rural emergency hospital if the services would be covered under the health benefit plan if performed by a general hospital.

(2) As used in subdivision (h)(1) of this section, "health benefit plan" means the same as defined in § 23-79-1801.

(i) The Arkansas Medicaid Program shall reimburse a rural emergency hospital at the same or greater rate in which critical access hospitals are reimbursed.

SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that rural hospitals in Arkansas are in financial distress; that the designation of a rural emergency hospital created by the United States government can provide much needed financial relief to rural hospitals in Arkansas by providing access to enhanced reimbursement codes; and that this act is immediately necessary to keep rural hospitals in this state open and avoid the immediate risk of closure of rural hospitals that help preserve the health of the citizens of this state as well as to preserve the healthcare infrastructure in Arkansas. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

/s/L. Johnson

APPROVED: 2/13/23