Summary

The purpose of this Act is to review and waive state regulations and restricted reimbursement policies that pertain to rural hospitals. Burdensome restrictions and staffing requirements are major factors contributing to the closure of rural hospitals. Rural hospitals simply cannot comply with state regulations that are designed for large urban hospitals.

Model Legislation

(Title, enacting clause, etc.)

Section 1. This Act may be cited as the Rural Hospital Deregulation Act.

Section 2. The legislature finds that excessive regulation has had an adverse impact on the stability of rural hospitals. It is therefore the intent of the legislature to improve the stability of rural hospitals by exempting them from unnecessary procedural, licensure, and bureaucratic restrictions.

Section 3. (Definitions.)

(A) “Department” means the (insert appropriate state department health agency).

(B) “Director” means the Director of (insert appropriate state department health).

(C) “Rural hospital” means an acute care hospital that is no less than 35 road miles from the nearest existing acute care hospital.

(D) “Medical shortage area” means a county or service area in which the nearest acute care hospital is no less 35 road miles from the nearest existing acute care hospital.

Section 4. (Intent.)

The legislature recognizes the need to strengthen and, in some cases, salvage rural hospitals to ensure the adequate access to services is provided to residents of rural areas as well as tourist and travelers. Further, the legislature recognizes that this will require a comprehensive approach.

Section 5. The State Department of Health Services shall:

(A) Provide regulatory relief to rural hospitals when appropriate through program flexibility for such items as staffing, space, and physical plant requirements;

(B) Modify inpatient limitations for Medicaid so as not to single out rural hospitals for application;

(C) Set reimbursement rates for outpatient services at a level that provides incentives for rural hospitals to focus on the provision of outpatient services and that reduces the financial losses incurred by rural hospitals in providing those services;

(D) Seek any necessary waivers from the federal Health Care Financing Administration;

(E) Implement regulatory changes to reduce the requirements for the licensing and rural hospitals.

Section 6. (Increase Mid-Level Providers.)

(A) A licensing board shall not prohibit registered nurses from performing services as physician substitutes in a medical shortage area.

(B) Certified nurses or certified midwives shall be permitted to deliver babies in a medical shortage area. A rural hospital without a physician performing obstetrics shall not restrict a certified nurse midwife from admitting patients. Home deliveries shall not be restricted in a medical shortage area.

(C) Graduate medical students and residents may, on weekends and at other times, be used as health care providers. Such service could be fully counted as certification in their residency programs.

Section 7. (Limit Barriers.)

(A) A “certificate of need” shall not be required for any rural hospital in a medical shortage area.

(B) Any state owned building not on the tax rolls and not occupied for three or more months may be leased at fair market value to any health care provider.

Section 8. (Severability clause.)

Section 9. (Repealer clause.)

Section 10. (Effective date.)
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