

WHAT IS A “RURAL” HOSPITAL?

There are many definitions of a rural hospital and no standard or correct answer. The definition of “rural” also changes between government agencies at the state and federal levels. Plus, some rural hospitals may lose their “rural” status from time to time because of changes in population, program parameters, rules, and laws; or urban hospitals may become “rural” for the same reasons.

The most common definition used by the Texas Organization of Rural & Community Hospitals (TORCH), the trade organization of the rural hospitals in Texas, is a blended definition combining much of the general Medicare and Texas Medicaid definitions (and removing any urban hospital from the list):

Hospital located in a county of 60,000 or fewer people (according to the most recent census); or hospital designated by Medicare as a Critical Access Hospital, Sole Community Hospital, or Rural Referral Center in a non-Metropolitan Statistical Area. (162 Texas hospitals – list provided in Appendix F)

Other definitions of a “rural” hospital include:

- **Medicare (general definition) – 168 Texas hospitals (includes urban RRCs)**

A Critical Access Hospital, a Sole Community Hospital, a Rural Referral Center (including urban RRCs), a hospital located in a non-Metropolitan Statistical Area (MSA), a hospital designated by Medicare as “rural” by rule or law, or a hospital having a Medicare recognized “rural” designation from a state.

- **Texas Medicaid (for direct hospital services payments and 1115 Waiver) – 160 hospitals**

A hospital located in a county with 60,000 or fewer persons according to the 2010 U.S. Census; or, a hospital designated by Medicare as a Critical Access Hospital (CAH), Sole Community Hospital (SCH), or a Rural Referral Center (RRC) that is not located in a Metropolitan Statistical Area (MSA); or, a hospital that (a) has 100 or fewer beds (b) is designated by Medicare as a CAH, an SCH, or an RRC, and (c) is located in an MSA.

(Definition found in State of Texas 2018-2019 General Appropriations Act - Article II, Health and Human Services Commission, Senate Bill 1, 85th Legislature, Rider 180. The rural hospitals are also commonly referred to by Texas HHSC as “Rider 38” hospitals which is a carryover term from a previous definition of rural hospitals that was found in the General Appropriations Act for the 2014-15 biennium (S.B. 1, 83rd Leg., R.S., 2013, Article II, Health and Human Services Commission, Rider 38).

- **Texas Medicaid (for disproportionate share hospital supplemental payments)**

Rural public hospital is a hospital owned and operated by a governmental entity that is located in a county with 500,000 or fewer persons, based on the most recent decennial census.

(Found in 1 Texas Administrative Code §355.8065(b)(36))

Rural public-financed hospital is a hospital operating under a lease from a governmental entity in which the hospital and governmental entity are both located in the same county with 500,000 or fewer persons, based on the most recent decennial census.

(Found in 1 TAC §355.8065(b)(37))

- **Texas Medicaid (for skilled nursing hospital swing bed program)**

A hospital located in a county with a population of 100,000 or less that meets the qualifying requirements of the Medicare Swing Bed Program.

(40 TAC §19.2326(b))

- **Texas Department of Agriculture (State Office of Rural Health)**

A hospital located in: (1) a county with a population density of less than 225 persons per square mile of land area; and (2) a municipality of 15,000 persons or less. (For purposes of any state rural hospital designation that may be required by Medicare)

(4 TAC §30.221 – state level rural hospital designations are also recognized by Medicare)

- **Texas State Board of Pharmacy – 136 Texas hospitals**

A licensed hospital with 75 beds or fewer that: (A) is located in a county with a population of 50,000 or less; or (B) has been designated by the Centers for Medicare and Medicaid Services as a critical access hospital, rural referral center, or sole community hospital.

(Section 562.1011(a)(2), Texas Occupations Code and 22 TAC. § 291.72(43))

- **USDA Community Facilities Direct Loan & Grant Program**

Health care facilities such as hospitals in rural areas including cities, villages, townships and towns including Federally Recognized Tribal Lands with no more than 20,000 residents according to the latest U.S. Census Data.

The US Census Bureau identifies only urban areas (two types) with all else considered rural:

- 1) Urbanized Areas (UAs) of 50,000 or more people;
- 2) Urban Clusters (UCs) of at least 2,500 and less than 50,000 people.

Most federal rural and urban county designations are made by the Office of Management and Budget (OMB) in the White House. Their designations are what most of the federal agencies – especially CMS – use. OMB designates counties usually about mid-census. The most recent designations were in 2015.

Here is the designation memo:

<https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/bulletins/2015/15-01.pdf>

Also, additional information on OMB rural designations can be found at:

<http://rtc.ruralinstitute.umt.edu/research-findings/geography/county-classification/>

There are dozens more rural or rural hospital definitions in various state and federal rules and statutes. The definitions listed above are the primary and most commonly used definitions. The Texas Legislative Council has identified 45 definitions of “rural” in Texas statutes and rules. Information can be found at: http://www.tlc.state.tx.us/docs/policy/Def_Rural_Statutes.pdf

Note – the number of rural hospitals associated with each definition is subject to change as hospitals close, designations change, and rules and statutes are modified.