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# Program Memorandum

## Intermediaries

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Department of Health and  
Human Services (DHHS)  
HEALTH CARE FINANCING  
ADMINISTRATION (HCFA)

Transmittal A-00-27

Date: MAY 2000

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CHANGE REQUEST 1180

**SUBJECT: Permitting Reclassification of Certain Urban Hospitals as Rural  
Application Procedures**

Section 401 of the Balanced Budget Refinement Act (BBRA), enacted on November 29, 1999, amended §1886(d)(8) of the Social Security Act (the Act) to authorize reclassification of certain urban hospitals as rural if one of the conditions listed below is met. Applications for reclassification will be evaluated by regional offices (ROs). This provision was effective as of January 1, 2000. This Program Memorandum (PM) constitutes notice of the application procedures. Additional policy clarification will be published in a forthcoming *Federal Register*.

Under §1886(d)(8)(E) of the Act, as added by §401 of BBRA, the Secretary shall treat a hospital as being located in the rural area of the state in which the hospital is located if it is a qualifying hospital. To be a qualifying hospital, the hospital must submit an application to the Secretary and satisfy one of the following criteria:

- 1) The hospital is located in a rural census tract of a metropolitan statistical area (as determined under the most recent modification of the Goldsmith Modification, originally published in the *Federal Register* on February 27, 1992 (57 FR 6725);
- 2) The hospital is located in an area designated by any law or regulation of such State as a rural area (or is designated by such State as a rural hospital);
- 3) The hospital would qualify as a rural, regional or national referral center, or as a sole community hospital if the hospital were located in a rural area.

The Goldsmith modification, evolved from an outreach grant program sponsored by the Office of Rural Health Policy of the Health Resources and Services Administration in order to establish an operational definition of rural populations lacking easy geographic access to health services. A "Goldsmith area" is a rural census tract located within a large metropolitan county of at least 1,225 square miles so isolated from the metropolitan core by distance or physical features, that it is more rural than urban in character. A list of counties containing these census tracts is included (Attachment A). Hospitals located in these counties which seek redesignation under the Goldsmith Modification may contact their RO for information on determining whether their specific census tract could qualify under this provision.

Section 401 would also enable a hospital that otherwise fulfills regulatory criteria for designation as a critical access hospital (CAH) to be treated as rural and therefore to qualify as a CAH. We have included a list of these potential CAHs and their locations (Attachment B). Similarly, §401 of BBRA amended §1833(t) of the Act to provide that, if a hospital is being treated as being located in a rural area under §1886(d)(8)(E) of the Act, then the hospital shall be treated as being located in a rural area for purposes of the hospital outpatient prospective payment system.

A hospital seeking redesignation under this section must apply in writing to the RO including documentation of the criteria upon which its request is based. The date of receipt by HCFA is the filing date. Within 5 business days after receiving the hospital's application, the RO will send the hospital a letter acknowledging receipt and send a copy of the application to central office. The RO will review the application and forward its approval or disapproval to the hospital within 60 days from this filing date. For fiscal year (FY) 2000, if the hospital is approved for rural redesignation, the hospital will be considered as being located in the rural area of the State in which the hospital is located for all purposes (e.g., standardized rate, wage index, and disproportionate share adjustment under the inpatient prospective payment system) as of the filing date.

#### Effective Date

Until July 1, 2000, a qualifying hospital will be considered to have filed its application on January 1, 2000 and therefore will be considered, as of that date, as being located in the rural area of the State in which it is located for purposes of §1886(d) of the Act. Following this grace period, a hospital's filing date is the date upon which a completed application is received at HCFA.

Further clarification of the criteria for reclassification will be forthcoming in the *Federal Register*.

This PM is being issued in order to establish a procedure for processing hospital applications for rural redesignation for FY 2000. The payment impacts of these changes will not be implemented until the October 2000 release of PRICER. We will issue further instructions regarding adjustment to hospitals' payment for affected discharges that occurred prior to the release of the October 2000 PRICER.

**The effective date for this PM is January 1, 2000.**

**The implementation date for this PM is May 1, 2000.**

**These instructions should be implemented within your current operating budget.**

**SPECIAL INSTRUCTIONS TO THE INTERMEDIARIES FOR PUBLISHING THIS PM:**  
**The intermediaries are required to distribute the content of this PM to all hospitals immediately upon receipt of this PM within the current operating budget.**

**This PM may be discarded after May 15, 2001.**

**If you have any questions, contact Judy Richter at 410 786-2590.**

**Attachment**

## Attachment A

List of Metro Counties (OMB) with 1,225 square miles or more of area containing one or more Goldsmith areas.

Each of these counties contains one or more census tracts that qualify under the system of Rural-Urban Commuting Areas or RUCAs, the current update of the Goldsmith Modification, as designated by the Federal Office of Rural Health Policy, Health Resources and Services Administration of the United States Department of Health and Human Services.

To determine whether or not a hospital is located within one of these rural census tracts, the following steps should be taken:

1. The hospital must determine whether it is located within one of the counties listed below.
2. Since only certain census tracts within these named counties qualify as Goldsmith areas, a hospital that finds its county listed must then find the tract number assigned to its specific street location by the U.S. Census Bureau. One way to accomplish this is through an interactive Web site provided by the U.S. Census Bureau: <<http://tier2.census.gov/ctsl/ctsl.htm>>
3. The hospital should include this 4 digit census tract number in its application to HCFA.

The RO will utilize census tract data electronically transmitted by HCFA to determine whether the census tract in which the hospital is located is situated in a "Goldsmith area."

BALDWIN	ALABAMA
MOBILE	ALABAMA
TUSCALOOSA	ALABAMA
ANCHORAGE	ALASKA
COCONINO	ARIZONA
MARICOPA	ARIZONA
MOHAVE	ARIZONA
PIMA	ARIZONA
PINAL	ARIZONA
YUMA	ARIZONA
BUTTE	CALIFORNIA
EL DORADO	CALIFORNIA
FRESNO	CALIFORNIA
KERN	CALIFORNIA
LOS ANGELES	CALIFORNIA
MADERA	CALIFORNIA
MERCED	CALIFORNIA
MONTEREY	CALIFORNIA
PLACER	CALIFORNIA
RIVERSIDE	CALIFORNIA
SAN BERNARDINO	CALIFORNIA
SAN DIEGO	CALIFORNIA
SAN JOAQUIN	CALIFORNIA
SAN LUIS OBISPO	CALIFORNIA
SANTA BARBARA	CALIFORNIA
SANTA CLARA	CALIFORNIA
SHASTA	CALIFORNIA
SONOMA	CALIFORNIA
STANISLAUS	CALIFORNIA
TULARE	CALIFORNIA
VENTURA	CALIFORNIA
ADAMS	COLORADO
EL PASO	COLORADO
LARIMER	COLORADO
MESA	COLORADO

PUEBLO	COLORADO
WELD	COLORADO
COLLIER	FLORIDA
DADE	FLORIDA
MARION	FLORIDA
OSCEOLA	FLORIDA
PALM BEACH	FLORIDA
POLK	FLORIDA
BUTLER	KANSAS
RAPIDES	LOUISIANA
TERREBONNE	LOUISIANA
PENOBSCOT	MAINE
WORCESTER	MASSACHUSETTS
POLK	MINNESOTA
ST. LOUIS	MINNESOTA
STEARNS	MINNESOTA
CASCADE	MONTANA
MISSOULA	MONTANA
YELLOWSTONE	MONTANA
CLARK	NEVADA
NYE	NEVADA
WASHOE	NEVADA
DONA ANA	NEW MEXICO
SANDOVAL	NEW MEXICO
SANTA FE	NEW MEXICO
HERKIMER	NEW YORK
BURLEIGH	NORTH DAKOTA
CASS	NORTH DAKOTA
GRAND FORKS	NORTH DAKOTA
MORTON	NORTH DAKOTA
OSAGE	OKLAHOMA
CLACKAMAS	OREGON
JACKSON	OREGON
LANE	OREGON
LYCOMING	PENNSYLVANIA
PENNINGTON	SOUTH DAKOTA
BEXAR	TEXAS
BRAZORIA	TEXAS
HARRIS	TEXAS
HIDALGO	TEXAS
TOM GREEN	TEXAS
WEBB	TEXAS
KANE	UTAH
UTAH	UTAH
BENTON	WASHINGTON
FRANKLIN	WASHINGTON
KING	WASHINGTON
PIERCE	WASHINGTON
SNOHOMISH	WASHINGTON
SPOKANE	WASHINGTON
WHATCOM	WASHINGTON
YAKIMA	WASHINGTON
DOUGLAS	WISCONSIN
MARATHON	WISCONSIN
LARAMIE	WYOMING
NATRONA	WYOMING

## Attachment B

The hospitals below may qualify as “rural” within MSAs, under the Goldsmith Modifications, if they meet other CAH criteria, including bed size.

<u>Hospital Name</u>	<u>County</u>	<u>State</u>
North Baldwin Hosp.	BALDWIN	ALABAMA
South Baldwin Hosp.	BALDWIN	ALABAMA
Thomas Hosp.	BALDWIN	ALABAMA
Flagstaff Medical Ctr	COCONINO	ARIZONA
Page Hosp.	COCONINO	ARIZONA
Wickenburg Regional Hosp.	MARICOPA	ARIZONA
Bullhead Community Hosp.	MOHAVE	ARIZONA
Havasu Samaritan Regional Hosp.	MOHAVE	ARIZONA
Kingman Regional Medical Ctr	MOHAVE	ARIZONA
Mohave Valley Hosp. & Medical	MOHAVE	ARIZONA
Central Arizona Medical Ctr	PINAL	ARIZONA
Casa Grande Regional Medical Ctr	PINAL	ARIZONA
Biggs-Gridley Memorial Hosp.	BUTTE	CALIFORNIA
Feather River Hosp.	BUTTE	CALIFORNIA
Barton Memorial Hosp.	EL DORADO	CALIFORNIA
Coalinga Regional Medical Ctr	FRESNO	CALIFORNIA
Kingsburg Medical Ctr	FRESNO	CALIFORNIA
Sanger General Hospital	FRESNO	CALIFORNIA
Selma District Hosp.	FRESNO	CALIFORNIA
Sierra Kings Health Care District	FRESNO	CALIFORNIA
Delano Regional Medical Ctr	KERN	CALIFORNIA
Kern Valley Hosp.	KERN	CALIFORNIA
Ridgecrest Community Hosp.	KERN	CALIFORNIA
Tehachapi Valley Hosp.	KERN	CALIFORNIA
Westside District Hosp.	KERN	CALIFORNIA
Avalon Municipal Hosp. & Clinic	LOS ANGELES	CALIFORNIA
Chowchilla District Memorial Hosp.	MADERA	CALIFORNIA
Madera Community Hosp.	MADERA	CALIFORNIA
Bloss Memorial Hosp.	MERCED	CALIFORNIA
Dos Palos Memorial Hosp.	MERCED	CALIFORNIA
Sutter Auburn Faith Hosp.	PLACER	CALIFORNIA
Palo Verde Hospital	RIVERSIDE	CALIFORNIA
San Geronio Memorial Hosp.	RIVERSIDE	CALIFORNIA
Santa Ynez Valley Cottage Hosp	SANTA BARBARA	CALIFORNIA
Barstow Community Hospital	SAN BERNARDINO	CALIFORNIA
Needles Desert Comm. Hosp.	SAN BERNARDINO	CALIFORNIA
Hi-Desert Medical Ctr	SAN BERNARDINO	CALIFORNIA
Doctors Hospital of Manteca	SAN JOAQUIN	CALIFORNIA
“St Dominic’s Hosp.”	SAN JOAQUIN	CALIFORNIA
Tracy Community Memorial Hosp.	SAN JOAQUIN	CALIFORNIA
Twin Cities Community Hospital	SAN LUIS OBISPO	CALIFORNIA
South Valley Hosp.	SANTA CLARA	CALIFORNIA
Petaluma Valley Hosp.	SONOMA	CALIFORNIA
Sonoma Valley Health Care District	SONOMA	CALIFORNIA
Del Puerto Hosp.	STANISLAUS	CALIFORNIA
Emanuel Medical Ctr	STANISLAUS	CALIFORNIA
Oak Valley District Hosp.	STANISLAUS	CALIFORNIA
Alta District Hosp.	TULARE	CALIFORNIA
Tulare District Hosp.	TULARE	CALIFORNIA
Lindsay District Hosp.	TULARE	CALIFORNIA
Exeter Memorial Hosp.	TULARE	CALIFORNIA
Estes Park Medical Ctr	LARIMER	COLORADO
McKee Medical Ctr	LARIMER	COLORADO

(Attachment B Cont.)

Glades General Hosp.	PALM BEACH	FLORIDA
Bartow Memorial Hosp.	POLK	FLORIDA
Heart of Florida Hosp.	POLK	FLORIDA
Polk General Hosp.	POLK	FLORIDA
Lake Wales Medical Ctr	POLK	FLORIDA
Susan B Allen Memorial Hosp.	BUTLER	KANSAS
Millinocket Regional Hosp.	PENOBSCOT	MAINE
Penobscot Valley Hosp.	PENOBSCOT	MAINE
Harrington Memorial Hosp.	WORCESTER	MASSACHUSETTS
Heywood Hosp.	WORCESTER	MASSACHUSETTS
Athol Memorial Hosp.	WORCESTER	MASSACHUSETTS
Clinton Hosp.	WORCESTER	MASSACHUSETTS
First Care Medical Services	POLK	MINNESOTA
Riverview Healthcare		
Association	POLK	MINNESOTA
Ely-Bloomenson		
Community Hosp.	ST. LOUIS	MINNESOTA
Eveleth Health Services Park	ST. LOUIS	MINNESOTA
Cook Hosp. & Convalescent Ctr.	ST. LOUIS	MINNESOTA
University Medical Ctr--Mesabi	ST. LOUIS	MINNESOTA
Virginia Regional Medical Ctr	ST. LOUIS	MINNESOTA
White Community Hosp.	ST. LOUIS	MINNESOTA
Albany Area Hosp. & Medical		
Center	STEARNS	MINNESOTA
"St Michael's Hosp."	STEARNS	MINNESOTA
Melrose Hosp. & Pine Villa	STEARNS	MINNESOTA
Paynesville Area Health Care	STEARNS	MINNESOTA
Nye Regional Medical Ctr	NYE	NEVADA
Lake Tahoe Medical Ctr	WASHOE	NEVADA
Little Falls Hosp.	HERKIMER	NEW YORK
Northwood Deaconess		
Healthcare	GRAND FORKS	NORTH DAKOTA
Fairfax Memorial Hosp.	OSAGE	OKLAHOMA
Pawhuska Hosp.	OSAGE	OKLAHOMA
Ashland Community Hosp.	JACKSON	OREGON
Cottage Grove Hosp.	LANE	OREGON
Peace Harbor Hosp.	LANE	OREGON
Jersey Shore Hosp.	LYCOMING	PENNSYLVANIA
Muncy Valley Hosp.	LYCOMING	PENNSYLVANIA
Angleton--Danbury		
General Hosp.	BRAZORIA	TEXAS
Brazosport Memorial Hosp.	BRAZORIA	TEXAS
Sweeny Community Hosp.	BRAZORIA	TEXAS
Kane County Hosp.	KANE	UTAH
Prosser Memorial Hosp.	BENTON	WASHINGTON
Providence Toppenish Hosp.	YAKIMA	WASHINGTON
Sunnyside Community Hosp.	YAKIMA	WASHINGTON