

**MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP**

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**DATE:** August 21, 2015

**TO:** Medicare Advantage Regional Preferred Provider Organizations

**FROM:** Kathryn A. Coleman, Director

**SUBJECT:** 2016 Essential Hospital Designation and Attestation

The purpose of this memorandum is to advise Medicare Advantage Regional Preferred Provider Organizations (RPPOs) that they must designate essential hospitals by **Friday, October 9, 2015**.

The Medicare Prescription Drug Improvement and Modernization Act (MMA) of 2003 allowed RPPOs to designate non-contracting hospitals as “essential hospitals” in rural areas to ensure adequate access to inpatient hospital services for Medicare beneficiaries enrolled in RPPOs. Essential hospitals do not contract with RPPOs but are essential for providing access to inpatient emergency hospital services to rural enrollees. In addition, the MMA allowed bonus payments to these hospitals providing inpatient care services to Medicare beneficiaries.

RPPOs seeking to designate a non-contracting hospital as an essential hospital must establish a HIPAA-compliant electronic claims transmission connection with Noridian, which serves as the Medicare Administrative Contractor for CMS. To ensure that the bonus payments are processed in a timely manner RPPOs must be properly connected to Noridian. Please contact Jim Olson at (701) 277-2298 by **September 18, 2015** to discuss the system’s requirements.

Current RPPOs that received approval of their essential hospital designations in 2015 must provide CMS with updated Essential Hospital Designation Tables and signed attestations for all hospitals that the RPPO would like designated as essential for 2016 by **Friday, October 9, 2015**. Please indicate any additions or deletions to your 2015 approved hospital list when you submit this updated list.

RPPOs must provide written documentation (e.g., emails or letters to/from hospital) showing their organization made a “good faith” effort to contract with each hospital they sought to designate as essential. RPPOs must also demonstrate there are no competing hospitals in the area pursuant to CFR §422.112 (c). CMS will review the request and notify the RPPO you of its decision by **Friday, November 13, 2015**.

The RPPO Essential Hospital Designation Table and attestation are attached to this memo. Please follow the instructions on the Designation Table and send the updated Essential Hospital Designation Tables and attestations to CMS by **Friday, October 9, 2015**. Tables may be submitted to: [Paul.Foster@cms.hhs.gov](mailto:Paul.Foster@cms.hhs.gov).

Please also mail two copies of the attestation with original signatures to:

Mr. Paul Foster  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, MS C4-21-26  
Baltimore, Maryland 21244.

Questions concerning this document should be directed to: Paul Foster at 410-786-1150.