

1 State of Arkansas  
2 94th General Assembly  
3 Regular Session, 2023  
4

As Engrossed: H2/1/23

# A Bill

HOUSE BILL 1127

5 By: Representative L. Johnson  
6 By: Senator Irvin  
7

## For An Act To Be Entitled

9 AN ACT TO CREATE THE RURAL EMERGENCY HOSPITAL ACT; TO  
10 AUTHORIZE LICENSURE OF RURAL EMERGENCY HOSPITALS BY  
11 *THE DEPARTMENT OF HEALTH; TO DECLARE AN EMERGENCY;*  
12 *AND FOR OTHER PURPOSES.*  
13  
14

## Subtitle

15 *TO CREATE THE RURAL EMERGENCY HOSPITAL*  
16 *ACT; TO AUTHORIZE THE LICENSURE OF RURAL*  
17 *EMERGENCY HOSPITALS BY THE DEPARTMENT OF*  
18 *HEALTH; AND TO DECLARE AN EMERGENCY.*  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
23

24 SECTION 1. DO NOT CODIFY. Title.

25 This act shall be known and may be cited as the "Rural Emergency  
26 Hospital Act".  
27

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

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

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



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

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

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

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

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

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

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

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

27 20-9-224. Rural emergency hospitals.

28 (a) A healthcare facility shall be eligible to apply for a rural  
 29 emergency hospital license if the healthcare facility on or before December  
 30 27, 2020, was a:

31 (1) Licensed critical access hospital;

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

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

1 1395ww(d)(8)(E).

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

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

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

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

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

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

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

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

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

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

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

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

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

1 laws while acting in this manner.

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

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

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

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

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

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

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

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

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35 /s/L. Johnson  
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