

## FACT SHEET

Updated December 2024

### Rural Community Hospital Demonstration

The Centers for Medicare & Medicaid Services (CMS) has operated the statutory Rural Community Hospital (RCH) Demonstration to test cost-based payment for Medicare inpatient services for rural hospitals with fewer than 51 beds that are not eligible to be Critical Access Hospitals (CAH). The RCH Demonstration Program was initially authorized by section 410A of the Medicare Modernization Act (MMA) of 2003. First, by Sections 3123 and 10313 of the Affordable Care Act; then by section 15003 of the 21st Century Cures Act; and by section 128 of the Consolidated Appropriations Act of 2021, which has extended the authorization period for participating hospitals. The final period ends June 30, 2028.

Currently, the demonstration has 20 participants out of a maximum of 30 hospitals, and it is scheduled to end in 2028. To date, 45 hospitals in 15 states have participated in the demonstration. Of these hospitals, 22 subsequently withdrew on account of more favorable payment under the inpatient prospective payment system (IPPS) or as a CAH; and 3 have closed. The 20 current participants represent 10 states.

The MMA requires that the demonstration be budget-neutral. CMS has met this requirement by offsetting the amount of payment enhancement attributable to the demonstration from the national payment rates to hospitals. Each of the past 21 years, the proposed and final rules for the Medicare IPPS have updated the status of the demonstration and explained the methodology for estimating additional costs for the demonstration. For the RCH Demonstration segment in fiscal year 2025 IPPS final rule, please see visit the [FY 2025 IPPS Final Rule Home Page](#).

The Secretary submitted a [Report to Congress in 2018](#) summarizing the impact of the demonstration on hospitals' financial viability and contributions to their communities.

On November 12, 2024, CMS released the "[Re-Imagining Rural Health Hackathon](#)" paper. The CMS Center for Medicare and Medicaid Innovation hosted the 2024 Rural Health Hackathon – a series of in-person, collaborative sessions designed to inform potential model development and to identify innovative solutions to address the access, care delivery, and workforce needs of rural, Tribal, frontier, and geographically isolated areas communities. The paper describes the lessons learned from previous rural models and a summary of themes from the Rural Health Hackathon. The paper announced CMS' plans to develop a Request for Application (RFA), to fill the 10 open spaces for the RCH Demonstration, which is scheduled to end on June 30, 2028.

On December 20, 2024, CMS released the RFA for the 10 open slots in the RCH Demonstration. The due date for new applications to CMS is March 1, 2025 by 11:59 p.m. Eastern Standard Time. The RFA and additional information are available on the [RCH Demonstration webpage](#). Hospitals not selected for the initial 10 open slots under the RFA will be placed on a wait list. When a participating hospital voluntarily terminates from the demonstration, CMS will utilize a wait list from the RFA to fill any vacant spots as they become available. Wait list placement will be based on an applicant's overall score, meaning those with higher scores that are not selected will be placed at the top of the wait list, and will be prioritized when a new slot in the demonstration becomes available.

**FACT SHEET: Rural Community Hospital Demonstration**

Updated December 2024

The currently participating hospitals are the following, alphabetically by state:

<i>Hospital</i>	<i>City/State</i>	<i>Date Started RCH</i>
Central Peninsula Hospital	Soldotna, AK	7/1/2005
Bartlett Regional Hospital	Juneau, AK	7/1/2005
Delta Health	Delta, CO	1/1/2012
Montrose Regional Health	Montrose, CO	1/1/2018
Valley View Hospital	Glenwood Springs, CO	1/1/2018
MercyOne Newton Medical Center	Newton, IA	7/1/2011
Lakes Regional Healthcare	Spirit Lake, IA	7/1/2011
UnityPoint Health – Grinnell Regional Medical Center	Grinnell, IA	1/1/2012
UnityPoint Health – Trinity Regional Medical Center	Fort Dodge, IA	1/1/2018
Stormont Vail Flint Hills	Junction City, KS	5/1/2011
Northern Light Maine Coast Hospital	Ellsworth, ME	7/1/2011
Northern Light AR Gould Hospital	Presque Isle, ME	10/1/2017
Marion General Hospital	Columbia, MS	10/1/2011
Highland Community Hospital	Picayune, MS	10/1/2017
Anderson Regional Medical Center – South	Meridian, MS	10/1/2017
Columbus Community Hospital	Columbus, NE	5/1/2005
Great Plains Regional Medical Center	Elk City, OK	7/1/2018
Brookings Health System	Brookings, SD	1/1/2008
Avera St. Luke’s Hospital	Aberdeen, SD	7/1/2018
St. John’s Health	Jackson, WY	7/1/2018

For more information, visit <https://www.cms.gov/priorities/innovation/innovation-models/rural-community-hospital>.