Center for Rural Health
University of North Dakota
School of Medicine & Health Sciences

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FCHIP's Impact on Rural North Dakota

Frontier Community Health Integration Project

Overview

The Federal Frontier Community Health Integration Project (FCHIP) was designed as a demonstration project to test models of integrated care in the nation's most sparsely populated regions, targeting states where at least 65% of counties have six or fewer residents per square mile.

In fiscal year 2010, Congress appropriated funds for the FCHIP demonstration, allowing three North Dakota Critical Access Hospitals (CAHs) to implement innovations that have had a significant impact on frontier areas of North Dakota. The program is set to sunset on December 31, 2026, at which point this funding and these flexibilities will end.

FCHIP Primary Objective

Test whether budget neutral payment structures for specific services can do the following:

- Facilitate better access to care for patients.
- Increase integration and coordination among community providers.
- Improve quality of care for Medicare beneficiaries while lowering costs.
- Reduce avoidable hospitalizations, admissions, and transfers.

How FCHIP Works

Skilled Nursing Facility (SNF) / Nursing Facility (NF) Beds
CAHs are capped at 25 inpatient beds (acute or swing). **FCHIP allows up to 35 inpatient beds** (the extra 10 must be SNF/NF level of care), paid via standard Medicare CAH rules.

Telehealth Services
Normally, originating sites get a fixed facility fee and distant practitioners bill the standard fee schedule. **FCHIP pays participating CAH originating sites 101% of cost**, and a CMS waiver extends this same 101%-of-cost rate to distant site services.

Ambulance Services
Typically, CAH-owned ambulances get 101% of reasonable costs only if no other supplier is within 35 miles. **FCHIP removes that mileage restriction**.

> *Losing FCHIP would have consequences felt across thousands of square miles and by thousands of people who have no practical alternative for timely emergency and healthcare transportation services.*

Dennis Goebel
CEO Southwest Healthcare Services

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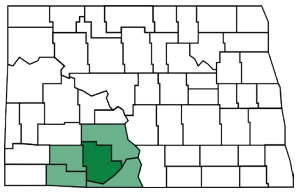
Facility Impact and Local Insights

Bowman

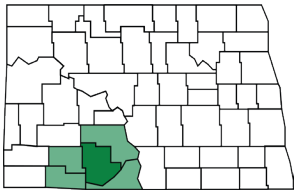
Southwest Healthcare Services



Demographic Need: Aging, lifelong resident population that strongly prefers to age in place.
Older Population: Average county age is 49 (vs. U.S. average of 39).
Bed Expansion Impact: The FCHIP policy of expansion from 25 to 35 beds allowed the CAH to partner with the local nursing home to combine their physical plant, share staffing, and enabling residents to stay in their home community.
Financial Risk: Losing these 10 beds would lead to a projected loss of nearly $1.5 million in revenue, according to Bowman.
Ambulance Risk: If the expansion of services allowed by FCHIP ends, services will contract. Bowman projects a potential area coverage reduction from 87.5% to 30%.

Elgin

Jacobson Memorial

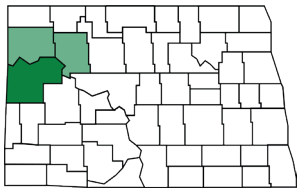


Advanced Life Support (ALS): FCHIP funds ALS services, providing advanced care for cardiac arrest, trauma, and interfacility transport, including highly important STEMI (heart attack) care.
The Risk: Without FCHIP, services will revert to Basic Life Support (BLS) and a volunteer-run program, limiting both access to more advanced services and potentially impacting the overall availability of EMS services in the area.
Staffing and Recruitment: ALS capability helps attract high-level nurses and practitioners. Losing FCHIP incentives will make recruitment more difficult, as practitioners will not have the ability to provide this higher-level care.

Growth Metrics (2022 vs. 2025, reflecting the most recent FCHIP period):
EMS Calls: Increased 31% (from 138 to 181)
Interfacility Transfers: Increased 68% (from 56 to 94)
Average Transport Distance: Increased 35% (from 43.9 miles to 58.9 miles)

Watford City

McKenzie Health



The Problem: Residents must travel nearly 2.5 hours each way to see certain specialists.
The Telehealth Solution: Allows local access to dietitians, psychiatrists, and pediatrics without travel because of the enhanced reimbursement that FCHIP allows for the following:
Per-Visit Impact Metrics:
Clinic Loss: Estimated $76 loss in reimbursement per visit without FCHIP.
Patient Cost Savings: Patients avoid $241–$509 in direct travel expenses.
Patient Time Savings: Patients avoid 6–13 hours of travel time per specialty visit.
Advanced Tech: Allows remote findings in real-time (such as pediatric pulmonologists using digital stethoscopes to auscultate breath sounds).

Advantages of Virtual Visits Originating at Clinical Sites:
Formal medication reconciliation by trained clinical staff.
Accurate vital signs and weight measurement/documentation.
Clinical history gathering and technical troubleshooting support.