Critical Access Hospital Overview

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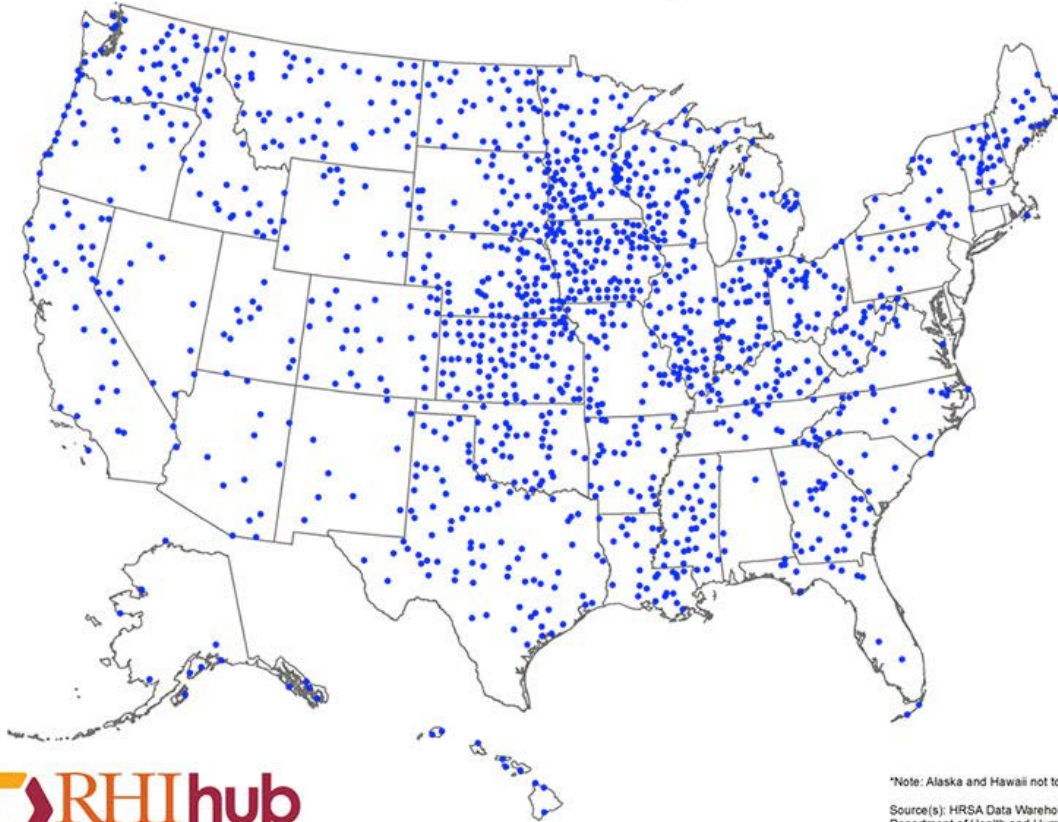
March 21, 2018

Critical Access Background

- Created by Balanced Budget Act of 1997

- Designation designed to *reduce financial vulnerability* of rural hospitals and *improve access to health care* by keeping essential service in rural communities.
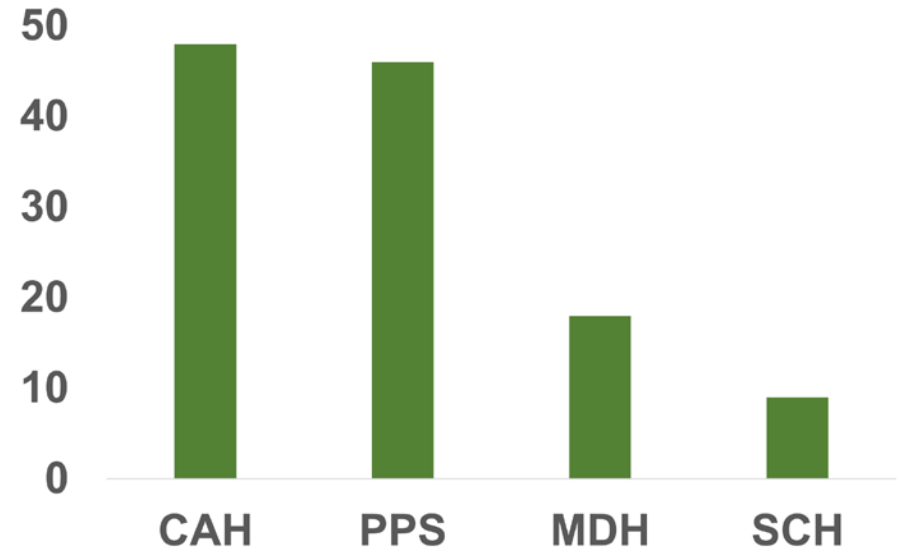
Critical Access Background

Critical Access Hospitals

*Note: Alaska and Hawaii not to scale

Source(s): HRSA Data Warehouse, U.S. Department of Health and Human Services, November, 2017

RHIhub
Rural Health Information Hub

2005-17 rural hospital closures:
What were their Medicare payment classifications?

Source: Federal Office of Rural Health Policy

Critical Access Eligibility

To be designated as Critical Access, the hospital must…

- Have 25 or fewer acute-care, inpatient beds
- Be located more than 35 miles (or 15 miles if mountainous) from another hospital
  - Or designated as a necessary provider before January 1, 2006.
- Maintain an annual average length of stay of 96 hours or less for acute-care patients
- Provide 24/7 emergency care services

Critical Access Overview

- Eight of Vermont's 14 acute-care hospitals are designated CAHs

- Regulatory requirements are not eliminated
  - State – Same as PPS hospitals and academic medical center
  - Federal –Medicare Conditions of Participation and quality reporting

- CAH status does not guarantee financial success
  - CAHs typically have higher fixed costs
  - CAHs have high governmental payer percentages and cost shift

- Services offered by a CAH are aimed at meeting community needs

Critical Access Reimbursement

Payer	Inpatient	Outpatient	Notes
Medicare*	99% of Cost	99% of Cost**	Medicare Cost Reports Not Actual Cost
Medicaid*	Prospective Payment	Prospective Payment	Payments Cover estimated 50% of costs
Commercial	Blend of PPS or % of Charge	Blend of PPS or % of Charge	Negotiated Contract
* Medicare and Medicaid make up more than 60% of NPSR			
** Was 101% reduced by 2% for sequestration; excludes non-allowable expenses (i.e. Provider tax and physician services)			