

What is a Critical Access Hospital ?

Robert David, President

**UH Regional Hospitals – Richmond and
Bedford Medical Centers**

UH Conneaut Medical Center



UH Geneva Medical Center



Definition of a Critical Access Hospital

- A Critical Access Hospital (CAH) is certified by Medicare (CMS) to receive cost-based reimbursement
- Differs from larger hospitals who receive DRG / APC reimbursement
- Each CAH receives 101% of its “reasonable costs” for inpatient and outpatient services

Why was this program created?

- The CAH program was created in 1997 by the Federal Balanced Budget Act to assure Medicare beneficiaries access to healthcare services in rural areas
- As safety net hospitals, the increased reimbursement that CAH's receive is an attempt to reduce small rural hospital closures

What is the criteria to be a CAH?

- Must be located in a rural area
- Over 35 mile distance from another hospital, or 15 miles from another hospital in mountainous terrain or areas with only secondary roads, or deemed a “necessary provider” by the State prior to 01/01/2006
- Must maintain an annual average length of stay of 96 hours or less for acute patients
- Inpatient census cannot exceed 25
- Must have Transfer Agreements (i.e. 26th patient)
- 24/7 Emergency Care Services

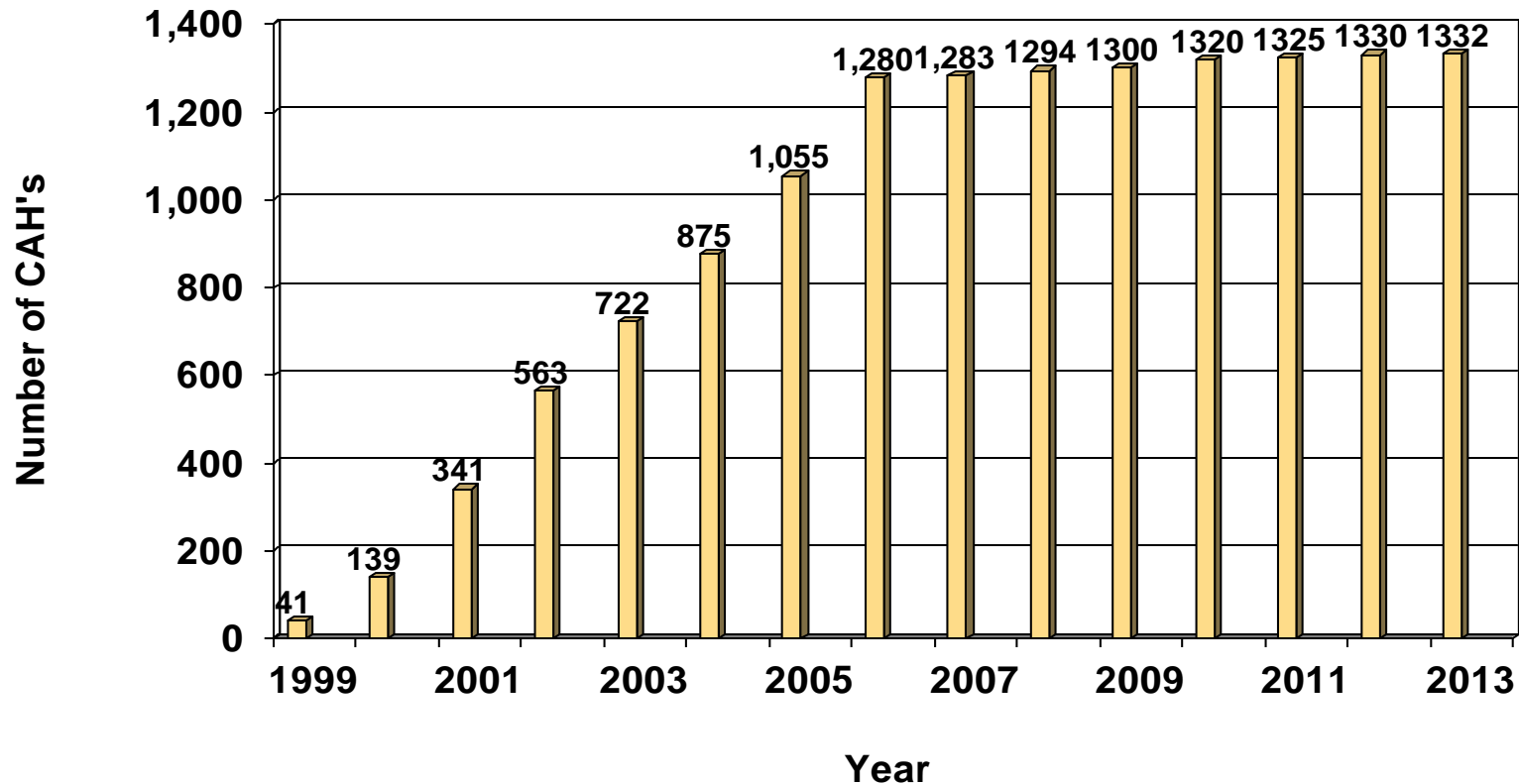
How did UH GMC and UH CMC become CAH's?

- Filed application with Ohio Department of Health (ODH) to determine if we were considered a “necessary provider”
- Completed very lengthy application for CMS and were ultimately approved

How many CAH's are there?

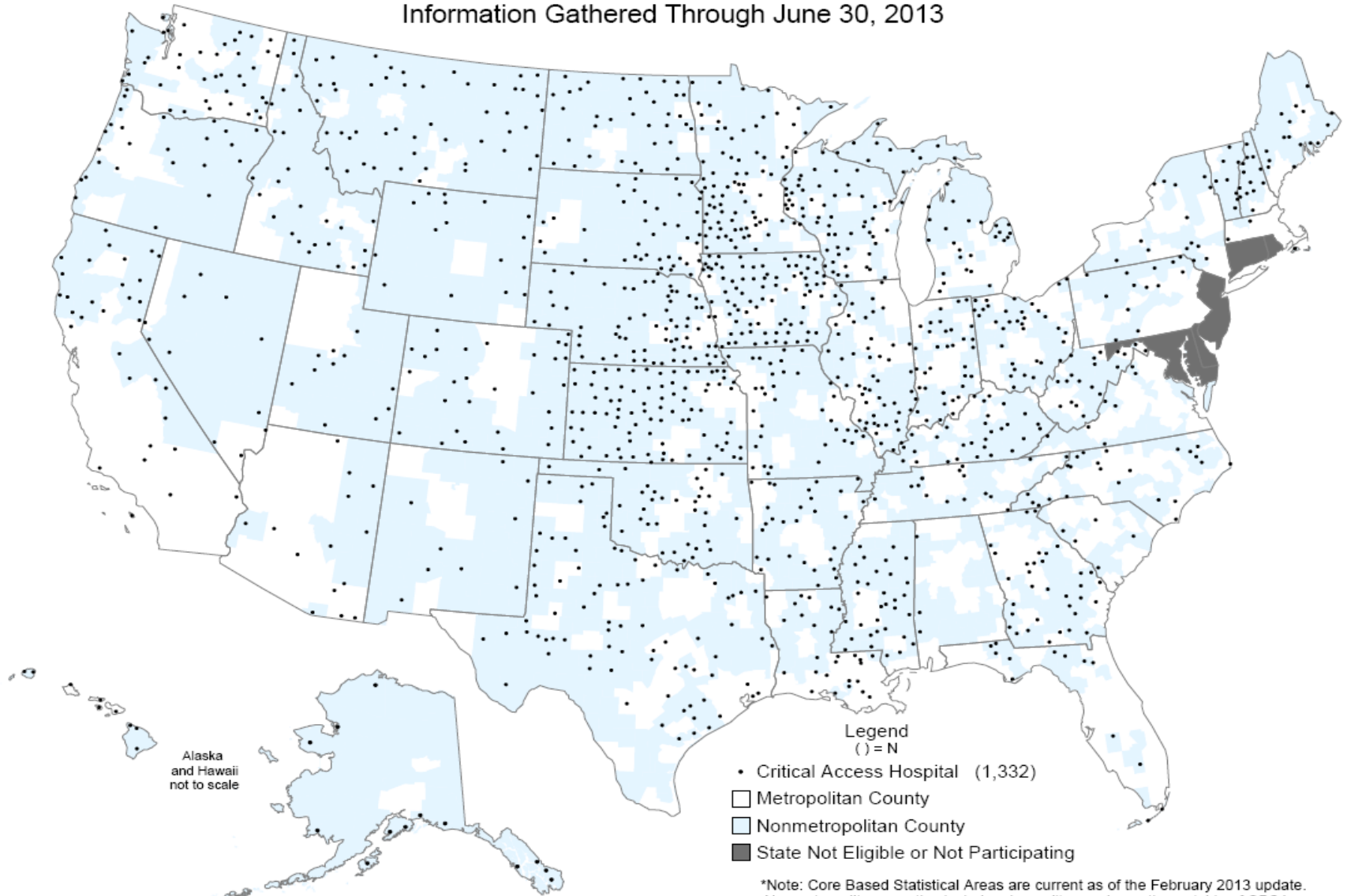
- As of June 30, 2013 there were 1,332 Critical Access Hospitals throughout the United States
- All states except Connecticut, Delaware, Maryland, New Jersey and Rhode Island have at least one CAH
- Kansas has 83 CAH's, Iowa has 82 CAH's, Minnesota has 79 CAH's, and Texas has 80 CAH's

Number of CAH's in the U.S., 1999-2010



Location of Critical Access Hospitals

Information Gathered Through June 30, 2013



Sources: US Census Bureau, 2013; CMS Regional Office, ORHP, and State Offices Coordinating with MRHFP, 2013.

*Note: Core Based Statistical Areas are current as of the February 2013 update. Nonmetropolitan counties include micropolitan and counties outside of CBSAs.
Produced By: North Carolina Rural Health Research and Policy Analysis Center, Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill.

Number of CAH's in Ohio

- 34 CAH's in Ohio
- Geneva and Conneaut became the 8th and 9th CAH's in Ohio effective January 1, 2002

How is a CAH reimbursed?

- CAH – Cost based reimbursement from Medicare
 - **Reasonable Costs Include:**
 - Salaries and Wages
 - Fringe Benefits
 - Purchased Services
 - Plant Operations
 - Medical and Non-Medical Supplies
 - Depreciation
 - Bad Debt
 - **Physician Related expenses are non-allowable**
 - **Marketing expenses are also non-allowable**

CAH – Medicare portion of expenses

- Inpatient (I/P)- Percentage of Traditional Medicare Days to Total Days at an interim rate
- Outpatient (O/P)- Percentage of Traditional Medicare O/P Revenue to Total O/P Revenue at an interim rate
- Medicare Cost Report – At the end of the year, we complete a Medicare Cost report and “settle up” with Medicare (similar to an IRS form 1040 for taxes)

Cost Based vs. MS-DRG/APC Reimbursement

- Under cost based reimbursement, Medicare pays their portion of the reasonable expenses regardless of volume
- Under MS-DRG/APC, it requires significant volume, combined with efficient utilization to drive profitability

QUESTIONS ??

THANK YOU!!